OVERVIEW

We are an established cross-border e-commerce logistics service provider based in the PRC principally engaged in the provision of end-to-end cross-border logistics services. In 2015, we are the first batch of pilot enterprises at China (Hangzhou) Cross-border e-commerce Comprehensive Pilot Zone* (中國(杭州)跨境電子商務綜合試驗區首批試點企業) in the PRC. To seize the opportunity arising from the development of the PRC's cross-border e-commerce industry, particularly in the Yangtze River Delta and Pearl River Delta, we strategically set up our service outlets in major trading centres in the PRC, including Zhejiang Province, Shanghai Municipality, Guangdong Province, Fujian Province, Sichuan Province, Henan Province, Shandong Province and Hong Kong. According to the F&S Report, the aforementioned regions have a strong demand for e-commerce logistics services with the total value of goods traded (excluding Hong Kong) in 2022 amounted to approximately RMB24.4 trillion, representing approximately 57.9% of the total value of goods traded in the PRC.

Our business is built on a customer-oriented culture. We are capable of providing various flexible and reliable delivery options to our customers based on their selection of express, standard or economic delivery options, through coordinating our network of suppliers. At present, we provide overall management of the entire logistics value chain (from receiving the parcel from our customer and delivering the parcel to the final destination), including the determination of the delivery route, means of transportation, delivery costs control and fulfillment of customs requirements. Leveraging our ability in providing services for the entire logistics chain together with our suppliers, we also provide different types of logistics services to customers in the PRC and overseas. We offer our customers the flexibility to pick and choose the services they require us to perform within the logistics value chain, such as freight forwarding, customs clearance, recovery, warehouse operation, transportation and last-mile delivery. We offer customised solutions based on customers' specific requirements and formulate logistics solutions that suit their needs. For further details of our business operation, please refer to the section headed "Our business model" in this section. Our business model enables us to scale our network rapidly with limited capital outlay and provide service options to our customers based on their budget and preferences.

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

	FY2020				FY2021				FY2022				6M2022				6M2023			
	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit/ (loss)	Gross profit margin/ (loss) margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit/ (loss)	Gross profit margin/ (loss) margin	Revenue		Gross profit/ (loss)	Gross profit margin/ (loss) margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000 (unaudited)	%	RMB'000	%	RMB'000	%
End-to-end cross-border delivery services																				
— Express delivery[(1)]	673,479	44.5	77,159	11.5	609,967	45.1	79,676	13.1	767,012	61.2	66,208	8.6	378,754	62.1	30,526	8.1	341,758	50.7	17,081	5.0
— Standard delivery[(2)]	379,153	25.1	944	0.2	415,516	30.7	(19,527)	(4.7)	177,468	14.2	10,821	6.1	99,336	16.3	8,432	8.5	233,367	34.6	23,785	10.2
— Economic delivery[(3)]	302,588	20.0	16,949	5.6	51,449	3.8	130	0.3	35,956	2.9	3,536	9.8	18,737	3.1	1,252	6.7	14,784	2.2	3,395	23.0
	1,355,220	89.6	95,052	7.0	1,076,932	79.6	60,279	5.6	980,436	78.3	80,565	8.2	496,827	81.5	40,210	8.1	589,909	87.5	44,261	7.5
Freight forwarding																				
— Airborne	29,755	2.0	2,094	7.0	61,507	4.5	2,796	4.5	87,396	7.0	(3,373)	(3.9)	39,031	6.5	(3,488)	(8.9)	5,918	0.9	(904)	(15.3)
— Seaborne	56,719	3.8	2,181	3.8	146,989	10.9	16,949	11.5	75,710	6.0	3,769	5.0	41,272	6.7	2,023	4.9	9,598	1.4	1,706	17.8
— Ground transportation	12,384	0.7	839	6.8	17,209	1.3	1,577	9.2	39,922	3.2	3,936	9.9	7,882	1.3	645	8.2	24,960	3.7	1,875	7.5
	98,858	6.5	5,114	5.2	225,705	16.7	21,322	9.4	203,028	16.2	4,332	2.1	88,185	14.5	(820)	(0.9)	40,476	6.0	2,677	6.6
Other logistics services																				
— Customs clearance/pick-up/ delivery	14,549	1.0	1,969	13.5	9,571	0.7	2,142	22.4	33,021	2.6	7,486	22.7	6,445	1.1	3,037	47.1	27,894	4.1	3,724	13.4
— Industry-tailored solutions	8,292	0.5	3,308	39.9	6,441	0.4	2,118	32.9	3,337	0.3	562	16.9	1,987	0.3	321	16.2	1,187	0.2	289	24.3
— OGP/OSP services	33,070	2.2	16,280	49.2	33,807	2.5	13,373	39.6	30,707	2.5	11,053	36.0	15,417	2.5	6,237	40.5	13,624	2.0	3,300	24.2
— Miscellaneous services[(4)]	2,159	0.2	1,501	69.6	1,230	0.1	622	50.6	1,454	0.1	667	45.9	880	0.1	24	2.7	820	0.2	204	25.0
	58,070	3.9	23,058	39.7	51,049	3.7	18,255	35.8	68,519	5.5	19,768	28.9	24,729	4.0	9,619	38.9	43,525	6.5	7,517	17.3
Total	**1,512,148**	**100.0**	**123,224**	**8.1**	**1,353,686**	**100.0**	**99,856**	**7.4**	**1,251,983**	**100.0**	**104,665**	**8.4**	**609,741**	**100.0**	**49,009**	**8.0**	**673,910**	**100**	**54,455**	**8.1**

Notes:

(1) Parcels delivered with express delivery services take approximately three to five business days to be delivered to the final destination.

(2) Parcels delivered with standard delivery services take approximately six to nine business days to be delivered to the final destination.

(3) Parcels delivered with economic delivery services take approximately 10 or more business days to be delivered to the final destination.

(4) Miscellaneous services mainly include (i) IT system technological support and maintenance services; and (ii) selling of logistics-related materials.

During the Track Record Period, the majority of our revenue and gross profit were derived from our end-to-end cross-border delivery services. Furthermore, substantially all of our revenue was derived from our export service, while less than 1% of our revenue was derived from import service under our freight forwarding and other logistics services business line.

For details of the fluctuation in revenue, gross profit and gross profit margin under each business line, please refer to the paragraph headed "Financial information — Comparison of results of operation".

Founded in 2004, we started our business by providing port-to-port freight forwarding and packaging delivery services. Over the years, we managed to develop our capabilities and build up a network of suppliers to assist us in our provision of cross-border end-to-end delivery services which covers the entire logistics service chain. We worked closely with international and national-level suppliers for the provision of various logistics services to build our international logistics network. We maintained business relationships with Customer/Supplier Group G, a Fortune Global 500 multinational logistics company group founded in the US, since 2005. We also became a business partner of Supplier Group K, a US founded Fortune Global 500 German logistics company group listed on the Frankfurt Stock Exchange since our acquisition of the Global Link group in 2017, which had had over seven years of business relationships with Global Link group prior to the said acquisition. During the Track Record Period, (i) we had business relationship with over 1,100 suppliers; (ii) our five largest suppliers in each FY2020, FY2021, FY2022 and 6M2023 accounted for approximately 61.4%, 50.6%, 61.2% and 62.3% of our total purchases, respectively; and (iii) our largest supplier accounted for approximately 28.3%, 25.3%, 43.4% and 39.8% of our total purchases, respectively.

With the support of such comprehensive suppliers' network, we are capable of providing end-to-end cross-border delivery services to different countries around the world. During the Track Record Period, we have delivered parcels to more than 220 countries/regions. The largest proportion of our revenue was derived from the provision of end-to-end delivery services to the US.

The table below sets out our revenue, gross profit and gross profit margin breakdown for end-to-end cross-border delivery services by destination during the Track Record Period:

	FY2020				FY2021				FY2022				6M2022				6M2023			
	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin
	RMB'000	*% of revenue*	*RMB'000*	*%*	*RMB'000*	*% of revenue*	*RMB'000*	*%*	*RMB'000*	*% of revenue*	*RMB'000*	*%*	*RMB'000* (unaudited)	*% of revenue*	*RMB'000* (unaudited)	*%*	*RMB'000*	*% of revenue*	*RMB'000*	*%*
End-to-end cross-border delivery services																				
North America	873,474	64.5	50,928	5.8	763,012	70.9	30,130	4.0	657,838	67.1	57,817	8.8	313,318	63.1	27,469	8.8	476,115	80.7	37,413	7.9
— The United States	798,581	58.9	42,557	5.3	691,791	64.2	23,095	3.3	595,165	60.7	53,830	9.0	275,388	55.4	24,900	9.0	456,814	77.4	36,110	7.9
— Canada	43,569	3.2	4,602	10.6	39,346	3.7	3,931	10.0	32,155	3.3	2,504	7.8	19,225	3.9	1,437	7.5	9,974	1.7	677	6.8
— Mexico	12,998	1.0	1,622	12.5	15,190	1.4	1,589	10.5	14,700	1.5	1,223	8.3	8,495	1.7	680	8.0	5,622	1.0	383	6.8
— Other countries/regions in North America	18,326	1.4	2,147	11.7	16,685	1.6	1,515	9.1	15,818	1.6	260	1.6	10,210	2.1	452	4.4	3,705	0.6	243	6.6
Europe	288,297	21.3	24,316	8.4	170,339	15.8	16,314	9.6	184,147	18.8	13,749	7.5	101,418	20.4	7,634	7.5	66,706	11.3	4,121	6.2
— The United Kingdom	41,259	3.0	3,043	7.4	23,484	2.2	2,946	12.5	22,858	2.3	1,838	8.0	12,470	2.5	918	7.4	10,238	1.7	909	8.9
— Germany	38,754	2.9	3,316	8.6	25,563	2.4	1,665	6.5	20,114	2.1	2,552	12.7	11,086	2.2	1,458	13.2	8,228	1.4	472	5.7
— Italy	20,304	1.5	1,960	9.7	10,882	1.0	1,070	9.8	17,376	1.8	1,324	7.6	8,662	1.7	639	7.4	5,860	1.0	382	6.5
— Other countries/regions in Europe	187,980	13.9	15,997	8.5	110,410	10.2	10,633	9.6	123,799	12.6	8,035	6.5	69,200	13.9	4,619	6.7	42,380	7.2	2,358	5.6
Asia	89,136	6.6	9,277	10.4	59,066	5.5	5,777	9.8	54,805	5.6	4,050	7.4	31,350	6.3	2,241	7.1	22,076	3.7	1,272	5.8
— Japan	32,573	2.4	3,315	10.2	19,855	1.9	1,485	7.5	7,923	0.8	415	5.2	5,153	1.0	385	7.5	2,568	0.4	97	3.8
— Israel	13,284	1.0	1,019	7.7	6,123	0.6	615	10.1	7,151	0.7	424	5.9	4,402	0.9	245	5.6	1,659	0.3	86	5.2
— Saudi Arabia	4,166	0.3	407	9.8	3,630	0.3	376	10.4	5,216	0.5	264	5.1	2,811	0.6	178	6.3	3,190	0.5	90	2.8
— Other countries/regions in Asia	39,113	2.9	4,536	11.6	29,458	2.7	3,301	11.2	34,515	3.5	2,947	8.5	18,984	3.8	1,433	7.5	14,659	2.5	999	6.8
Others *(Note)*	104,313	7.6	10,531	10.1	84,515	7.8	8,058	9.5	83,646	8.5	4,949	5.9	50,741	10.2	2,866	5.6	25,012	4.2	1,455	5.8
Total	1,355,220	100.0	95,052	7.0	1,076,932	100.0	60,279	5.6	980,436	100.0	80,565	8.2	496,827	100.0	40,210	8.1	589,909	100.0	44,261	7.5

Note: Others include, among others, Brazil and Peru.

During the Track Record Period, the majority of our revenue from end-to-end cross-border delivery services was derived from the delivery of parcels to North America. For further details, please refer to the section headed "Financial information — Revenue by business line — End-to-end cross-border delivery services" in this document.

In addition to our suppliers' network, we also have a diversified customer portfolio. Our customers generally comprise e-commerce platforms, e-commerce sellers (both e-commerce customers), traditional traders (non e-commerce customers) and other logistics service providers.

During the Track Record Period, (i) approximately 92.5%, 87.3%, 92.1%, 93.5% and 95.1% of our revenue were derived from e-commerce platforms and e-commerce sellers (including those engaged our Group through other logistics service providers), respectively; (ii) our five largest customers in each year/period accounted for approximately 22.8%, 31.9%, 28.5% and 45.2% of our total revenue, respectively; and (iii) our largest customer in each year/period accounted for approximately 7.0%, 16.1%, 12.2% and 22.4% of our total revenue, respectively.

We have maintained stable relationships with our major customers. Since 2012, we commenced business relationship with a supermarket chain company established in the UK. Since 2018, we commenced business relationship with Yidatong, a subsidiary of Alibaba Holding. Alibaba China, another subsidiary of Alibaba Holding, became our strategic business partner and investor in 2021. For further details, please refer to the section headed "History, development and reorganisation — **[REDACTED]** investments" in this document. In recognition of our services, we have received numerous awards from our customers and government institutions. In 2021, we were recognised as the 2020 Excellent Cross-border e-commerce Logistics Enterprise* (2020年度優秀跨境電商物流企業) by the Shanghai Cross-border E-Commerce Association* (上海跨境電子商務行業協會), and on the same year, we were also awarded the title of 2020 Excellent Enterprise in Hangzhou Postal Express Industry* (2020年度杭州市郵政快遞業優秀企業) by Hangzhou Post Management Bureau* (杭州市郵政管理局). In 2022, we were named as the Supplier with Outstanding Contribution to Local Compliance Support in the First Half-year* (2022年上半年地方合規支持突出貢獻供應商) by UPS China Supplier Management Team* (UPS中國區供應商管理組), and were also awarded the title of Hangzhou Cross-border e-commerce Benchmark Enterprise* (杭州跨境電商標杆企業) by Ebrun Cross-border Committee of 100* (億邦動力跨境百人會). In 2023, we were awarded the Customer Value Award* (客戶價值獎) by Alibaba.com (阿里巴巴國際站). For the list of recognitions and awards, please refer to the paragraph headed "Recognitions and awards" in this section.

The e-commerce industry in the PRC has experienced significant growth in terms of market size and revenue in the past five years. According to the F&S Report, the market size for cross-border e-commerce has witnessed rapid growth in the past few years, increasing from approximately RMB9.0 trillion in 2018 to approximately RMB15.7 trillion in 2022 with a CAGR of approximately 14.9%. It is expected that in 2027, the market size of cross-border e-commerce in the PRC will reach approximately RMB26.3 trillion, showing an estimated CAGR of 10.9% from 2022. Supported by the growth in the e-commerce industry, the market size for the cross-border e-commerce logistics industry by export also increased from approximately RMB0.9 trillion in 2018 to approximately RMB1.9 trillion in 2022, at a CAGR of 19.9%. It is expected that the market size for the cross-border e-commerce logistics industry by export will reach approximately RMB3.2 trillion in 2027, representing a CAGR of 11.3% from 2022. Our Group generated the majority of our revenue from export delivery services to foreign countries during the Track Record Period. Our Directors believe that the industry growth will continue to drive our business development in the long run.

According to the F&S Report, the outbreak of COVID-19 has also changed consumer habits significantly and accelerated the transition of consumption pattern from traditional offline shopping to online channels and platforms, promoting further development and expansion of cross-border e-commerce industry. Taking the US as an example, which is our largest revenue generating destination during the Track Record Period, the e-commerce retail trade penetration rate has increased from approximately 8.5% in 2018 to approximately 12.9% in 2022, and it is estimated that the penetration rate will further reach approximately 14.8% by the end of 2027. Our Directors believe that the surge in trading on e-commerce platforms will benefit our Group's business as these platforms, with the attempt to attract more online customers, will seek to collaborate with e-commerce logistics service providers which are able to provide flexible and efficient delivery options. As at the Latest Practicable Date, we have entered into service agreements with various e-commerce trading platforms, including a fashion e-commerce platform reaching customers in more than 150 countries, a comprehensive e-commerce platform that pioneered the concept of "team purchase", and Yidatong, for the provision of logistics services to their customers by being included in the list of logistics service providers for the customers to select.

In recent years, the PRC government has implemented various policies in support of the cross-border e-commerce logistics industry. On 17 May 2022, the State Council of the People's Republic of China published the Plan for Development for the Modern Logistics Industry during the 14th Five-Year Plan (《"十四五"現代物流發展規劃》), introducing open and cooperative policies to support the further development of the cross-border e-commerce industry in the PRC. Our Directors believe that with the support from the PRC government and the overall market development, our Group's business will continue to grow.

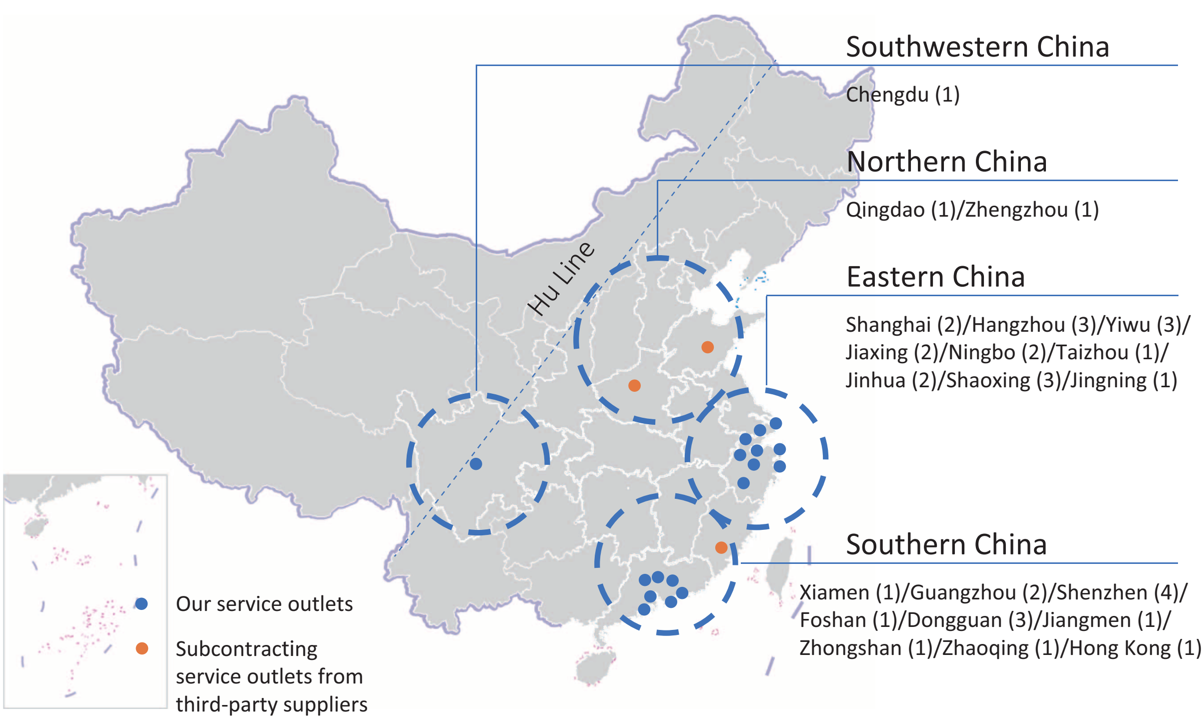
Relying on our understanding of the market need and our experience in providing end-to-end cross border delivery services, our Directors are confident that we are well-positioned to capture the growth opportunities in the cross-border e-commerce logistics service industry and will benefit from the growing demand for our services from existing and future clients in the logistics industry in the PRC.

OUR COMPETITIVE STRENGTHS

Our competitive strengths are key factors contributing to our success to date. Our Directors believe that the following competitive strengths will continue our presence and increase our market share in the logistics industry.

(a) We have a broad service outlets and suppliers network providing a wide coverage in terms of geographical reach and service variety

Our domestic logistics network is mainly concentrated in the Southeastern part of China. As at Latest Practicable Date, we had 39 service outlets (five being subcontracting service outlets from third-party suppliers), with most of them strategically located in major trading centres in the PRC including Zhejiang Province, Shanghai Municipality, Guangdong Province, Fujian Province, Sichuan Province, Henan Province, Shandong Province and Hong Kong. Set out below are the geographical locations of the service outlets of the Group in the PRC, including the subcontracting service outlets from third-party suppliers:



According to the F&S Report, the aforementioned regions have a strong demand for e-commerce logistics services with the total value of goods traded (excluding Hong Kong) in 2022 amounted to approximately RMB24.4 trillion, representing approximately 57.9% of the total value of goods traded in the PRC. Moreover, to facilitate our overseas warehousing and sorting processes, two of our subcontracting service outlets were located in the US as at the Latest Practicable Date. A number of key procedures involved in the logistics value chain are conducted in our service outlets. With a network of service outlets, we have flexibility in allocating our internal resources and designing the optimum route for efficient delivery. Our service outlets also enable us to reach customers and suppliers from various provinces to provide comprehensive services to a number of customers.

Other than our network of service outlets, our Directors believe that one of the key factors to our success is our close working relationships with our network of suppliers, which includes air/sea port operators, air and ocean carriers, customs brokers as well as international and national-level logistics service providers. During the Track Record Period, we had business relationships with over 1,100 suppliers, with our five largest suppliers in each year/period having business relationships with us that range from approximately two to 18 years as at the Latest Practicable Date. In particular, we have maintained business relationships with non-PRC-based international logistics service providers such as Customer/Supplier Group G, a Fortune Global 500 multinational logistics company group founded in the US, as well as Supplier Group K, a US founded Fortune Global 500 German logistics company group listed on the Frankfurt Stock Exchange, as our suppliers for around 18 and 13 (including around seven years of business relationship between Supplier Group K and Global Link group) years, respectively. According to the F&S Report, non-PRC-based international logistics service providers primarily focus on providing international linehaul services within the PRC, and put in less resources in the PRC which is labour-intensive in nature, such as manpower for marketing and warehouse operations for labelling, repackaging and sorting, as compared to domestic players. As such, non-PRC-based international logistics service providers often cooperate with us, in which we would be engaged by the customers for end-to-end cross-border delivery services, and non-PRC-based international logistics service providers are engaged by us for international linehaul and last-mile delivery services after we have performed warehousing, security check, labelling, repackaging and sorting processes in our service outlets. By fully utilising their resources and capabilities in the cross-border logistics industry, we are able to coordinate the entire or part of the logistics value chain, while providing flexible delivery options to cater different delivery requirements of our customers, such as our express, standard, and economic delivery services. According to F&S, our Group is one of the few companies that can deliver as fast as three days. Furthermore, we offer delivery services to more than 220 countries/regions, encompassing regions such as North America, Europe and the Middle East.

With our supplier network, we are capable to match our customers with the suppliers that suits their export or delivery needs. For instance, our parcels can be delivered to and stored in the container freight stations located in both the Western and Eastern part of the US, allowing us to carry out last-mile delivery in the US in a more cost-effective way for local recipients. Customs brokers engaged by us are able to provide customs clearance channels which allows us to complete pre-clearance before landing of the parcels. We have a long-standing business relationship with one of the customs brokers which is able to file Type 86 Entry to US Customs, allowing us to enjoy tax benefits if the value of shipment is less than US$800 in value. With our close working relationships with a wide variety of suppliers, we are able to design and coordinate the entire or part of the value chain, with flexible options of delivery means and methods to cater for specific parcel delivery requirements, such as freight forwarding, cold chain logistics management and customs clearance in the PRC. With the option to freely choose a desired service portfolio, customers can enjoy better service experience that helps increase customer loyalty.

(b) Our established track record of over 19 years in serving the logistics industry allows us to understand and adapt to our customers' needs so as to strengthen our relationship with customers

We believe our established reputation and track record are important factors affecting customers' choice. We have a track record of over 19 years which we have created a network of over 10,000 customers along the logistics service value chain. Our customers include e-commerce platforms, e-commerce sellers, other logistics service providers and non e-commerce sellers. The wide range of our customer base helps us to diversify our risks that may be derived from various industries.

We have established stable business relationship with well-known companies in their various industries during the Track Record Period such as Yidatong (a subsidiary of Alibaba Holding), a multinational logistics company group founded in the U.S.. In January 2023, we also commenced business relationship with Customer Q, which became our largest customer for 6M2023. As confirmed by our Directors, the rapid development of our business collaboration is partly attributable to the business expansion of Customer Q, in particular, in its overseas e-commerce business since the third quarter of 2022, necessitating a variety of cross-border e-commerce logistics services to different countries such as the US. Our Group's ability to meet their diverse demands, leveraging on our established track record of over 19 years in serving the logistics industry, has also contributed to our partnership with the abovementioned companies, including Customer Q. For further details on our business relationship with Customer Q and the background of Customer Q, please refer to the sections headed "Summary — Recent developments — Business development with Customer Q" and "Business — Our customers — 6M2023" in this document.

As a result of our effort in providing high standard logistics services to our customers, our Group had won various awards over the past years allowing us to earn the reputation in the logistics industry as a reliable partner, and recognitions in the logistics industry. In 2021, we were recognised as the 2020 Excellent Cross-border e-commerce Logistics Enterprise* (2020年度優秀跨境電商物流企業) by the Shanghai Cross-border E-Commerce Association* (上海跨境電子商務行業協會), and on the same year, we were also awarded the title of 2020 Excellent Enterprise in Hangzhou Postal Express Industry* (2020年度杭州市郵政快遞業優秀企業) by Hangzhou Post Management Bureau* (杭州市郵政管理局). In 2022, we were named as the Supplier with Outstanding Contribution to Local Compliance Support in the First Half-year* (2022年上半年地方合規支持突出貢獻供應商) by UPS China Supplier Management Team* (UPS中國區供應商管理組), and were also awarded the title of Hangzhou Cross-border e-commerce Benchmark Enterprise* (杭州跨境電商標杆企業) by Ebrun Cross-border Committee of 100* (億邦動力跨境百人會). In 2023, we were awarded the Customer Value Award* (客戶價值獎) by Alibaba.com (阿里巴巴國際站). Our ability to satisfy our customers' requirements gives us the competitive edge to attract business opportunities. For the list of recognitions and awards, please refer to the paragraph headed "Recognitions and awards" in this section.

(c) We have an experienced management team with a proven track record

Our management team has broad experience and in-depth knowledge and strong expertise in the logistics industry. Mr. Wang, who is our chairman and executive Director, has been with us since our establishment and has more than 19 years of experience in the logistics industry. Ms. Zhang Min and Mr. Zhang Guangyang, our executive Directors, have more than 25 and 21 years of experience in the logistics industry, respectively. For further details on the backgrounds and experience of our Directors, please refer to the section headed "Directors and senior management" in this document. We believe that the broad experience of our management team and their industry knowledge and in-depth understanding of the logistics industry would enable us to assess market trends effectively as well as to operate and manage our business efficiently. Hence, having an experienced and dedicated management team is important to our business and enables us to (i) be aware of our competitive and market landscape; (ii) recognise the needs of our customers more readily; (iii) manage our operations, specifically, cross-border logistics services, more effectively; and (iv) build on the experiences we have had with our customers and suppliers.

Further, we believe that success in logistics is primarily made possible by the quality and dedication of the people in the organisation. We consider our employees to be our most crucial asset and we are committed to cultivating our employees' capabilities and qualifications internally and recruiting talent externally. We develop our employees' knowledge, skills and know-how through regular in-house and external trainings and foster a strong sense of belonging among employees by providing a rewarding work environment.

(d) We have proprietary IT systems contributing to increased operation efficiency

Technology is at the core of our operations. It is critical to our network and service offerings. As at the Latest Practicable Date, we owned 76 software copyrights. At present, we have independently developed a SaaS platform, and our intellect management platform has been established to effectively connect upstream, downstream and third-party business partners, and is equipped to optimise our services through data application and analysis for cost reduction and increase in efficiency. We have also developed tracking systems which allows customers to track their orders in real time based on their mode of delivery and transportation route. We believe that such platforms allow us to better design logistics solutions for our customers and monitor the supply chain performances, thereby be more effective in managing the costs associated with the customers' supply chains.

To maintain our competitive edges in innovation, we constantly invest significant resources into research and development activities. Our annual research and development expenses incurred are over RMB9.0 million during the Track Record Period.

OUR BUSINESS STRATEGIES

We strive to capitalise on the business opportunities emerged through the course of increasing demand of cross-border e-commerce logistics services in the PRC. Our business objectives are to achieve sustainable growth, further strengthen our market position in the cross-border e-commerce logistics service industry in the PRC, and create long-term value for our Shareholders by executing the following key strategies:

Achieve greater scale and capacity and further our reach

According to the F&S Report, the market size of the cross-border e-commerce logistics industry increased from approximately RMB1.5 trillion in 2018 to approximately RMB3.2 trillion in 2022, representing a CAGR of 20.4%. The outbreak of COVID-19 in 2020 has also shifted the consumption pattern of consumers from offline to online. By 2027, the market size of the cross-border e-commerce logistics industry is expected to reach approximately RMB5.0 trillion, with a CAGR of 9.2% from 2022 to 2027. Furthermore, the number of online shopping users and penetration rate have been increasing throughout the years, and are expected to further increase. According to the F&S Report, the total number of online shopping users is expected to reach approximately 1,012.8 million in 2027, representing a CAGR of 3.7% from 2022 to 2027. Furthermore, the PRC government has been striving to promote the development of the modern logistics industry, thereby boosting the demand of the PRC logistics industry. According to the "14th Five-Year Plan on Modern Logistics Development" ("十四五"現代物流發展規劃) published by The State Council of the PRC in May 2022, the logistics industry connects the manufacturing sector with the consumers and is important for the development of the overall economy in the PRC. In April 2023, the General Administration of Customs of China, together with the National Development and Reform Commission, the Ministry of Finance, the Ministry of Transport, the Ministry of Commerce, the State Administration for Market Regulation and other departments, organised a special action to promote cross-border trade facilitation in 2023, which includes the support in (i) the construction of "smart ports"; (ii) supporting the upgrading of foreign trade industries and the healthy and sustained development of new business formats; (iii) paperless port and shipping logistics operations; (iv) standardising and reducing of compliance costs in the customs clearance process; and (v) the improvement of communication channels between government departments and business owners.

As such, our Group intends to expand our scale and capacity of our business operation and further our reach, so as to capture the business opportunities brought by the market growth. As at the Latest Practicable Date, our Group had 17 service outlets in Zhejiang Province, 13 service outlets in Guangdong Province, two service outlets in Shanghai Municipality and other service outlets in Fujian Province, Hong Kong, Sichuan Province, Henan Province and Shandong Province. The following table sets out the revenue, gross profit and gross profit margin by geographical locations of our existing service outlets (including operating offices) during the Track Record Period:

	FY2020			FY2021			FY2022			6M2022			6M2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit/(loss)	Gross profit margin/ (loss) margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%
Guangdong Province	1,009,567	62,058	6.1	715,934	49,287	6.9	695,122	53,104	7.6	337,167	22,902	6.8	473,993	32,589	6.9
Zhejiang Province[(1)]	381,588	53,467	14.0	572,018	50,567	8.8	513,216	44,694	8.7	250,548	22,393	8.9	185,390	19,188	10.3
Shanghai Municipality	23,596	901	3.8	46,122	(1,369)	(3.0)	15,460	254	1.6	8,425	202	2.4	4,171	111	2.7
Others[(2)]	97,397	6,798	7.0	19,612	1,371	7.0	28,185	6,613	23.5	13,601	3,512	25.8	10,356	2,567	24.8
Total	1,512,148	123,224	8.1	1,353,686	99,856	7.4	1,251,983	104,665	8.4	609,741	49,009	8.0	673,910	54,455	8.1

Notes:

1. Includes revenue from other business operation of the Group, including freight forwarding, miscellaneous service and industry-tailored solutions, which does not involve the service outlets but processed through the operating offices located in Zhejiang Province.

2. Others include, among others, Sichuan Province, Shandong Province, Henan Province, Fujian Province and Hong Kong.

Our revenue from service outlets and operating offices located in Zhejiang Province increased from approximately RMB381.6 million to RMB572.0 million from FY2020 to FY2021, primarily due to (i) the increase in revenue of our standard delivery services as the Group conducted sales promotion on e-commerce platform, Alibaba.com; and (ii) increase in revenue for our freight forwarding services. The decrease in gross profit margin from 14.0% to 8.8% from FY2020 to FY2021 in Zhejiang Province was mainly attributable to the aforementioned sales promotion, which also led to the gross loss margin recorded for the service outlets and operating offices located in Shanghai Municipality bring approximately 3.0% for FY2021. Our gross profit from service outlets and operating offices located in other provinces increased from 7.0% to 23.5% from FY2021 to FY2022, mainly due to the heightened emphasis on offering services with higher profit margins, particularly in the areas of customs clearance, pick-up and delivery services, at those outlets and offices during FY2022. The decrease in revenue derived from Zhejiang Province from approximately RMB250.5 million for 6M2022 to approximately RMB185.4 million for 6M2023 was mainly attributable to the decrease in revenue from our freight forwarding services of approximately RMB47.7 million, as such services were mainly processed through the operating office located in Zhejiang Province. For the decrease in our airborne freight forwarding services, it was mainly attributable to the decrease in revenue from approximately RMB21.5 million for 6M2022 to approximately RMB1.8 million for 6M2023 from Customer I, as our Group stopped offering discounted rates to Customer I. For the decrease in our seaborne freight forwarding services, it was mainly attributable to (i) the decrease in revenue from Customer F from approximately RMB19.3 million for 6M2022 to less than RMB100,000 for 6M2023, due to the expiration of contract with Customer F at the end of FY2022; and (ii) lower freight rates in 6M2023, due to a resumption of logistics capacity.

We directly operate all of our service outlets which serve as the nodes of different line-haul routes. Based on the geographical area of the provinces in the PRC, we may set out one or more service areas in the same province, but in different cities or counties, in order to (i) cater for the need of our existing customers and suppliers which are not based near the current service outlet network within the large geographical area of the province; and (ii) capture new business opportunities through expansion of our Group's business coverage and increasing our business exposure to new customers. We intend to increase our scale and capacity by (i) expanding and upgrading our existing service outlets in the PRC; and (ii) setting up new service outlets in the PRC. Based on our previous experience, the setting up of service outlets in the same province will lead to an increase in revenue in both service outlets, given that we are able to attract new customers with the enhanced business coverage within the area. Moreover, our Directors are of the view that the expanding, upgrading and setting up of service outlets will streamline our service offerings, allowing the Group to improve its service quality and timeliness, and further improve our customer experience. Our Group will continue to introduce new service offerings to provide more comprehensive services to our customers by upgrading and expanding our current service outlets, and continue to capture business opportunities to collaborate with high-profile e-commerce players and set up new service outlets in markets where they may develop their operations.

(i) Setting up new service outlets in the PRC

We intend to set up four new service outlets in Guangdong Province and five new service outlets in Zhejiang Province, Shanghai Municipality, Sichuan Province, Jiangsu Province and Chongqing Municipality. Guandong Province has been an important hub for cross-border e-commerce logistics services. According to the F&S Report, the total cargo throughput of Guangdong Province amounted to approximately 3,518.1 million tons in 2022, representing 6.9% of the total cargo throughput in the PRC. Meanwhile, the total value of traded goods of Guangdong Province amounted to approximately RMB8.3 trillion, representing 21.2% of the total value of goods in the PRC. As such, our Group intends to set up new service outlets and will target at more direct customers in Guangdong Province. Our Directors believe that with the chain of new service outlets, we will be able to provide services to more customers, both existing and new, located nearby in a more time and cost-effective manner, given the reduced transportation fees, distance and traveling time. Our Directors are also of the view that our service outlets collaborate to enhance and optimise the overall efficiency of the Group's logistics service. The setting up of other new service outlets will (i) enable our Group to expand our operational network and service capability in the PRC; (ii) provide us with more flexibility in designing the route when providing services; and (iii) would offer more options to the Group for parcel distribution, which allows more room for adjustment based on factors such as volume of parcels, gross floor area of service outlet and number of staff, so to maximise the capacity and efficiency of our service outlets. With more service outlets, we will be able to enhance our operational efficiency in order to better cater for the demands and orders of our customers.

The following table sets out the location, number and expected gross floor area of the proposed new service outlets, as well as the justification of setting up service outlet in the particular location:

Province/ Municipality	City	Number	Expected gross floor area (m^2)	Justification of setting up service outlet
Guangdong . . .	Shenzhen	1	(1) 500	As advised by F&S, the export value of Shenzhen, Guangzhou and Dongguan in 2022 amounted to RMB2,194.5 billion, RMB619.5 billion and RMB924.0 billion, and is anticipated to reach approximately RMB2,583.2 billion, RMB713.5 billion and RMB1,241.0 billion in 2025, respectively. To capture such growth, we intend to set up new service outlets to attract direct customers, in particular e-commerce platforms and e-commerce sellers located at the Southern China regions, through the provision of "door-to-door" parcel acceptance services, which is more convenient for our customers who would deliver their parcels to our service outlets through our own means in order to save logistics costs. By expanding our business coverage through the setting up of a new service outlet, we will be able to reduce our logistics costs, such as the transportation fees for performing "door-to-door" parcel acceptance. Meanwhile, we are establishing one of the largest service outlets within our Group in Shenzhen to expand our network in the Eastern and Southern China regions. We are currently in the process of negotiating with Yidatong to expand our service offerings for cross-border e-commerce logistics services for considerable amount of parcels from Alibaba.com. Given the significantly increasing trend in our business volume with Yidatong and our strong relationship with Alibaba Group through their investment into our Group, our Directors are confident that we will be able to record higher business volume with Yidatong. As such, it is essential for our Group to establish a large service outlet in Shenzhen to capture the increase in demand for our service.
	Guangzhou	1	500	
	Dongguan	1	500	

Province/ Municipality	City	Number	Expected gross floor area (m^2)	Justification of setting up service outlet
Zhejiang.	Wenzhou	1	500	As advised by F&S, the export value of Wenzhou in 2022 amounted to approximately RMB250.2 billion, and is anticipated to reach approximately RMB328.1 billion in 2025. As such, we intend to expand our business coverage in Zhejiang Province and provide customer with more flexibility in delivering parcels to our Group.
Shanghai	Shanghai	1	500	As advised by F&S, the export value of Shanghai in 2022 amounted to approximately RMB1,713.4 billion, and is anticipated to reach approximately RMB1,987.0 billion in 2025. As such, we intend to expand our business coverage in Shanghai, given its importance as a central coast logistics hub for foreign trade and export.
Jiangsu	Suzhou/ Kunshan	1	500	As advised by F&S, the export value of Kunshan in 2022 amounted to approximately USD70.2 billion, and is anticipated to reach approximately USD85.7 billion in 2025. As such, we intend to expand our business coverage in Jiangsu Province and provide customer with more flexibility in delivering parcels to our Group.
Sichuan	Chengdu	1	200	According to the State Council and the CAAC Southwest Regional Administration, the Chengdu Tianfu Airport has launched its all-cargo aircraft routes in April 2023, allowing air carriers to conduct international aviation logistics business. As such, we intend to station our new service outlet in the aviation park situated in the airport to capture new business opportunities by first introducing our customs clearance services (other logistics service), and gradually expand our service offerings in the region.

Province/ Municipality	City	Number	Expected gross floor area (m^2)	Justification of setting up service outlet
Chongqing . . .	Chongqing	1	200	According to the F&S Report, the development of cross-border e-commerce logistics in Chongqing has been heavily supported by government policies, for instance, the introduction of customs clearance channels within the e-commerce logistics industrial parks. As such, we intend to set up a new service outlet in Chongqing Municipality to capture the growing business opportunities by first introducing our customs clearance services (other logistics service), and gradually expand our service offerings in the region.

As at the Latest Practicable Date, save for a leasing agreement for a warehouse in Shenzhen our Group entered into, we neither identified any particular target properties nor entered into any formal agreements for lease. For further details of the leasing agreement, please refer to the paragraph headed "Properties" in this section.

Our Directors are of the view that our Group can maintain a similar level of gross profit margin when operating new services outlets, as the business operation of our new service outlets will be similar to that of our existing service outlets. While the majority of our costs are logistics costs charged by our suppliers, our Group intends to engage suppliers who have already established business relationship with our Group for the provision of services to our new service outlets in accordance with our existing framework agreements. We also intend to hire staff at a similar salary level so as to control our cost of sales at a similar level. As at the Latest Practicable Date, our Group does not have service outlets in Jiangsu Province and Chongqing Municipality. Given that our Group has been operating our service outlets in Hangzhou and Chengdu, which are geographically close to Jiangsu and Chongqing, respectively, our Directors consider that the current operational model applied in our existing service outlets in the PRC shall be successfully replicated to the proposed new service outlets in Jiangsu and Chongqing. According to the F&S Report, the total cargo throughput of Jiangsu Province and Chongqing Municipality amounted to approximately 4,146.3 million tons in 2022, representing 8.2% of the total cargo throughput in the PRC. Meanwhile, the total value of traded goods of Jiangsu Province and Chongqing Municipality amounted to approximately RMB6.3 trillion, representing 14.9% of the total value of goods in the PRC. The total value of goods traded in provinces/regions where our existing service outlets are located (excluding Hong Kong) together with Jiangsu Province and Chongqing Municipality, province/region where we intend to set up new service outlets, amounted to approximately RMB30.6 trillion, representing approximately 72.8% of the total value of goods traded in the PRC in 2022. Furthermore, in accordance with the Guiding Opinions of the CPC Central Committee and the State Council on Promoting the Formation of a New Pattern in the Large-scale Development of

China's Western Regions (《中共中央、國務院關於新時代推進西部大開發形成新格局的指導意見》) issued by the State Council effective on 17 May 2020, a number of opinions are offered to accelerate the formation of a new pattern of the western region development and advance the high-quality development of the western regions, including but not limited to, opening-up of infrastructures such as ports, cross-border transport and further improvement of information transmission routes, as well as the expedition of the construction of an open logistics network and a cross-border postal service system. Our Directors believe that establishing business presence at these locations can further our reach to potential customers and allow us higher flexibility in providing our services.

Forecasted revenue, profit breakeven and investment payback periods

Based on the assumptions that (i) the commencement of operation of the relevant new service outlets will take place between July 2024 and January 2025 and (ii) the new service outlets will generate revenue on the following month upon their establishment, our forecasted revenue in aggregate for the new service outlets for the year ending 31 December 2026 is approximately RMB211.0 million.

Breakeven period refers to the length of time required for our new service outlets to generate sufficient revenue to our Group to cover its operating cost during the same financial year on accounting basis for the first time since the date of the initial investment cash outflow. Based on the assumptions that the gross profit margin would be similar to our existing service outlets for FY2022, our Directors expect that all of our new service outlets will achieve profit breakeven within one month upon commencement of operation.

Investment payback period refers to the length of time required to recover the initial investment costs from the accumulated net cash inflow to be generated from our new service outlets since the date of the initial investment cash outflow. Based on the assumptions that our revenue will increase in line with the overall business growth, and that there will be no material impact on our sales due to fluctuation in market demand, exchange rates, inflations, and increase in service charges by our suppliers, our Directors expect that the investment payback period will be approximately three to five years after the establishment of the new service outlets.

(ii) Expanding and/or upgrading our existing service outlets in the PRC

We intend to expand and/or upgrade seven of our service outlets in Zhejiang Province and six of our service outlets in Guangdong Province, Sichuan Province and Hong Kong by utilising the net **[REDACTED]** from the **[REDACTED]**, mainly due to the high utilisation rate and increasing business volume of our service outlets at those locations which requires us to expand our capacity. For illustrative purpose only and based on the estimation of our Directors, the average utilisation rates of our service outlets situated in Zhejiang Province, Guangdong Province, Sichuan Province and Hong Kong were over 85% for FY2022, which were calculated by dividing the average number of parcels handled per day by the estimated number of parcels that can be handled per day. Our management assesses and estimates the number of parcels that can be handled per day based on the operational gross floor area divided the average volume of the parcel.

The following table sets out (1) the location, (2) province, (3) the year of establishment, and (4) the initial investment costs of the existing service outlets to be expanded and/or upgraded:

Location	Province	Year of establishment	Initial investment costs (RMB'000)	Average utilization rate for FY2022 (%)
Jiashan	Zhejiang	2005	1,582	100.6
Shenzhen (Baoan)	Guangdong	2006	3,118	131.6
Hong Kong	—	2006	521	88.2
Yongkang	Zhejiang	2009	853	98.6
Guangzhou	Guangdong	2010	2,095	99.3
Yiwu	Zhejiang	2015	716	85.2
Jinhua	Zhejiang	2015	375	91.7
Chengdu	Sichuan	2015	144	N/A (used for customs clearance services)
Dongguan	Guangdong	2015	1,223	101.1
Shenzhen (Bantian)	Guangdong	2017	1,093	100.8
Yuyao	Zhejiang	2017	593	96.5
Fenghua	Zhejiang	2018	1,650	98.4
Fuyang	Zhejiang	2019	528	88.1

For FY2022, the average utilisation rate of the existing service outlets to be expanded and/or upgraded ranged from 85.2% to 131.6%. Some of the average utilisation rate of the above service outlets exceeded 100% as the handled parcels are placed in non-operational areas of the service outlets such as offices and large equipment (e.g. inspection machines). As confirmed by our Directors, our Group has paid back all of our existing service outlets to be expanded and/or upgraded as at the Latest Practicable Date.

As provided in the F&S Report, such as (i) the expected increase in the market size of cross-border e-commerce industry in the PRC to reach approximately RMB26.3 trillion in 2027, representing a CAGR of 10.9% from 2022, and (ii) the estimated increase in the e-commerce retail trade penetration rate in the US to reach 14.8% by the end of 2027, the expansion and upgrading of our existing service outlets will enable us to increase our efficiency in our warehousing, security check, repackaging, labelling and sorting operations due to economies of scale, which our Directors believe will ensure stable delivery of services in a timely manner in such service outlets. Meanwhile, with the expansion and/or upgrading of our existing service outlets, we can also further our reach to collect parcels from a larger area around those locations and capture higher revenue. It is expected that our expanded and/or upgraded service outlets will have a larger capacity for warehousing, security check, repackaging, labelling and sorting of parcels to cope with the high utilisation rates, and thus improve our capability in parcels transshipment and will further consolidate our market position. The purchase of automation equipment such as automatic weighing and dimension measurement systems, automatic sorting system and conveyors will also enhance our efficiency in processing parcels received from our customers. According to the F&S Report, the provision of intelligent logistics services is a market trend. The application of intelligent equipment can effectively improve the goods sorting and packing efficiency and can reduce labour costs, thus enhance the logistics service provider's market competitiveness. While we do not own a fleet of air, sea and road transport capacity for our end-to-end e-commerce cross-border delivery services, the purchase of road vehicles such as vans allows us to increase our business coverage for parcel pick-up.

To support our initiative to achieve greater scale and capacity and further our reach, we will incur costs to set up new service outlets and upgrade and/or expand existing service outlets, such as purchasing equipment and office utilities, leasing and renovating premises and hiring additional staff. The majority of the additional staff to be hired will be operational and delivery staff to support our expanded business operation.

We intend to utilise approximately RMB**[REDACTED]** million, representing approximately **[REDACTED]**% of the net **[REDACTED]** from the **[REDACTED]** to implement the plan. For further details, please refer to the section headed "Future Plans and **[REDACTED]** — **[REDACTED]**" in this document.

We intend to continue to work closely with our existing customers and explore new business opportunities with new customers by providing a more comprehensive service scope to cater to our customers' needs and to reach out to more customers at locations close to our service outlets.

Invest in and upgrade our information technology systems

We rely on our information technology system for our day-to-day operation of our business. We intend to invest in and upgrade our information technology system to further enhance our Group's efficiency. We intend to integrate and enhance the self-developed information technology systems that serve the entire operational chain of our Group. We aim to link the work processes from parcel pick-up, domestic transshipment, international linehaul to last-mile delivery. We also aim to connect the customer service platform with our Group's operation platform and financial system. Such integrated information technology system enables our Group to manage different business functions, such as designing delivery routes, communication with customers and suppliers, cost calculation, parcel tracing and monitoring of receivables and payables within a centralised and integrated system. Such integrated information technology system mainly serves the following three functions:

- ***Logistics chain management.*** Our logistics chain management system covers the operation of the entire logistics value chain. It shall allow our customers to place delivery orders more seamlessly to our service outlets and keep track of the delivery status of the parcels within the value chain. We intend to optimise our online reservation system, allowing customer to select their preferred parcel pick-up time. During parcel acceptance, we shall increase the efficiency of our delivery staff by equipping them with electronic handheld devices to input details of the parcels and the customers when receiving the parcels. During the domestic transshipment, international linehaul and last-mile delivery processes, we intend to set up automatic management modules which will, according to pre-set formulae, allocate trucks, calculate the available aircraft/freight space and our parcel volume to optimise the deployment of parcels in different air/sea carriers and trucks. Our customers shall also be able to monitor the real-time movement of each on-duty truck.

- ***Business and financial management.*** Our system shall allow us to align the business and financial statistics of the different services procured by our customers, and implement a consolidated reporting system to achieve more efficient and standardised financial reconciliation and settlement.

- ***Customer service.*** Currently, our customers contact us through different platforms depending on the services they require and service outlet they approached. We intend to provide our customers a unified portal platform for engagement of services, thereby increasing customer experience and loyalty.

Our Directors believe that such integrated information technology system will enable our Group to have better control over the workflow and perform tasks efficiently and effectively. With the implementation of our enhanced integrated system, we will be able to reduce the amount of data entry tasks carried out by our operational staff across various stages of our logistics workflow. In addition, the system will improve the efficiency of our transportation network by automating the allocation of internal and external transportation resources, thereby reducing the need for manual allocation. The centralisation and integration of our system will achieve higher automation of work and thus will increase operational efficiency. Our Directors are of the view that these features will be able to substantially reduce the amount of manual work required during our business operation and will be able to increase our efficiency, reduce the risk of error and release our limited workforce to fulfill our fast-growing service demand.

Our business is built on a customer-oriented culture. With an improved information technology system, we will be able to provide more stable and efficient services to our customers. Our customers will also be able to benefit from the improved customer order platform for them to place an order that suit their needs. Our Directors believe that a more user-friendly system will be able to enhance our customers relationship management and market analysis, thereby improving our customer penetration and retention efficiency and eventually achieve a sustainable performance growth.

According to the F&S Report, being equipped with intelligent and integration services is a market driver for cross-border e-commerce logistics enterprises. It is expected that with the continuous growth of number of online shopping users, enterprises will have to attract downstream customers to strengthen the cooperation between upstream and downstream enterprises in the industry, thereby driving the improvement of the industrial development. As such, our Directors believe that it is essential for our Group to invest in and upgrade our information technology system by integrating all business functions and act as a connector among customers that require logistics services, so as to enable us to expand our business.

Other than the benefits detailed above in respect of the improvement of business efficiency, investing in our information technology system will also enhance the security level of our system. We collect data from various customers and engage various service providers during our business operation process. Therefore, improving the security level of our system will enable our Group to provide more stable services and gain confidence from our customers and suppliers. We intend to invest in firewall and risk detection software so as to prevent leakage of information or potential system failure that may affect our business.

In view of the above, our Directors consider that the investment in and upgrading of our information technology system is crucial not only to enhance our operational efficiency and capacity to cater for our business expansion and minimise operational risk, but also to maintain our competitive position in the industry. Our Group intends to utilise approximately **[REDACTED]**, representing approximately **[REDACTED]**% of the net **[REDACTED]** from the **[REDACTED]** to invest in and upgrade our information technology systems. For further details, please refer to the section headed "Future Plans and **[REDACTED]** — **[REDACTED]**" in this document.

OUR BUSINESS MODEL

Our business model principally involves the provision of (i) end-to-end cross-border delivery services, (ii) freight forwarding and (iii) other logistics services.

End-to-end cross-border delivery services

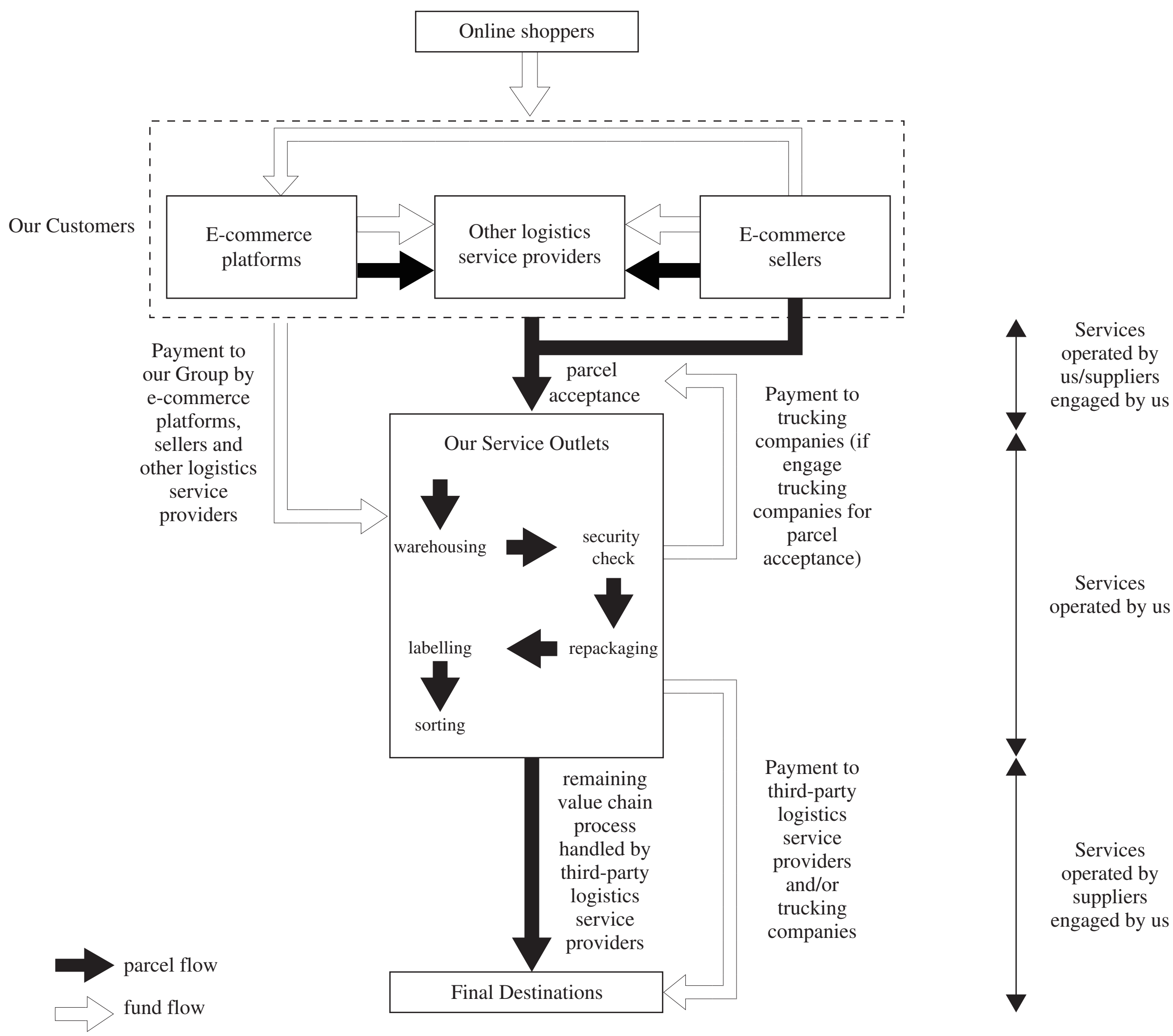
As a logistics service provider, we provide one-stop international logistics services to our customers throughout the entire end-to-end logistics value chain to deliver their parcels to the destination countries or regions. Our business model involves the coordination of the entire logistics service value chain by engaging suitable third-party service providers to conduct different parts within the value chain, and operate the service outlets network that provide parcel acceptance, warehousing, security check, repackaging, labelling and sorting services within the end-to-end logistics value chain, whereas our suppliers (including air/sea port operators, air and ocean carriers, customs brokers and third-party logistics service providers) operate air/sea port operation, customs clearance, international linehaul and last-mile delivery services. We have obtained the requisite licences for the business operations of end-to-end cross-border delivery, including the express delivery permit (domestic delivery)* (快遞業務經營許可證(國內快遞)) and the express delivery permit (international agency delivery)* (快遞業務經營許可證(代理國際快遞). For further details regarding the licences and permits obtained by our Group for our end-to-end cross-border delivery services, please refer to the paragraph headed "Licences and permits" in this section.

We offer our customers efficient, convenient and comprehensive services. Our customers are only required to place orders online and choose the delivery service based on their preferred delivery time, such as express, standard or economy delivery. For tracking and tracing of the delivery status, information such as warehousing, customs clearance, and last-mile delivery process is transparent and traceable and customers are also able to access to the information online. Our service outlets are strategically situated in key destinations in the PRC which are concentrated areas for the development for cross-border logistics industry, including Zhejiang Province, Shanghai Municipality, Guangdong Province, Fujian Province, Sichuan Province, Henan Province, Shandong Province and Hong Kong. We are capable of providing services covering the entire logistics value chain to ensure that our cross-border logistics services are stable and reliable. We have established long-term and stable relationships with international and national third-party service providers whom we engage while we coordinate the entire logistics value chain. Our customers in this business line include e-commerce platforms, e-commerce sellers and other logistics service providers whose end-customers are e-commerce related. For FY2020, FY2021, FY2022, 6M2022 and 6M2023, our revenue from this business line was approximately

RMB1,355.2 million, RMB1,076.9 million, RMB980.4 million, RMB496.8 million and RMB589.9 million, respectively, representing approximately 89.6%, 79.6%, 78.3%, 81.5% and 87.5% of the total revenue in the relevant period.

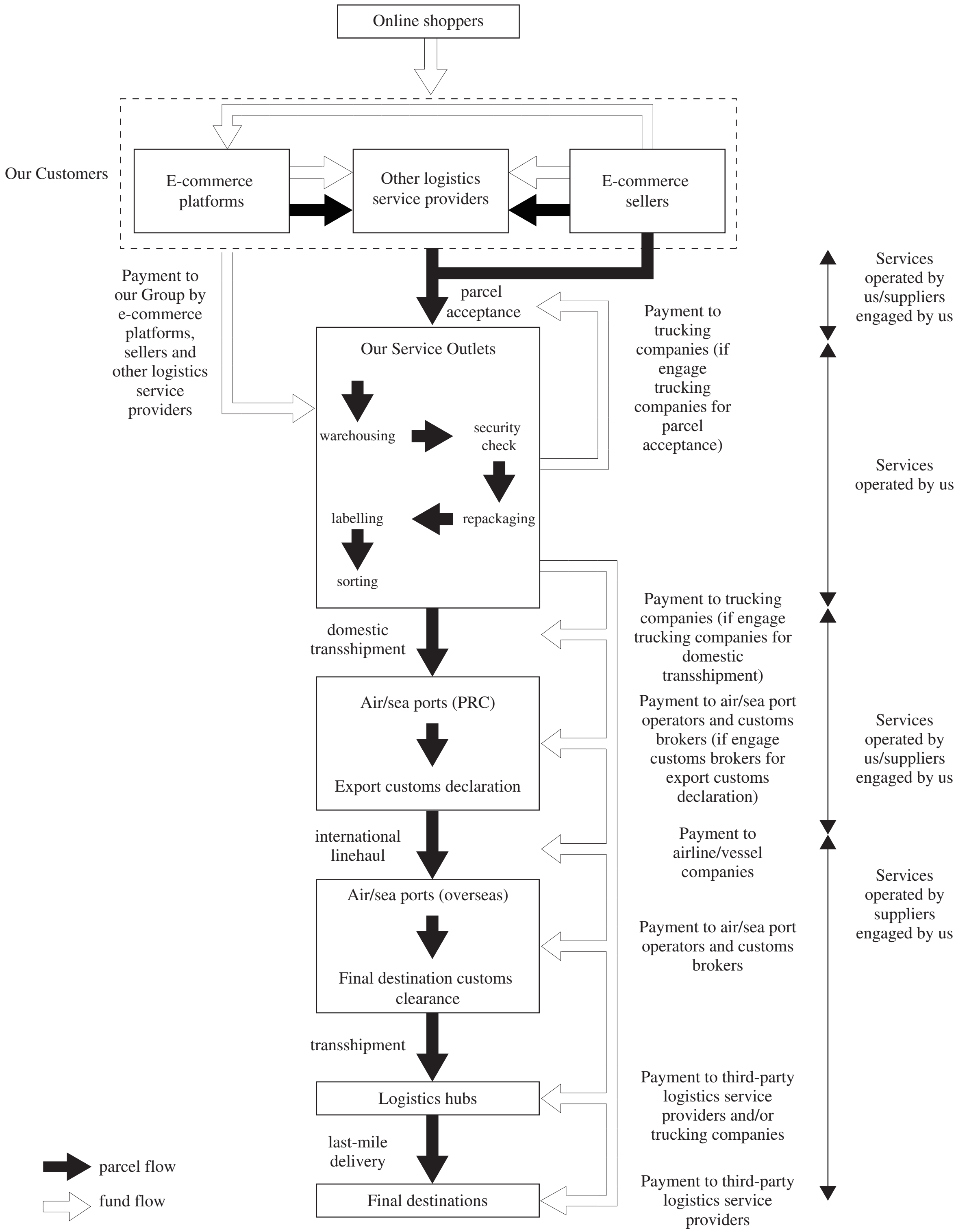
For illustrative purposes only, the following diagrams illustrate the process for the completion of a typical end-to-end cross-border delivery order:

Express delivery services/Economic delivery services (by postal service)



Parcels delivered with express delivery services take approximately three to five business days to be delivered to the final destination. Parcels delivered with economic delivery services take approximately 10 or more business days to be delivered to the final destination.

Standard delivery services/Economic delivery services (by seaborne transportation)



Parcels delivered with standard delivery services take approximately six to nine business days to be delivered to the final destination. Parcels delivered with economic delivery services take approximately 10 or more business days to be delivered to the final destination.

For details regarding our types of customers, please refer to the section headed "Business — Our customers" in this document.

Set forth below are the key steps of our workflow and services:

- **Parcel acceptance**. Based on the request of the customers, we can provide trucking services for "door-to-door" parcel pick-up from our customers' warehouse or other designated locations to our service outlets with our self-owned trucks or trucks operated by third-party trucking companies engaged by us. Alternatively, our customers may drop-off the parcels to our service outlets by their own means. We consider factors including the location, condition and capacity to choose the most suitable service outlet for our customers. The delivery orders of our customers are usually measured by parcel in kilograms with size and weight limitations, and the goods delivered under this business line involves a larger variety of goods with more batches and smaller batch sizes.

- **Warehousing, security check, repackaging and labelling and sorting.** The parcels received from our customers will be stored temporarily in our service outlets. When the parcels have arrived at our service outlet, our service outlet staff will unpack and inspect the parcels to see if they contain export prohibited and restricted goods in accordance with our internal control procedures. Our Company has established a parcel inspection policy which instructs our staff to verify the information of the parcel before it is accepted to the service outlet. The policy also listed out the types of items that are dangerous goods which the staff should be aware of, and the items will not be processed if it is identified as dangerous goods. In order to ensure the safety of delivery and prevent contraband, the relevant staff would check the items consigned by customers. For suspicious items that safety cannot be determined, customers are required to provide the safety certificates. If the customer cannot issue a safety certificate, it will not be accepted for delivery. When our staff identifies any dangerous goods, he/she is responsible for reporting dangerous items to relevant regulatory department or postal management department.

  After the inspection is completed, details of the parcels will be inputted in our computer system, which will (i) design the most suitable delivery route for the parcels, (ii) generate shipping label and (iii) automatically placing an order with third-party logistics services providers engaged by us. Once the order has been placed, our staff will conduct repackaging of the parcels and label them according to the size, weight, name of supplier and mode of delivery services chosen by our customers. We will then sort the parcels based on the delivery route. Our delivery services can be divided into 3 modes, namely express delivery (takes approximately three to five business days to be delivered to the final destination), standard delivery (takes approximately six to nine business days to be delivered to the final destination) and economic delivery (takes approximately 10 or more business days to be delivered to the final destination).

For express delivery services, our suppliers, such as Customer/Supplier Group G, a Fortune Global 500 multinational logistics company founded in the US and Supplier Group K, a US founded Fortune Global 500 German logistics company listed on the Frankfurt Stock Exchange, are responsible for processes after the parcels are despatched from our service outlets, from domestic transshipment till the last-mile delivery process. For standard delivery services, we coordinate with different suppliers for different services within the logistics value chain. For economic delivery services, we either engage postal service providers to manage the processes after the parcels are despatched from our service outlets, or coordinate different suppliers for services within the logistics value chain.

Warehousing

Security check

Repackaging and labelling

Sorting

- **Domestic transshipment.** The parcels will then be delivered to air or sea ports through domestic transshipment by suppliers engaged by us. For our express delivery services, our suppliers are responsible for the whole process from domestic transshipment till last-mile delivery. The parcels are usually transferred to air ports through their distribution centres for airborne transportation. For our standard and economic delivery services, we usually engage third-party trucking companies or directly transfer the parcels to air/sea ports by our own trucks for airborne/seaborne transportation. Depending on the types of parcel and relevant export requirement, the parcels may be transferred to our service outlet in Hong Kong through ground or seaborne transportation. For economic delivery services (by postal service), our supplier is responsible for the whole process from the airport till last-mile delivery.

- **Export customs declaration**. We provide standard customs declaration services in the PRC before departure. For our express and economic delivery services (by postal service), customs declaration will usually be conducted by the suppliers engaged by us to conduct the remaining value chain. As for our standard and economic delivery services (by seaborne transportation), we handle customs clearance by either engaging third-party customs brokers or through our own resources.

- **International linehaul.** After customs declaration is completed in the PRC, the parcels will be loaded onto air parcel terminals or container vessels and be delivered to the transitional warehouse in the destination country/region. For our express and economic delivery services (by postal service), the international linehaul service is included as part of our suppliers' package of services till last-mile delivery. The cross-border transportation vehicles are usually operated or managed by our suppliers. For our standard and economic delivery services (by seaborne transportation), we usually engage third-party sea/air carriers for parcel delivery to the port of the final destination.

- **Customs clearance**. We provide customs clearance services before or upon the parcels arrives at the destination country through customs clearance channels. For our express and economic delivery services (by postal service), customs clearance will be conducted by our suppliers as part of their package of services. For our standard and economic delivery services (by seaborne transportation), we usually engage third-party customs brokers for customs clearance.

- **Last-mile delivery**. If requested by our customers, we provide trucking services in the destination country to deliver the parcel to the customer's designated locations. For our express and economic delivery services (by postal service), such services are provided through our suppliers as part of their package of services. For our standard and economic delivery services (by seaborne transportation), we usually engage trucking companies or third party logistics service providers for last-mile delivery. The end-to-end cross-border delivery services are completed upon the collection of parcels by the recipients in the final destinations.

- **Customer service.** We will closely monitor the delivery status of the parcels through our tracking systems, and customers are able to keep close contact with us through our 24-hour customer services line.

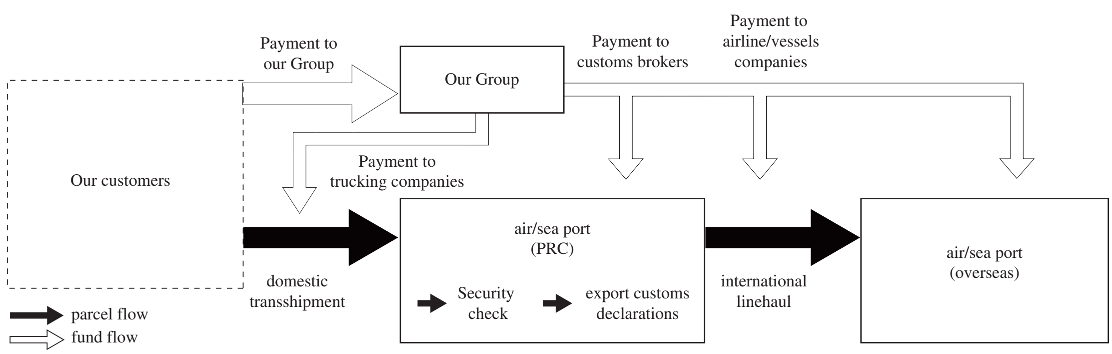
Freight Forwarding

As an intermediary for traditional international freight transportation services, we offer freight forwarding services for the delivery of parcels from the port of the origin to the port of the final destination, through different delivery methods such as airborne, seaborne and ground transportation. We are mainly responsible for arranging third-party service providers for port-to-port delivery of parcels. We have obtained the requisite licences for the business operations of freight forwarding, including the filing of international freight forwarding enterprise* (國際貨運代理企業備案表). For further details regarding the licences and permits obtained by our Group for our freight forwarding, please refer to the paragraph headed "Licences and permits" in this section.

We receive related logistics fees from consignors and/or consignees and act as a bridge for communication between consignors (generally traditional traders) and carriers. The consignors need to consistently contact us for quotation, and select an appropriate carrier company through us for the delivery of their parcels once they received the quotes. For tracking and tracing of the delivery status, if the consignors opt for large carrier companies (such as shipping or airline companies), such companies usually provide their own order tracking platforms, allowing consignors to directly monitor the delivery progress. If the consignors choose smaller carrier companies, they would have to rely on us to coordinate the shipment progress.

Parcels will be directly delivered to the air/sea port of origin by us (through our own trucks or trucking companies engaged by us) or the customers. The delivery orders of our customers are usually measured by TEU and pallet/container for fitting into the cargo space, and the goods delivered under this business line involves a smaller variety of goods with fewer batches and larger batch sizes, as well as a longer transportation time as compared to goods delivered under our end-to-end cross-border delivery services business line. Our staff will check with the customers to see if the parcels contain items that are dangerous goods, unsafe, prohibited or restricted items, as well as the number, weight, size, type of the items. Our Group would only provide freight forwarding services to customers who have complied with all the necessary requirements. As advised by the PRC Legal Adviser, our Group has already carried out safety inspection regarding the parcels in accordance with the relevant PRC regulations and laws. Upon arriving at the air/sea port of origin, the parcels will go through security checks by the customs department of the PRC. Afterwards, the parcels will go through the export customs declaration handled by third-party customs brokers engaged by us. The parcels will then be delivered through air/sea carriers engaged by us to the air/sea port of the final destination. As such, we will have to liaise with different service providers within our supplier network, which include air/sea carriers, trucking companies, customs brokers and other logistics service providers. The freight forwarding services are completed upon the parcels arriving the ports of the final destinations. For FY2020, FY2021, FY2022, 6M2022 and 6M2023, our revenue from this business line was approximately RMB98.9 million, RMB225.7 million, RMB203.0 million, RMB88.2 million and RMB40.5 million, respectively, representing approximately 6.5%, 16.7%, 16.2%, 14.5% and 6.0% of the total revenue in the relevant period.

For illustrative purposes only, the following diagram illustrate the process for the completion of a typical freight forwarding delivery order:



Other logistics services

Building on our service outlets and suppliers network, we offer value-adding supply chain solutions that integrate our service offerings and fulfill the specific needs of our customers of different industry verticals. Our other logistics services can be mainly categorised as (i) customs clearance/pick-up/delivery, (ii) industry-tailored solutions and (iii) OGP/OSP services. For FY2020, FY2021, FY2022, 6M2022 and 6M2023, our revenue from this business line was approximately RMB58.1 million, RMB51.0 million, RMB68.5 million, RMB24.7 million and RMB43.5 million, respectively, representing approximately 3.8%, 3.8%, 5.5%, 4.1% and 6.5% of the total revenue in the relevant period.

Customs clearance/pick-up/delivery

We offer specific logistics services to customers whom require us to coordinate and arrange suitable suppliers to complete their logistics service chain, including customs declaration service in the PRC by utilising our own resources or engaging third-party customs brokers, and customs clearance service in the overseas destination countries by engaging third-party customs brokers, parcel pick-up from the air/sea port of the destination countries by engaging third-party logistics service providers, and last-mile delivery services from the overseas logistics hub to the recipients in the destination countries/regions by engaging logistics service providers.

Industry-tailored solutions

Based on the specific needs of our customers, we offer customised solutions on a case-by-case basis. We will analyse our customer needs, such as budget, pick-up location, destination, delivery time, nature of parcel, and then formulate logistics solutions that suits their needs. Our customers are from different industry verticals, such as manufacturers and traders of home appliances, apparel, and consumer goods. For example, we commenced business relationship with a Dutch conglomerate of florists which is headquartered in Aalsmeer since 2018 ("**RF**"), by providing customised supply chain solutions involving cold chain logistics management and customs clearance for parcel import to the PRC for the delivery of fresh flowers to the PRC. For this particular case, cross-border airborne transportation containing fresh flowers will be arranged and operated by air carriers engaged by RF. Prior to the arrival of the fresh flowers, we will inform the third-party customs brokers engaged by us. The last-mile delivery will be either performed by us through ground transportation (with trucking companies engaged by us) or inland PRC air carriers engaged by customers of RF. Throughout the process, the flowers are kept in temperature-controlled cold chain warehouses provided by third party suppliers engaged by us.

OGP/OSP services

We have been providing OGP/OSP services to Customer/Supplier Group G, a Fortune Global 500 multinational logistics company group founded in the US, since 2015. As an OGP/OSP operator, we established operation points in Taizhou City and Jinhua City for both export and import services specifically for end customers of Customer/Supplier Group G. For our export operations, we conduct parcel acceptance and deliver them to the designated transportation hubs of Customer/Supplier Group G, either directly or through our service outlets (for warehousing, security check, repackaging and labelling and sorting), by ground transportation. For our import operations, we conduct parcel acceptance from the designated transportation hubs of Customer/Supplier Group G and conduct last-mile delivery, either directly or through our service outlets (for warehousing, security check, repackaging and labelling and sorting), also by ground transportation. Ground transportation services are conducted by our own trucks or third-party trucking companies engaged by us. As part of the marketing campaign of Customer/Supplier Group G, our staff and trucks are required to wear the uniform and display the logo of Customer/Supplier Group G, respectively.

As an OGP/OSP operator of Customer/Supplier Group G, we provide OGP/OSP services in designated cities and districts within the Zhejiang Province in the PRC such as Yiwu, Jiashang, Taizhou, Yuyao, Shaoxing and Jinhua, in which we operate under the terms and conditions outlined in the OGP/OSP contracts entered into between Customer/Supplier Group G and us (the "**OGP/OSP Contracts"**). We adhere to Customer/Supplier Group G's standard service protocols, procedures, safety regulations and compliance policies.

Failure to comply with one of the terms under the OGP/OSP Contracts may result in a deduction of service fees or termination of agreements by Customer/Supplier Group G. To the best of our Directors' knowledge, information and belief, during the Track Record Period and up to the Latest Practicable Date, our Group did not materially breach any terms stipulated in the OGP/OSP Contracts.

For FY2020, FY2021, FY2022, 6M2022 and 6M2023, our revenue from being OGP/OSP operators represented approximately 2.2%, 2.5%, 2.5%, 2.5% and 2.0% of the total revenue in the relevant period. To the best knowledge of our Directors, our Group is the only OGP/OSP service provider in the relevant cities and districts within Zhejiang Province in which our Group operates in.

For the salient terms of our agreement, please refer to the sections headed "Business — Our Customers — Salient terms of agreements with our customers — Agreements with Customer/Supplier Group G for the provision of OGP/OSP services" in this document.

LICENSES AND PERMITS

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had obtained all the approvals, permits, consents, licenses and registrations that were material to our business and operations, and all of them are in force as at the Latest Practicable Date. We renew all such material permits and licenses from time to time to comply with the relevant laws and regulations in all material respects. Our Directors are of the view that there is no material legal impediment to renewing such licenses and permits.

We had obtained the following licenses and permits that are, in the opinion of our Directors, material to our business, as at the Latest Practicable Date:

Holder	Name of license and permit	Issuing authority	Date of grant/filing	Date of expiry
Hangzhou FAR	Express delivery licence (domestic delivery)* (快遞業務經營許可證(國內快遞))	Zhejiang Post Administration Bureau* (浙江郵政管理局)	26 May 2022	25 May 2027
Hangzhou FAR	Express delivery licence (international agency delivery)* (快遞業務經營許可證(代理國際快遞))	State Post Bureau* (國家郵政局)	17 May 2020	16 May 2025
Hangzhou FAR	Filing of NVOCC* (無船承運業務備案)	Department of Transportation* (交通運輸局)	9 May 2023	—[1]
Hangzhou FAR	Registration certificate for customs* (報關單位備案)	Qianjiang Customs Integrated Business Office No. 3* (錢江海關綜合業務三處)	9 March 2023	—
Hangzhou FAR	Permit for Road Transport Business* (道路運輸經營許可證)	Hangzhou Transportation Bureau* (杭州交通運輸局)	29 March 2022	29 March 2026
Hangzhou FAR	Filing of international freight forwarding enterprise* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	30 January 2023	—[1]
Hangzhou FAR	IATA Certificate of Accreditation	IATA	2023	—[1]
Hangzhou FAR	OTI-NVOCC	Federal Maritime Commission	June 2020	—[1]
Shenzhen Global Link . . .	Express delivery licence (international agency delivery)* (快遞業務經營許可證(代理國際快遞))	State Post Bureau* (國家郵政局)	5 August 2021	4 August 2026
Shenzhen Global Link . . .	Registration certificate for customs* (報關企業備案)	Fuzhong Customs Department* (福中海關)	4 July 2023	—

Holder	Name of license and permit	Issuing authority	Date of grant/filing	Date of expiry
Shenzhen Global Link . . .	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Shenzhen)* (商務部國際貨物運輸代理企業備案機關(深圳市))	3 December 2021	—[1]
Shenzhen Global Link . . .	Permit for Road Transport Business* (道路運輸經營許可證)	Shenzhen Transportation Bureau* (深圳市交通運輸局)	27 December 2021	26 December 2025
Yiwu Aiyuan	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	25 August 2021	—[1]
Yiwu Aiyuan	Registration certificate for customs* (海關進出口貨物收發貨人備案)	Yiwu Customs Department* (義烏海關)	9 September 2021	31 July 2068
Sichuan Global Link. . . .	Customs Declaration Unit Registration Certificate* (報關單位註冊登記證書)	Tianfu New District Customs* (天府新區海關)	24 April 2023	—
Sichuan Global Link. . . .	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Shuangliu, Chengdu)* (商務部國際貨物運輸代理企業備案機關(成都雙流))	10 December 2018	—[1]
Hangzhou Supply Chain . .	Filing certificate for customs declaration* (報關單位備案證明)	Qianjiang Xiao Ran Customs Office* (錢江海關駐蕭然辦事處)	3 July 2023	—
Hangzhou Supply Chain . .	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	4 January 2019	—[1]

Holder	Name of license and permit	Issuing authority	Date of grant/filing	Date of expiry
Zhejiang Jingyuan	Customs Declaration Unit Registration Certificate* (海關進出口貨物收發貨人備案)	Lishui Customs Department* (麗水海關)	18 September 2021	—[(1)]
Zhejiang Jingyuan	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	25 August 2021	—[(1)]
Shanghai Aiyuan	Customs Declaration Unit Registration Certificate* (報關單位註冊登記證書)	Yangshan Special Comprehensive Bonded Zone Customs* (洋山特殊綜合保税區海關)	17 August 2023	—
Shanghai Aiyuan	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Shanghai)* (商務部國際貨物運輸代理企業備案機關(上海市))	20 May 2018	—[(1)]
Shanghai Supply Chain . .	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Shanghai)* (商務部國際貨物運輸代理企業備案機關(上海市))	4 November 2020	—[(1)]
Shanghai Supply Chain . .	Filing certificate for customs declaration* (報告單位備案證明)	Jiading Customs Department* (嘉定海關)	11 July 2023	—
Hangzhou Feiyue	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	13 April 2023	—[(1)]
Hangzhou Aiyuan	Filing certificate for customs declaration* (報關單位備案證明)	Hangzhou Special Comprehensive Bonded Zone Customs* (杭州綜合保税區海關)	3 July 2023	—

Holder	Name of license and permit	Issuing authority	Date of grant/filing	Date of expiry
Hangzhou Aiyuan	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	6 March 2019	—[(1)]
Hangzhou Qintian	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	13 April 2023	—[(1)]
Zhejiang Mancao	Filing for International Freight Forwarding Agent* (國際貨運代理企業備案)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	6 April 2021	—[(1)]
Yiwu FAR	Filing for International Freight Forwarding Agent（1）* (國際貨運代理企業備案表（一）)	Competent authority for the filing of international freight forwarding enterprise under MOFCOM (Zhejiang)* (商務部國際貨物運輸代理企業備案機關(浙江省))	23 April 2023	—[(1)]

Note:

(1) The registration or filing does not have an expiration date.

RECOGNITIONS AND AWARDS

The following table sets out our major awards and recognitions:

Year of award	Award	Granted by
2023	2022 Excellent cross-border e-commerce logistics enterprise* (2022年度優秀跨境電商物流企業)	Shanghai Cross-border e-Commerce Association* (上海跨境電子商務行業協會)

Year of award	Award	Granted by
2023	2022 Excellent enterprise in Hangzhou postal express industry* (2022年度杭州市郵政快遞業優秀企業)	Hangzhou Post Management Bureau* (杭州市郵政管理局)
2023	Industry leading corporation* (產業賽道領跑企業)	People's Government of Gongshu District, Hangzhou City* (杭州市拱墅區人民政府)
2023	Customer value award* (客戶價值獎)	Alibaba.com (阿里巴巴國際站)
2022	Top 50 in revenue in China's private international freight forwarding logistics business* (中國民營國際貨代物流營業總收入前50名)	China International Freight Agency Association* (中國國際貨運代理協會)
2022	Best timeliness award T86 consolidated express* (最佳時效獎泛遠T86集運快遞)	ZIM Integrated Shipping Services Ltd. Shenzhen branch
2022	Top 100 in revenue in China's integrated international freight forwarding logistics business* (中國國際貨代物流綜合業務總收入前100名)	China International Freight Agency Association* (中國國際貨運代理協會)
2022	Quality service provider 2022 first quarter runner-up* (優質服務供應商2022年第一季度季軍)	UPS China supplier management team* (UPS中國區供應商管理組)
2022	Supplier with outstanding contribution to local compliance support in the first half-year* (2022年上半年地方合規支持突出貢獻供應商)	UPS China supplier management team* (UPS中國區供應商管理組)
2022	Hangzhou cross-border e-commerce pole enterprise* (杭州跨境電商標杆企業)	Ebrun cross-border committee of 100* (億邦動力跨境百人會)

Year of award	Award	Granted by
2021	2020 Excellent cross-border e-commerce logistics enterprise* (2020年度優秀跨境電商物流企業)	Shanghai Cross-border E-commerce Association* (上海跨境電子商務行業協會)
2021	Customer first award (Sino-US air charter project team)* (客戶第一獎(中美包機項目組))	Alibaba's Cross-border Supply Chain
2021	2020 Digital trade excellent logistics service provider* (2020數智貿易優秀物流服務商)	Hangzhou Cross-border e-commerce Association* (杭州跨境電子商務協會)
2021	Excellent cross-border e-commerce logistics service provider* (優秀跨境電商物流服務商)	China (Shenzhen) International Logistics and Supply Chain Fair* (中國(深圳)國際物流與供應鏈博覽會)
2021	2020 Excellent enterprise in Hangzhou postal express industry* (2020年度杭州市郵政快遞業優秀企業)	Hangzhou Post Management Bureau* (杭州市郵政管理局)
2020	Shenzhen key logistics enterprise* (深圳市重點物流企業)	Shenzhen Transportation Bureau* (深圳市交通運輸局)
2020	Top 50 global cross-border e-commerce new power digital empowerment elite* (全球跨境電商新勢力數位化賦能精英 TOP50)	Ebrun* (億邦動力)
2019	Baoan district logistics delivery anti-drug control demonstration enterprise* (寶安區物流寄遞禁毒管控示範企業)	Shenzhen Baoan District Drug Control Committee* (深圳市寶安區禁毒委員會)
2019	Hangzhou Service Trade Demonstration Enterprise* (杭州市服務貿易示範企業)	Hangzhou Municipal Bureau of Commerce* (杭州市商務局)
2019	Excellent cross-border e-commerce comprehensive service enterprise* (優秀跨境電商綜合服務企業)	Shanghai Cross-border E-Commerce Association* (上海跨境電子商務行業協會)

Year of award	Award	Granted by
2019	2018 Zhejiang Top 100 e-commerce Companies* (2018浙江百強電商)	Zhejiang Electron Business Promotion Association* (浙江省電子商務促進會)
2017	AAAA logistics enterprise* (AAAA物流企業)	China Federation of Logistics and Procurement* (中國物流與採購聯合會)
2015	The first batch of pilot enterprises at China (Hangzhou) Cross-border e-commerce Comprehensive Pilot Zone* (中國(杭州)跨境電子商務綜合試驗區首批試點企業)	China (Hangzhou) Cross-border e-commerce Comprehensive Pilot Zone Leadership Team Office* (中國(杭州)跨境電子商務綜合試驗區領導小組辦公室)
2013	2012 Hangzhou International Forwarding Advanced Enterprise* (杭州市2012年度國際貨代先進企業)	Hangzhou Leading Group for Promoting the Development of Modern Logistics Industry* (杭州市推進現代物流產業發展領導小組)
2012	2011 China international freight forwarding logistics most growing enterprise award* (2011年度中國國際貨代物流最具成長型企業獎)	China International Freight Agency Association/International Shangbao* (中國國際貨運代理協會/國際商報)
2012	2011 UPS best business partner* (UPS最佳合作夥伴)	UPS

IMPACT OF COVID-19

Since 2020, the outbreak of COVID-19 has affected the global economy. In response to the COVID-19 pandemic, the PRC government has imposed measures to contain the spread of the virus from time to time between 2020 and 2022. Due to the impacts of COVID-19 pandemic, the business operations of our service outlets were affected during the Track Record Period. Due to the impacts of COVID-19 pandemic, during FY2020, FY2021, FY2022 and 6M2023, 14, 1, 17 and nil of our service outlets closed temporarily for an average of approximately 10.7 days, 12.0 days, 14.7 days and nil days, respectively. During the affected periods, our Group closely communicated with our customers and sought alternative routes for parcel acceptance and delivery. We also diverted some logistics flows to other unaffected service outlets to mitigate the impacts on our customers and our business. However, a shrink in labour supply and transportation capacity was observed in the logistics industry during the Track Record Period due to impacts of COVID-19 pandemic. This had a negative impact on the delivery time of parcels. Specifically, in FY2020, the average delivery time for our economic delivery services under our end-to-end cross-border delivery services business line to certain countries more than doubled compared to pre-COVID-19 levels, while the delivery time for our other services experienced less delay. However, in general, the situation gradually improved in FY2021 and FY2022.

Moreover, according to the F&S Report, the outbreak of COVID-19 in 2020 disrupted the daily operation and economic circulation. Therefore, the growth rate of per capita annual disposable income decreased by 4.2% from 2019 to 2020. Following the introduction of the effective infection prevention and control policies by the Chinese government, the per capita annual disposable income rebounded in 2021 with a growth rate of 9.1%. However, due to the continuous impact of COVID-19 in 2022, the per capita annual disposable income growth rate in 2022 experienced a slight decrease compared with that of 2021, yet still reached RMB36,883 in 2022.

Despite such temporary disruptions caused by COVID-19, we have benefitted from a high export demand in the second half of 2020 for anti-epidemic supplies and other necessities from the PRC to other countries due to the global COVID-19 impact. Since there was high export demand in the second half of 2020, many cargo containers were transported out of the PRC, leading to a shortage of supply of cargo containers in the PRC during FY2021. The shortage of cargo spaces and containers allowed us to increase the price mark-up while we were able to secure cargo spaces and containers from our suppliers in accordance with our framework agreements, to maintain our freight forwarding services, and resulted in an increase in revenue and gross profit during FY2021. For further details, please refer to the section headed "Financial information — Comparison of results of operations — FY2022 compared with FY2021" of this document. As at the Latest Practicable Date, the selling price per kg in express delivery, standard delivery and economic delivery options under the end-to-end cross-border delivery services business line for FY2023 are generally lower compared with that of FY2022. Our Directors are of the view that the market price level is, in general, approaching pre-COVID levels, and hence our Group adjusted our selling prices with reference to the market conditions to maintain our market competitiveness. Meanwhile, the impact of lower estimated selling price in FY2023 is expected to be eased by the increase in estimated volume for FY2023.

Meanwhile, the pandemic has resulted in a shift in consumer behaviour towards online shopping, which has boosted the e-commerce retail trade penetration rate and driven the demand for cross-border e-commerce logistics services to export products in the PRC. The increase in demand for cross-border e-commerce logistics has, to some extent, led to the growth of our business. As at the Latest Practicable Date, we have entered into service agreements with various e-commerce trading platforms and their supply chain arms, including a fashion e-commerce platform reaching customers in more than 150 countries, a comprehensive e-commerce platform that pioneered the concept of "team purchase", and Yidatong. We believe that the shift in consumer behaviour towards online shopping is likely to have a long-term positive impact on the cross-border e-commerce logistics service industry. We will continue to monitor the development of the pandemic and take appropriate actions in response to any future change.

In May 2023, the World Health Organisation ended the global emergency status for COVID-19, declaring that it is now an established and ongoing health issue which no longer constitutes a public health emergency of international concern.

Given the recent improvement of the COVID-19 pandemic, we believe that while COVID-19 outbreaks have affected and may continue to affect our short-term growth, we do not expect such outbreaks to have a material adverse effect on our long-term overall business and financial performance. Meanwhile, our Directors believe that our Group will continue to benefit from the business growth underpinned by the global consumption's shift from offline to online mode, due to the outbreak of COVID-19. According to the F&S Report, the e-commerce retail trade penetration rate of the US, which is our largest revenue generating destination during the Track Record Period, has increased from approximately 8.5% in 2018 to approximately 12.9% in 2022, and it is estimated that the penetration rate will further reach approximately 14.8% by the end of 2027. With the growth in e-commerce retail trade, the demand for e-commerce logistics services will also increase.

OUR CUSTOMERS

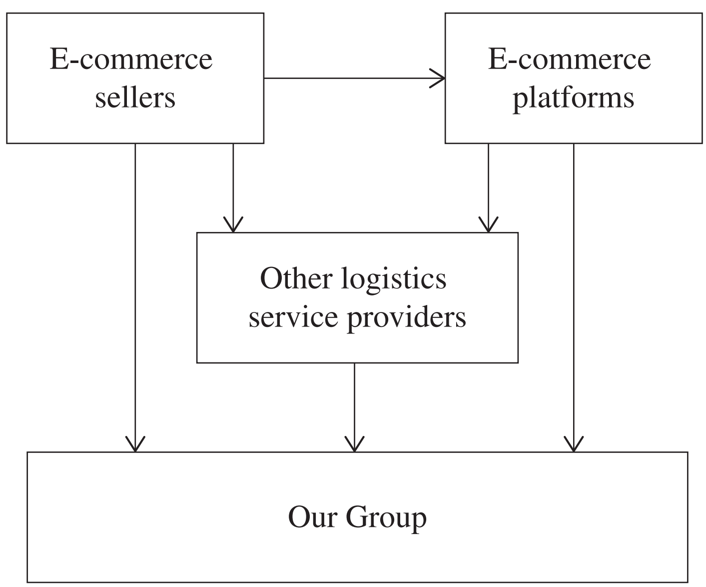
During the Track Record Period, our Group derived revenue from e-commerce related customers and non e-commerce related customers, while majority of our revenue were e-commerce related. E-commerce customers comprised e-commerce platform operators and e-commerce sellers, while non-e-commerce customers comprised traditional traders. We were also engaged by other logistics service providers to provide logistics services for their end-customers, which consist of both e-commerce and non e-commerce customers.

E-commerce related customers

Our Group derived revenue from e-commerce related customers by providing logistics services to them for the handling of parcels traded through e-commerce platforms. Our Group classified the revenue as e-commerce related by considering whether an e-commerce related customs declaration method is adopted during the delivery process of the parcels.

During the e-commerce customs declaration process, a code specified by the General Administration of Customs* (海關總署) has to be input under the "Cross-border E-commerce Export" (跨境電商出口) tab in the China International Trade Single Window* (中國國際貿易單一窗口), which is an online platform operated by the State Port Administration Office* (國家口岸管理辦公室), a division under the General Administration of Customs*.

Depending on the contractual relationship, we further classify our e-commerce related customers as e-commerce platforms, e-commerce sellers and other logistics service providers. The diagram below illustrates the contractual relationships for logistics services among e-commerce sellers, e-commerce platforms, other logistics service providers and our Group. Only those engaging our Group directly are customers of our Group:



(i) E-commerce platforms

E-commerce platform customers are those operating e-commerce platforms where e-commerce sellers conduct trading on. Revenue under e-commerce platform customers are those derived from e-commerce platforms that maintain direct contractual relationships with our Group and pay logistics fees directly to us.

(ii) E-commerce sellers

E-commerce seller customers are those conducting trading on various e-commerce platforms, and directly engage our Group for logistics services instead of arranging for logistics services through the e-commerce platforms. Our Group maintains direct contractual relationships and receives logistics fees from e-commerce seller customers.

(iii) Other logistics service providers

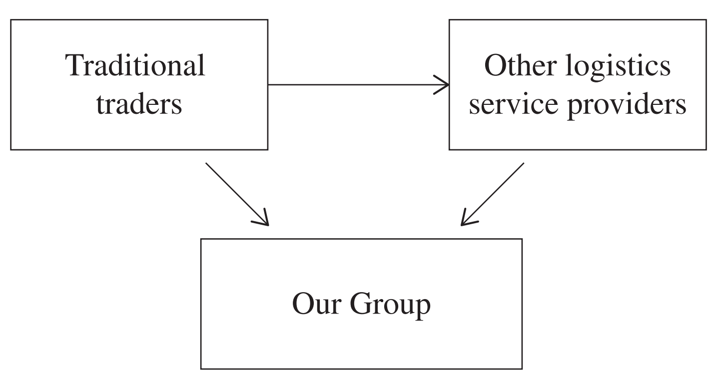
E-commerce platforms or e-commerce sellers may engage other logistics service providers for logistics service. These logistics service providers will then further engage our Group for logistics services and maintain direct contractual relationship with us and pay logistics fees to us.

Non e-commerce related customers

During the Track Record Period, our Group also derived revenue from non e-commerce related customers by providing logistics services to them for the handling of parcels/shipments not traded through e-commerce platforms.

Delivering non e-commerce related parcels involves a different customs declaration process. During the process, a code specified by the General Administration of Customs* has to be input under the "Goods declaration" (貨品申報) tab in the China International Trade Single Window* instead of the "Cross-border E-commerce Export" (跨境電商出口) tab.

Depending on the contractual relationship, we further classify our non e-commerce related customers as traditional traders and other logistics service providers. The diagram below illustrates the contractual relationships for logistics services among traditional traders, other logistics service providers and our Group. Only those engaging our Group directly are customers of our Group:



Reasons for other logistics service providers engaging our Group

To the best knowledge of our Directors, our services being procured by other logistics services providers could be due to the following reasons:

(i) since each logistics service provider has its own clientele and concentrates on their particular routes, the gathering of resources between logistics service providers enables service providers to achieve economies of scale, hence business relationship between other logistics service providers is more of a network of alliance than competition.

(ii) according to the F&S Report, it is an industry norm that logistics service providers (including freight forwarders) work with other logistics service providers which specialised in the operation of the required routes. It may not be economically viable for other logistics services providers to establish their own self-arranged services for particular routes, given the additional operational expertise and resources needed to coordinate the entire/part of the value chain. For example, our Group has developed and optimised end-to-end airborne delivery services from the PRC to the USA, giving us competitive advantages over other logistics service providers, which might focus on routes to the UK or other European countries.

Moreover, to successfully operate self-arranged services for particular routes, it is necessary to meet customers' needs and maintain service quality. By entering into block space agreements or charter flight agreements with suppliers (e.g. airlines), logistics companies can secure an assured level of block space for ensuring sufficient logistics capabilities and enable cost predictability with pre-agreed flight rates, even where there are market uncertainties. These block space agreements typically require (a) a committed tonnage, where the airline and charter flight companies would only sell in specified number, type, and weight of pallets; and (b) particularly for airlines, deposits or bank guarantees (the value of deposits or bank guarantees generally increases in proportion to the committed tonnage specified in the contract). This, in turn, places a financial liquidity challenge on some companies, dissuading them from entering into such contracts. During the Track Record Period, considering the fluctuating airborne logistics capacity in different periods, our Group decided to and was able to enter into block space agreements and a charter flight agreement with an airline and a charter flight company, to ensure adequate logistics capabilities and maintain consistent service for our customers. For instance, one of the block space agreements our Group entered into during the Track Record Period involves (a) a monthly service fee to service provider of approximately RMB4.7 million; (b) a monthly committed cargo weight of approximately 100 tonnes; (c) a credit period of 15 days; and (d) a bank guarantee of approximately RMB10.2 million as part of a contractual obligation, while our Group generally allows a credit period of 0 to 90 days to our customers, which may result in a credit period mismatch and therefore requiring more working capital. Other logistics service providers may not be willing to devote such financial resources in operating their own routes.

As such, other logistics service providers who are unable to commit their capital or prefer lower capital commitment and/or lack the business volume would rather engage our services than operating their own line;

(iii) we possess qualifications, certifications and licenses such as IATA agent status and NVOCC certification, which are essential for reserving airborne and seaborne cargo spaces, while other logistics service providers may not or are not willing to utilise internal resources to apply and maintain those qualifications, which may also involve additional compliance costs. For example, maintaining an IATA accreditation require, among other things, (a) the registered capital of the applicant is not less than RMB1.5 million; (b) financial security of not less than RMB2 million; (c) the applicant purchase liability insurance and public insurance; and (d) the annual fee for accreditation. Such financial requirement and the ongoing compliance cost might deter some logistics service providers to acquire such accreditation. As a result, they might choose to obtain services from our Group; and

(iv) our Group has access to more competitive terms and rates through our suppliers network as compared to other logistics service providers who may have insufficient parcel volume or business volume to secure favourable contract terms and rates from upstream suppliers. For instance, our average rates for express delivery services are frequently substantially lower than the official prices set by our suppliers, giving us a competitive advantage.

The following table sets forth a breakdown of our Group's revenue by major customer type during the Track Record Period:

	FY2020		FY2021		FY2022		6M2022		6M2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
E-commerce related										
E-commerce platforms	89,116	5.9	236,837	17.5	153,347	12.3	86,941	14.3	236,236	35.1
— Yidatong	37,088	2.5	218,580	16.1	153,347	12.3	86,941	14.3	85,548	12.7
— Others	52,028	3.4	18,257	1.4	—	—	—	—	150,688	22.4
E-commerce sellers	311,610	20.6	273,059	20.2	270,431	21.6	138,251	22.7	121,382	18.0
Other logistics service providers	998,521	66.0	678,187	50.1	729,040	58.2	344,832	56.5	283,230	42.0
	1,399,247	92.5	1,188,083	87.8	1,152,818	92.1	570,024	93.5	640,848	95.1
Non e-commerce related										
Traditional traders	63,087	4.2	97,647	7.2	57,772	4.6	30,245	5.0	7,057	1.0
Other logistics service providers	49,814	3.3	67,956	5.0	41,393	3.3	9,473	1.5	26,005	3.9
	112,901	7.5	165,603	12.2	99,165	7.9	39,718	6.5	33,062	4.9
Total	1,512,148	100.0	1,353,686	100.0	1,251,983	100.0	609,741	100.0	673,910	100.0

During the Track Record Period, our revenue generated from e-commerce related customers fluctuated in line with the fluctuation of our total revenue, decreasing from approximately RMB1,399.2 million for FY2020 to approximately RMB1,188.1 million for FY2021, which was primarily attributable to (i) the decrease in revenue from economic delivery services, mainly resulting from the adoption of "Option V" postal system; and (ii) the decrease in revenue from express delivery services, mainly resulting from a drop in demand for export of anti-epidemic supplies and other necessities from the PRC to other countries, partially offset by the increase in revenue from Yidatong. Our revenue from these customers, then slightly decreased to approximately RMB1,152.8 million for FY2022.

Our revenue generated from non-e-commerce related customers, which mainly purchased our freight forwarding services, increased from approximately RMB112.9 million for FY2020 to approximately RMB165.6 million for FY2021, which was mainly attributable to (i) the increase in revenue of approximately RMB29.6 million from Customer F, which was categorised as one of the traditional traders and was one of our five largest customers during FY2021 and FY2022, principally engaging in discount retailing of household products in the United Kingdom and (ii) the increase in revenue from other logistics service providers, which mainly purchased our freight forwarding services, with an increase in fees our Group charged to our customers.

For FY2022, our revenue from non-e-commerce related customers declined to approximately RMB99.2 million, primarily due to (i) the decrease in ocean freight rates for seaborne export shipment as a result of the increase in transportation capacity in the market during FY2022; and (ii) a decrease in business volume, as reflected in our billed weight under our airborne freight forwarding services. It further decreased from approximately RMB39.7 million for 6M2022 to approximately RMB33.1 million for 6M2023, mainly attributable to the decrease in revenue from traditional traders, resulting from reduced demand in general trade. The decrease was partially offset by the increase in revenue from logistics service providers, which was mainly driven by the expansion of our ground transportation services.

For details of the fluctuation of our revenue, please refer to the sections headed "Financial Information — Comparison of results of operations" in this document.

For FY2020, FY2021, FY2022 and 6M2023, sales to our five largest customers in each year/period represented approximately 22.8%, 31.9%, 28.5% and 45.2% of our total revenue, and sales to our largest customer represented approximately 7.0%, 16.1%, 12.2% and 22.4% of our total revenue, respectively. We had established business relationships with our five largest customers in each year/period during the Track Record Period for two to 18 years.

As advised by the PRC Legal Adviser, we are generally not held responsible for any loss or damage to parcels caused by air carriers, shipping liners, or other logistics service providers engaged by us. As under our standard terms & conditions for providing end-to-end cross-border delivery services and freight forwarding services, which are applicable to other logistic service providers as our customers, we have included several disclaimers and force majeure clauses that limit our liability. Typically, our Group's liability is restricted to losses caused directly by our own actions under these provisions, typically with a compensation limit per shipment. For liability that does not arise from our own actions, we will either (i) claim compensation from the suppliers or actual carriers involved directly to provide such compensation to our customers or (ii) assist our customers to proceed with their claims against the suppliers or actual carriers involved. During the Track Record Period, our Group compensated our customers approximately RMB0.9 million, RMB0.6 million, RMB0.4 million and RMB0.2 million for order fulfillment failure for FY2020, FY2021, FY2022 and 6M2023, respectively.

Furthermore, as advised by the PRC Legal Adviser, our Group may be liable for shipping any dangerous, unsafe, prohibited or restricted items as a result of the customers' false information. If our Group fails to comply with the requirements outlined in the Counterterrorism Law of the People's Republic of China (2018 Amendment), we may incur fines imposed by the regulatory authorities in the PRC. The logistics operator, such as us, shall be imposed a fine of not less than RMB100,000 and not more than RMB500,000, while the principal person in charge and other directly responsible personnel, shall be imposed a fine of not more than RMB100,000. However, under the standard terms and conditions for our Group's end-to-end cross-border logistics services and freight forwarding services, we have included clauses to limit our liability and specify that the customers are liable for providing false information regarding the parcels.

The table below sets forth the details of our five largest customers in each year during the Track Record Period:

FY2020

Customer	Sales amount	Percentage of our total revenue	Starting year of business relationship	Credit terms and payment method	Background	Major services provided
	(RMB'000)	*(%)*				
Ruijie International Logistics (Guangzhou) Co., Ltd.* (睿捷國際物流(廣州)有限公司) . . .	106,439	7.0	2019	3 days, bank transfer	A PRC limited liability company principally engaged in the provision of logistics services, with registered capital of RMB5.0 million	End-to-end cross-border delivery
Customer/Supplier Group A	70,652	4.7	2018	14 days, bank transfer	A US limited private company group engaged in shipping services	End-to-end cross-border delivery
Customer/Supplier Group B	70,109	4.6	2017	30 days, bank transfer	A Fortune Global 500 PRC state-owned postal service provider company group	End-to-end cross-border delivery
Customer C	52,025	3.4	2019	20 days, bank transfer	A Hong Kong limited liability company principally engaged in cross-border delivery and local delivery & trading services with issued share capital of HK$0.01 million	End-to-end cross-border delivery
Customer D	47,607	3.1	2020	30 days, bank transfer	A PRC limited liability company principally engaged in the provision of logistics services, with registered capital of RMB5.0 million	End-to-end cross-border delivery
Total	**346,832**	**22.8**				

FY2021

Customer	Sales amount	Percentage of our total revenue	Starting year of business relationship	Credit terms and payment method	Background	Major services provided
	(RMB'000)	*(%)*				
Yidatong	218,580	16.1	2018	25 days, bank transfer	A subsidiary of an e-commerce company group listed on the Hong Kong Stock Exchange and the New York Stock Exchange	End-to-end cross-border delivery
Customer/Supplier E	64,906	4.8	2020	5 days, bank transfer	A PRC limited liability company principally engaged in the provision of logistics services, with registered capital of RMB1.0 million	End-to-end cross-border delivery
Customer F	63,071	4.7	2012	5 days, bank transfer	An England & Wales private limited liability company principally engaged in discount retailing of household products, with called up share capital of approximately GBP15.8 million	Freight forwarding
Ruijie International Logistics (Guangzhou) Co., Ltd.	46,060	3.4	2019	3 days, bank transfer	A PRC limited liability company principally engaged in the provision of logistics services, with registered capital of RMB5.0 million	End-to-end cross-border delivery
Customer/Supplier Group G	39,590	2.9	2005	30 days, bank transfer	A Fortune Global 500 multinational logistics company group founded in the US	Other logistics service
Total	**432,207**	**31.9**				

FY2022

Customer	Sales amount	Percentage of our total revenue	Starting year of business relationship	Credit terms and payment method	Background	Major services provided
	(RMB'000)	*(%)*				
Yidatong	153,347	12.2	2018	25 days, bank transfer	A subsidiary of an e-commerce company group listed on the Hong Kong Stock Exchange and the New York Stock Exchange	End-to-end cross-border delivery
Customer H	62,980	5.0	2021	2 days, bank transfer	A Hong Kong limited liability company principally engaged in freight forwarding, with issued share capital of HKD1.0 million	End-to-end cross-border delivery
Customer I.	57,121	4.6	2021	25 days, bank transfer	A PRC limited liability company principally engaged in freight forwarding, with registered capital of RMB8.0 million	Freight forwarding
Customer J.	44,042	3.5	2019	0 days (payment on delivery of service), bank transfer	A PRC limited liability company principally engaged in supply chain management, with registered capital of RMB5.0 million	End-to-end cross-border delivery
Customer F	39,832	3.2	2012	5 days, bank transfer	An England & Wales private limited liability company principally engaged in discount retailing of household products, with called up share capital of approximately GBP15.8 million	Freight forwarding
Total	**357,322**	**28.5**				

6M2023

Customer	Sales amount	Percentage of our total revenue	Starting year of business relationship	Credit terms and payment method	Background	Major services provided
	(RMB'000)	*(%)*				
Customer Q[Note]	150,688	22.4	2023	15 days, bank transfer	A PRC subsidiary of a multinational commerce group listed on the NASDAQ	End-to-end cross-border delivery
Yidatong	85,548	12.7	2018	25 days, bank transfer	A subsidiary of an e-commerce company group listed on the Hong Kong Stock Exchange and the New York Stock Exchange	End-to-end cross-border delivery
Hong Kong Profit Fields Logistics Company Limited	26,892	4.0	2019	1 day, bank transfer	A Hong Kong limited liability company principally engaged in trading, with issued share capital of HKD3.0 million	End-to-end cross-border delivery
Customer H	23,993	3.6	2021	2 days, bank transfer	A Hong Kong limited liability company principally engaged in freight forwarding, with issued share capital of HKD1.0 million	End-to-end cross-border delivery
Customer J	17,324	2.6	2019	0 days (payment on delivery of service), bank transfer	A PRC limited liability company principally engaged in supply chain management, with registered capital of RMB5.0 million	End-to-end cross-border delivery
Total	**304,445**	**45.2**				

Note:

Customer Q is a PRC subsidiary of a multinational group listed on the NASDAQ with a revenue over USD18,000 million for the year ended 31 December 2022, which is principally engaged in the merchandise sales and the provision of online marketplace, one of which has pioneered the concept of "team purchase" in the PRC. As confirmed by our Directors, the business department of Customer Q approached us through a business acquaintance in 2022, during which they discussed the possible business opportunity of engaging us for logistics services which suit its needs. At the end of 2022, our Group entered into a framework agreement with Customer Q for the provision of standard end-to-end cross-border delivery services to Customer Q from the PRC to the US. For details of the salient terms of the framework agreement in relation to the standard end-to-end cross-border delivery services, please refer to the paragraph headed "Salient terms of agreements with our customers — Agreements with Customer Q (standard end-to-end cross-border delivery services)" in this section. Whilst the terms are similar to our salient terms of agreements with our general customers, we are required to meet additional specific performance targets set by Customer Q pursuant to the framework agreement on aspects such as the integrity, authenticity and timeliness of data transmission regarding the tracking information, stability and recovery time of our information technology system, effective tracking rate, delivery completion rate, goods protection and customer service. Therefore, the price charged to Customer Q from us are generally higher as compared to our other customers in the same business line.

In 6M2023, our business relationship with Customer Q gradually expanded, which led to Customer Q becoming one of our five largest customers in the period, with a gross profit margin of approximately 12.2%. Our Directors are of the view that the expansion of the business relationship was primarily due to: (i) our satisfactory performance in fulfilling the performance targets as stipulated in the framework agreement; (ii) our experienced management team with broad experience, in-depth knowledge and strong expertise in the logistics industry; and (iii) the flexibility in allocating our internal resources for efficient delivery.

To the best of our Director's knowledge, having made all reasonable enquiries, our Directors confirmed that (i) Customer Q is an Independent Third Party of our Group; and (ii) save as disclosed above and in the section headed "Summary — Recent developments — Business development with Customer Q" in this document, there is no any other past or present relationship (business, financing, trust, family or otherwise) between our Group and Customer Q, and its subsidiaries, shareholders, directors, senior management, including any of their associates.

Save for Yidatong, which is a subsidiary of one of our Shareholders, Taobao China, our Directors confirm that our five largest customers in each year during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of our share capital as at the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest customers in each year during the Track Record Period. For further details of the relationship between our Group and Taobao China, please refer to the section headed "History, development and reorganisation — **[REDACTED]** investments" in this document. Save as disclosed in the section above and the section headed "History, development and reorganisation — **[REDACTED]** investments" in this document, our Group did not have any other business cooperation with Alibaba China and/or Taobao China during the Track Record Period and up to the Latest Practicable Date. Our Directors confirmed that the transactions with Yidatong were conducted on arm's length basis and based on normal commercial terms and the transaction was fair and reasonable and in the interest of our Company and our Shareholders as a whole. As such, our Directors are of the view that these related party transactions did not distort our financial results during the Track Record Period or cause our Track Record Period results to be unreflective of our future performance. For further details of the related party transactions, please refer to the section headed "Financial Information — Related party transactions" in this document and the Note 34 to the Accountants' Report set out in Appendix I to this document.

Our Directors confirm that, to their best knowledge, during the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our customers or compensate for any major damaged goods during shipping, or any major delays in or disruption with our services.

Salient terms of agreements with our customers

Agreements with our general customers

We typically sign master service agreements with our customers covering various terms, including contracting parties, contractual period, termination, scope of services, fees, payment method and parties' rights and obligations, among other things. The salient terms of typical agreements with our major customers are summarised as follows:

Contractual Period:	The period of each contract is typically one year to five years during the Track Record Period.
Termination:	Our agreements with major customers can be terminated upon mutual consent, or by either party after giving advanced written notice for a time period stipulated in the agreements or in the event of material breaches of the other party.
Service scope:	End-to-end cross-border delivery services, freight forwarding and other logistics services.
Fees:	Fees are determined by scope of service, parcel volume and weight, distance of delivery route and delivery time.
Payment terms:	We offer different payment terms to our customers, including payment before parcel collection (prepayment), payment on delivery of service and periodical payment.

Agreements with Customer Q (standard end-to-end cross-border delivery services)

The salient terms of the agreements with Customer Q are set out below:

Contractual period:	The duration of the agreements is for a period of one year.

Termination:	Customer Q has the right to unilaterally terminate agreements without cause by providing advanced written notice of three days. Our Group reserves the right to terminate agreements in the event that Customer Q breaches the terms of the said agreements without ratifying the breach within 15 days or a period mutually agreed upon by both our Group and Customer Q.
Service scope:	Our Group offers end-to-end cross-border delivery services from the PRC to the US to Customer Q, which includes a comprehensive range of services, including first-mile pickup, customs clearance in the PRC, international linehaul, customs clearance in destination countries, last-mile delivery, and customer support.
Fee:	The service fees to be charged under the agreement shall be calculated based on the shipment volume and the rates of the service fees as provided in the agreements.
Payment:	All sums due to us shall be paid by Customer Q in accordance with the terms of the agreements within fifteen days after receipt of VAT invoices issued by our Group.

Our Directors are of the view that the terms with Customer Q are in line with the industry norm, based on the practices with other e-commerce platforms. Nothing has come to the attention of the Sole Sponsor to cause the Sole Sponsor to believe that the terms between the Group and Customer Q are not in line with the industry norm.

Agreements with Customer/Supplier Group G for the provision of OGP/OSP services

The salient terms of the agreements with Customer/Supplier Group G are set out below:

Contractual period:	The duration of agreements is generally for a period of one to five years.

Termination:	Customer/Supplier Group G has the right to unilaterally terminate agreements without cause by providing advanced written notice of one month, while our Group has the right to terminate agreements without cause by providing advanced written notice of 90 days. In the event of winding up or insolvency of any parties, either our Group or Customer/Supplier Group G may unilaterally terminate the agreements.
Service scope:	Our Group is authorised to work as independent contractors for Customer/Supplier Group G, unloading their parcels and collecting and delivering them on their behalf in specified areas as provided in the agreements.
Fee:	The services fees to be charged under the agreement shall be calculated based on the shipment volume, the rates of the services fees and business growth commissions as provided in the agreements.
Payment:	All sums due to us shall be paid by Customer/Supplier Group G in accordance with the terms of the agreements within thirty days after receipt of VAT invoices issued by our Group.

Our Directors confirmed that our Group has not entered into any other service contracts with fixed quotation price which remain effective as of the Latest Practicable Date.

During the Track Record Period, our Group terminated one contract with a customer under mutual agreement, which was initiated by the customer due to a change of its own strategic plan. The customer, who started business with us in 2018, settled all outstanding invoices with in December 2020. Except for this termination, during the Track Record Period and up to the Latest Practicable Date, our Group did not terminate any contracts with our customers.

Business development with Customer Q

Our Group commenced business relationship with Customer Q in January 2023, which is one of our five largest customers in 6M2023. Customer Q was known for operating an e-commerce platform in the PRC. Since the third quarter of 2022, it started expanding its reach overseas with its first overseas launch in the United States. Due to its business expansion to the United States, Customer Q had to engage cross border logistics service providers and hence started business relationship with our Group in January 2023 for our standard delivery services to the United States.

Apart from the provision of standard delivery services under our end-to-end cross-border delivery services during the Track Record Period, in order to cope with Customer Q's increasing demand, we have made two additional arrangements with them since July 2023. For the three months ended 30 September 2023, the billed weight recorded for Customer Q, amounted to approximately 3.0 million kg, as compared to the billed weight recorded for Customer Q for 6M2023 of approximately 1.1 million kg. For details regarding Customer Q, please refer to the section headed "Business — Our Customers — 6M2023" in this document.

The following timeline summarises our business development with Customer Q from January 2023 to September 2023:

Month	Major Events
January 2023	Our Group commenced business relationships with Customer Q and has been providing them with standard delivery service under our end-to-end cross-border delivery services (the "**Standard Arrangement**") during the Track Record Period and up to the Latest Practicable Date.
July 2023	Our Group commenced an arrangement with Customer Q which lasted for approximately one month (the "**Transitional Arrangement**"), under which we provided additional service related to international linehaul on top of the Standard Arrangement. In July 2023, the Standard Arrangement and the Transitional Arrangement were procured by Customer Q concurrently.
	To ensure that there is sufficient cargo space to cater for the demand from Customer Q under the Transitional Arrangement, our Group entered into a block space agreement with Supplier U for the period from July 2023 to December 2023 (the "**Block Space Agreement**").
August 2023	Our Group commenced a new business arrangement (the "**New Arrangement**") to replace the Transitional Arrangement, under which Customer Q has the flexibility to pick and choose separate services within the logistics value chain including freight forwarding services and other logistics services. Since August 2023, the Standard Arrangement and the New Arrangement were procured by Customer Q concurrently.

Month	Major Events
November 2023	Our Group entered into a back-to-back arrangement with Customer Q for the period from September 2023 to December 2023, pursuant to which Customer Q has agreed to reserve certain weight of cargo from our Group for the designated flights operated by Supplier U for the transportation of its guaranteed minimum weight of parcels, which mirrors the quantity of cargo space our Group committed to Supplier U under the Block Space Agreement.

The Standard Arrangement

For details regarding the salient terms of the agreements with Customer Q under our Standard Arrangement, please refer to the section headed "Business — Our customers — Salient terms of agreements with our customers — Agreements with Customer Q (standard end-to-end cross-border delivery services)" in this document.

The Transitional Arrangement (ceased in August 2023)

In July 2023, Customer Q instigated the procurement of additional standard services where our Group handled and transported Customer Q's additional parcels using the flights operated by an international linehaul provider designated by Customer Q ("**Supplier U**"). To ensure that there is sufficient cargo space to cater for the volume of orders from Customer Q, we entered into the Block Space Agreement with Supplier U. Apart from the aforementioned agreement, our services to Customer Q closely resembled the Standard Arrangement. Our Group offers end-to-end cross-border delivery services from the PRC to the US to Customer Q, which includes a comprehensive range of services, including parcel acceptance, customs clearance in the PRC, customs clearance in destination countries, last-mile delivery, and customer support, while international linehual was designated to be provided by flights operated by Supplier U. The Transitional Arrangement only operated for approximately one month, and was eventually replaced by the New Arrangement in August 2023.

In accordance with the Transitional Arrangement, our Group is required to furnish Customer Q with a specified international linehaul capacity. To fulfil this requirement, our Group entered into the Block Space Agreement with Supplier U in July 2023, with a pricing quotation remaining valid until the end of 2023. The Block Space Agreement incorporates a provision that permits our Group or Supplier U to terminate the agreement with a 30-day notice in advance, without the need to provide any specific reasons for termination. This provision offers our Group flexibility in arranging our capacity. In addition, our Directors believe that we can also effectively reallocate surplus cargo space to other business lines which require international linehaul operations, in the event that Customer Q suspends or discontinues transactions with our Group. Our Directors are also of the view that such reallocation does not have a material impact on our performances, given that the pricing established under this Block Space Agreement falls within the lower range of industry standards, thereby effectively mitigating our pricing risks.

The New Arrangement

In August 2023, our Group entered into the New Arrangement at the instigation of Customer Q to further expand our business relationship. Pursuant to the New Arrangement, our Group offers Customer Q the flexibility to pick and choose separate services (service A, B, C or D) to help complete the logistics value chain in accordance with Customer Q's needs, including parcel acceptance, service outlet operations (such as warehousing), domestic transshipment, export customs declaration (together, "**Service A**"), international linehaul ("**Service B**"), final destination customs clearance ("**Service C**") and last-mile delivery ("**Service D**"). For local transshipment, export customs declaration and international linehaul (i.e. Service A and Service B), Customer Q consolidates their parcels in batches, and we offer Customer Q prices based on a flat rate depending on the total weight of each batch. As for the final destination customs clearance (i.e. Service C), a flat rate per parcel is used for calculating our service fees. For last-mile delivery (i.e. Service D), we charge based on the weight of each individual parcel. Under the New Arrangement, the total billed weight for orders received for Service A and Service B from Customer Q in August and September 2023 was approximately 559,700 kg and 599,000 kg, respectively.

The salient terms of the New Arrangement with Customer Q are summarised as follows:

Contractual period:	For the agreements governing (i) the services for parcel acceptance, service outlet operations (such as warehousing), domestic transshipment, export customs declaration and international linehaul (the "**Customer Q's Agreement A&B**"); (ii) the services for final destination customs clearance (the "**Customer Q's Agreement C**") and last-mile delivery services (the "**Customer Q's Agreement D**"), the agreements shall remain in effect until terminated in accordance with the term of the agreements with Customer Q.
Termination:	Customer Q has the right to unilaterally terminate any of the agreements without cause by providing an advanced written notice of three days, while our Group has the right to apply for termination of any of the agreements by providing a written notice of 60 days.

Service scope:	Our Group offers Customer Q the flexibility to pick and choose services required to help complete the logistics value chain in accordance to Customer Q's needs. For services involving Service B (international linehaul services), our Group is obligated to furnish Customer Q with a specified international linehaul capacity, and Customers Q has guaranteed a minimum weight of parcels (the "**Guaranteed Minimum Weight**") to be delivered for each of the designated flights arranged by us.
Fee:	The service fees to be charged under the agreements shall be calculated based on the shipment volume and the rates of the service fees as provided in our regular quotations.
Payment:	Under Customer Q's Agreement A&B, all sums due to us shall be paid by Customer Q in accordance with the terms of the agreements within ten days after receipt of VAT invoices issued by our Group. Under both Customer Q's Agreement C and Customer Q's Agreement D, all sums due to us shall be paid by Customer Q in accordance with the terms of the agreements within 15 days after receipt of VAT invoices issued by our Group.

Our Directors are of the view that, and the Sole Sponsor concurs, the aforementioned terms are in line with the industry norm.

The Block Space Agreement between Supplier U and our Group remains effective until the end of 2023. To further mitigate our risks in the event that Customer Q does not fulfil the Guaranteed Minimum Weight, our Group entered into a back-to-back arrangement with Customer Q in September 2023 (the "**Back-to-Back Arrangement**"), where Customer Q has agreed to reserve the Guaranteed Minimum Weight from our Group for each of the designated flights operated by Supplier U at pre-agreed prices for the four months ended 31 December 2023. Subject to the terms of the Back-to-back Arrangement, Customer Q is obligated to reimburse our Group for any unfulfilled cargo space capacity that falls below the Guaranteed Minimum Weight. Pursuant to the terms under the Block Space Agreement, the Guaranteed Minimum Weight is equal to the maximum weight to be carried by each of the destinated flights. Our Directors are of the view that the Back-to-Back Arrangement will effectively mitigate our risks from under fulfilling the block space capacity from Supplier U in the event of a suspension or discontinuation of transactions with Customer Q during the four months ended 31 December 2023.

As confirmed by our Directors, the New Arrangement was set up to realise further business development with Customer Q, as the New Arrangement will better suit the needs of Customer Q by providing more operational flexibility and efficiency to allocate parcels across various logistics solutions. For example, Customer Q may reduce its costs by directly securing favourable rates from last-mile service providers while relying on another intermediary to provide customs clearance services in destination countries. As such, Customer Q can select the most suitable service providers in each part of the entire logistics chain, customising their choices to optimise efficiency and cost-effectiveness. According to the F&S Report, logistics arrangements akin to the New Arrangement are common in the industry. The Directors are also of the view that, and the Sole Sponsor concurs, (i) such logistics arrangements akin to the New Arrangement are common within the cross-border e-commerce logistics industry, driven by the need for flexible and dependable logistics services to effectively manage significant number of orders; and (ii) the business scale volume of customers such as Customer Q allows them to have stronger bargaining power to adopt and benefit from such arrangements.

As at the Latest Practicable Date, Customer Q has fulfilled the Guaranteed Minimum Weight for all of the flights arranged under the New Arrangement, and that the billed weight charged by our Group to Customer Q under the Transitional Arrangement and the New Arrangement has fulfilled the committed tonnage obligation imposed by the designated supplier.

Our Directors believe that our Group is capable of maintaining and expanding our business relationship with Customer Q, despite intense market competition, in consideration of (i) our flexibility in logistics services, including delivery from the PRC and Hong Kong to five ports located in the east and west coast in the US with customs clearance service and engagement of various last-mile service providers; and (ii) our ability to rapidly adapt to meet Customer Q's diverse service needs in the PRC and other regions, including the successful implementation of the New Arrangement.

Pricing policy

End-to-end cross-border delivery services

Our business department is responsible for determining the final rates for end-to-end cross-border delivery services (including the express, standard and economic delivery services) for each of our customers. We adopt a cost-plus approach for our pricing policy and take into account the following factors, among others, in determining the fees we charge our customers:

(i) the volume of the parcels;

(ii) prevailing market rates offered by our competitors;

(iii) cost of services, including cost incurred during the transshipment process, international linehaul and last-mile delivery process performed by third-party logistics service providers engaged by us;

(iv) seasonality;

(v) reasonable profit margin (based on the type and nature of parcels to be handled by us); and

(vi) length of business relationship and future business opportunity.

Our Group adjusts prices for end-to-end cross-border delivery services from time to time, based on the costs of services and prevailing market rates. In general, our suppliers of express and economic delivery services offer their services to our Group at a base price when entering into new contracts. However, they may apply surcharges to our Group based on prevailing market conditions. Consequently, our Group adjusts our selling prices to our customers accordingly. When it comes to standard delivery services, our Group engages various logistics parties throughout the supply chain, such as air carriers, customs clearance providers, and last-mile service providers. These parties may update their prices based on prevailing market conditions. As a standard practice, to reflect the actual fluctuation of our costs, our Group provides updates to our customers from time to time regarding pricing for standard delivery services.

We closely monitor the cost of services charged by our third-party suppliers. If the service charges of a particular supplier largely exceeds our expected amount, we will procure services with an alternative supplier providing similar services with the support of our comprehensive suppliers' network. We had business relationship with over 1,100 suppliers during the Track Record Period.

Freight forwarding and other logistics services

Our final rates for freight forwarding, customs clearance/pick-up/delivery and industry-tailored solutions services are also fixed on a cost-plus basis that are determined by our business department, based on the costs of services plus a reasonable profit margin. The costs of service mainly include service charges of third-party logistics services providers, such as freight charges, customs clearance charges, warehousing, and transportation charges. For airborne and seaborne freight forwarding, our suppliers generally provide their fees on a weekly or bi-weekly basis, subject to prevailing market conditions. Our Directors confirm that as the scope of services provided to each customer varies, our fees for freight forwarding are quoted on a case-by-case basis and subject to a monthly price update, while our customs/clearance/pick-up/delivery and industry-tailored solutions are quoted and adjusted from time to time according to prevailing market conditions. Same as our end-to-end cross-border delivery services, we will engage alternative suppliers should the service charges of a particular supplier largely exceeds our expected amount in order to maintain our profit margin.

Our fees for the provision of OGP/OSP services are subject to the agreement between Customer/Supplier Group G and us. For further details regarding the salient terms of the agreement, please refer to the paragraph headed "Salient terms of agreements with our customers — Agreements with Customer/Supplier Group G for the provision of OGP/OSP services" in this section. The pricing policy for such services are determined by Customer/Supplier Group G.

Maintenance of our profitability

During the Track Record Period, our Group took necessary measures based on the market trends in relation to e-commerce cross border logistics industry to maintain our profitability, which, among others, included the following:

(i) New business line introduction — our Group conducted regular reviews of our existing business lines and explore alternatives that could enhance our profitability. During FY2022, our Group introduced seaborne transportation for the economic delivery services under our end-to-end cross-border delivery services with a higher gross profit margin as compared to the economic delivery services by postal service, revenue of which was adversely affected by the adoption of the "Option V" postal system FY2021. For illustration purpose, the gross profit margin of our economic delivery services by seaborne transportation was approximately 35.3% for 6M2023, while the economic delivery services by postal service was approximately 0.2% for 6M2023;

(ii) Expand customer base — our Group sought to target customers with a higher gross profit margin who may require more sophisticated service. For instance, Customer Q required our Group to meet various specific performance targets on aspects such as the timeliness of data transmission regarding the tracking information. Our Group recorded a gross profit margin of approximately 12.2% from Customer Q's orders for 6M2023, which was higher than the average gross profit margin of our standard delivery services and that of our overall end-to-end cross-border delivery services;

(iii) Resource optimisation — our Group regularly reviewed our sales performance with the aim of identifying (a) customers with greater potential in terms of business opportunities; and (b) existing customers with low turnover and profitability so to maximise the efficiency of our resources allocation. For instance, our Group did not renew our contract with Customer/Supplier E in 6M2023, considering that we recorded (a) gross loss margin of approximately 23.4% and 4.6% for FY2020 and FY2021, respectively; (b) revenue contribution only accounted for approximately 0.9% of our Group's total revenue in FY2022; and (c) a decrease in revenue for the second half of FY2022. For further details between our business relationship with Customer/Supplier Group E, please refer to the paragraph headed "Our overlapping customers and suppliers" in this section;

(iv) Cost control implementation — our Group took various cost control measures, including the non-renewal of block space agreements with suppliers since the second half of FY2022 as our Group anticipated a downturn in the air freight forwarding market demand and an upcoming increase in capacity supply. Furthermore, to mitigate our risks associated with the block space arrangements with our suppliers, our Group sought opportunities to enter into back-to-back arrangements with both our suppliers and customers to maintain our revenue and profitability.

We plan to continue to expand our customer base and diversify the range of customers, in particular, in the e-commerce and logistics industries. Our Directors believe that this allows us to strengthen our bargaining power with suppliers as we increase our number of parcels and volume, which may help minimise the impact of fluctuations in our costs of sales and sales volume, in order to maintain our profitability. To enhance our Group's ability to adapt to potential fluctuations in logistics costs, we intend to reduce the validity period of our customer quotations. This strategy also bolsters our competitive edge in pricing. We will also establish a revenue management team, which will be tasked with the strategic objective of optimising revenue generation while simultaneously mitigating business risks.

Moreover, we continue to focus on effective cost control and optimisation of operational efficiency to maintain our profitability. Our management team has implemented cost control measures and regularly reviews our operating costs to reduce our costs. Our Group will exercise greater caution when entering into contracts with extended quotations to optimize cost management and enhance financial flexibility. In addition, we plan to maximise the utilisation of our service outlets so to improve our operational efficiency.

Sales and marketing

Our sales and marketing staff are mainly responsible for promoting our services, communicating with our customers and handling their inquiries and orders. Substantially all of our sales and marketing staff are located in the PRC.

From time to time, our sales and marketing staff will provide the latest information about our services, shipping routes, shipping schedules and fee quotations to our customers for their selection based on their needs. When contacted by our customers, our sales and marketing staff will discuss with them their needs, such as budget, pick-up location, destination, delivery time, nature of parcel and any requirement for additional services and confirm with them the details of the shipping plan and the fees.

We also engage in a variety of programmes and marketing activities to promote our brand and our services. Our offline marketing activities include the attending of professional logistics and procurement trade fairs, such as the Annual China Aviation Logistics Industry Conference* (中國航空物流產業年會), the Global Cross-border e-commerce Summit (全球跨境電商峰會) and China (Shenzhen) International Logistics and Supply Chain Fair (物流與供應鏈博覽會), holding weekly or monthly meetings with e-commerce sellers and e-commerce platforms to grasp the latest market trend within the e-commerce industry, and door-to-door promotion. Our online marketing activities include the leveraging of online platforms to distribute business updates and new discounts. Our Directors will also hold regular board meetings to discuss, among other things, our marketing strategies and relationship maintenance with our customers. In addition, we require our staff and employees to apply our logos on personnel uniforms, transportation vehicles and packages materials in a consistent and unified manner in order to further enhance our brand recognition during interactions with our end customers.

For e-commerce platform customers, we are usually invited by e-commerce platforms for short-term trial period for provision of logistics services based on our established reputation and track record in cross-border logistics industry in the PRC, or after we are introduced to the e-commerce customers by business acquaintances. We are then invited for a tender submission at the end of the trial period for the actual service provision agreement or, upon passing the trial period, commence official business relationship with the e-commerce platforms. For e-commerce sellers, other logistics service providers and traditional traders, they are usually procured by us through trade fairs, introduction by business acquaintances and door-to-door promotion. Some of these customers may also approach our Group for services due to our established reputation in the industry and quality of services.

Customer services

Our customer service team handles general enquiries, complaints and feedback from customers. We also provide a 24-hour customer services line to allow customers to contact our staff for any urgent matters. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaint or claim from our customers in relation to our services.

Payment terms

We offer different payment terms to our customers, including payment before parcel collection (prepayment), payment on delivery of service and periodical payment. We generally allow a credit period of 0 to 90 days to our customers, while our Group requests advance payments for some customers and no credit period is granted by our Group. We determine the credit period granted to our customers based on the length and depth of business relationship, their credit profile and business volume.

Warranty and goods damaged in transit

Delivery carriers generally purchase insurance for potential damages during transportation. We also keep insurance policies for potential damage claims from our customers. During the Track Record Period, there had not been such instances of goods damaged in transit that resulted in a materially adverse impact on our business operations and financial position.

OUR SUPPLIERS

Our suppliers generally include air/sea port operators, air and ocean carriers, customs brokers as well as international and national-level logistics service providers.

For FY2020, FY2021, FY2022 and 6M2023, purchases from our five largest suppliers in each year/period represented approximately 61.4%, 50.6%, 61.2% and 62.3% of our total purchases, and purchases from our largest supplier represented approximately 28.3%, 25.3%, 43.4% and 39.8% of our total purchases, respectively. We had established business relationships with our five largest suppliers in each year/period during the Track Record Period for two to 18 years.

We have limited bargaining power with our upstream suppliers, who have a wider international delivery network and fleets of ground transportation and aircraft, in negotiating increases in transportation costs, as well as seasonal surcharges and fuel surcharges. During the Track Record Period, more than 90% of our cost of sales was attributed to logistics costs; therefore, any slight increase in logistics costs could further squeeze our profitability.

The table below sets forth the details of our five largest suppliers in each year/period during the Track Record Period:

FY2020

Supplier	Purchases amount	Percentage of our total purchases	Starting year of business relationship	Credit terms and payment method	Background	Major products/services purchased
	(RMB'000)	*(%)*				
Supplier Group K	379,365	28.3	2017	30 days, bank transfer	A US founded Fortune Global 500 German logistics company group listed on the Frankfurt Stock Exchange	Cross-border logistics, transportation and delivery services
Customer/Supplier Group A	228,015	17.0	2018	15 days, bank transfer	A US limited private company group engaged in shipping services	Parcel delivery and customs clearance services from the PRC to the US
Customer/Supplier Group B	142,291	10.6	2017	0 days (prepayment), bank transfer	A Fortune Global 500 PRC state-owned postal service provider company group	Air freight and postal service delivery
Supplier L	41,814	3.1	2019	25 days, bank transfer	A Hong Kong limited liability company principally engaged in the provision of logistics services, with issued share capital of HKD5.0 million	Cross-border parcel shipping and postal delivery service
Supplier M	31,773	2.4	2019	30 days, bank transfer	A PRC limited liability company principally engaged in the provision of logistics services, with registered capital of RMB5.0 million	Cross-border parcel shipping and postal delivery service
Total	**823,258**	**61.4**				

FY2021

Supplier	Purchases amount	Percentage of our total purchases	Starting year of business relationship	Credit terms and payment method	Background	Major products/services purchased
	(RMB'000)	*(%)*				
Supplier Group K	301,620	25.3	2017	30 days, bank transfer	A US founded Fortune Global 500 German logistics company group listed on the Frankfurt Stock Exchange	Cross-border logistics, transportation and delivery services
Customer/Supplier Group A	111,193	9.3	2018	0 days (prepayment), bank transfer	A US limited private company group engaged in shipping services	Parcel and customs clearance delivery services from the PRC to the US
Shenzhen Wanguojitong International Freight Forwarding Co., Ltd.* (深圳萬國集通國際貨運代理有限公司)	89,296	7.5	2021	0 days (prepayment), bank transfer	A PRC limited liability company principally engaged in aircraft chartering, with registered capital of RMB5.0 million	Aircraft chartering
Customer/Supplier Group N	56,733	4.8	2018	15 days, bank transfer	A subsidiary of a PRC airline company group listed on the Hong Kong Stock Exchange	Air cargo spaces on flights from the PRC to the US
Supplier Group O	43,551	3.7	2013	30 days, bank transfer	A subsidiary of a Fortune Global 500 PRC shipping company group listed on the Hong Kong Stock Exchange	Sea freight spaces on vessels
Total	**602,393**	**50.6**				

FY2022

Supplier	Purchases amount	Percentage of our total purchases	Starting year of business relationship	Credit terms and payment method	Background	Major products/services purchased
	(RMB'000)	*(%)*				
Supplier Group K	474,830	43.4	2017	30 days, bank transfer	A US founded Fortune Global 500 German logistics company group listed on the Frankfurt Stock Exchange	Cross-border logistics, transportation and delivery services
Shenzhen Wanguojitong International Freight Forwarding Co., Ltd. (深圳萬國集通國際貨運代理有限公司)	77,435	7.1	2021	0 days (prepayment), bank transfer	A PRC limited liability company principally engaged in aircraft chartering, with registered capital of RMB5.0 million	Aircraft chartering
Customer/Supplier Group N.	48,333	4.4	2018	15 days, bank transfer	A subsidiary of a PRC airline company group listed on the Hong Kong Stock Exchange	Air cargo spaces on flights from the PRC to the US
Supplier Group O	38,901	3.5	2013	30 days, bank transfer	A subsidiary of a Fortune Global 500 PRC shipping company group listed on the Hong Kong Stock Exchange	Sea freight spaces on vessels
Hangzhou Zibuyu Supply Chain Management Co., Ltd.* (杭州子不語供應鏈管理有限公司)	30,123	2.8	2021	5 days, bank transfer	A PRC limited liability company principally engaged in the provision of supply chain management, with registered capital of RMB10 million	Cross-border logistics, transportation and delivery services
Total	**669,622**	**61.2**				

6M2023

Supplier	Purchases amount	Percentage of our total purchases	Starting year of business relationship	Credit terms and payment method	Background	Major products/services purchased
	(RMB'000)	*(%)*				
Supplier Group K	235,003	39.8	2017	30 days, bank transfer	An American founded German logistics company group listed on the Frankfurt Stock Exchange	Cross-border logistics, transportation and delivery services
Customer/Supplier P	72,143	12.2	2022	0 days (prepayment), bank transfer	A US limited private company principally engaged in trucking, warehousing and last-mile delivery services.	Last mile delivery services in the US
Customer/Supplier Group G	24,477	4.1	2005	30 days, bank transfer	A top 50 Fortune 500 multinational logistics company group founded in the US	Cross-border logistics, transportation and delivery services
Supplier S	22,179	3.8	2022	0 days (prepayment), bank transfer	A PRC limited liability company principally engaged in the provision of supply chain management, with registered capital of RMB10 million	Freight forwarding services
Supplier R	14,564	2.5	2021	10 days, bank transfer	A US limited private company principally engaged in international transportation, customs declaration and warehousing	Parcel customs clearance and delivery and induction into last-mile service providers
Total	**368,366**	**62.3**				

Reliance on Supplier Group K

Supplier Group K was our largest supplier in each of FY2020, FY2021. FY2022 and 6M2023. Purchases from Supplier Group K accounted for approximately 28.3%, 25.3%, 43.4% and 39.8% of our total purchases during the Track Record Period. We engaged Supplier Group K for the provision of logistics services for our business operations, in particular the Southern China region, given that we maintained stable business relationships with Supplier Group K in the region upon our acquisition of Shenzhen Global Link in 2017. For each of FY2020, FY2021, FY2022 and 6M2023, over 99.0% of our purchases from Supplier Group K are related to our operations in the Southern China region. For details regarding Shenzhen Global Link, please refer to the section headed "History, development and reorganisation — Our major operating subsidiaries — Shenzhen Global Link" in this document. Supplier Group K is listed on the Frankfurt Stock Exchange which had approximately 590,000 employees, conducting business in more than 220 countries/regions and recorded revenue of approximately EUR94,436 million in 2022. To the best of our Directors' knowledge, information and belief, our Directors are of the view that our substantial purchase amounts with Supplier Group K is mainly due to the following reasons:

(i) Supplier Group K had been the one of the largest logistics services providers in the PRC by market capitalisation according to the F&S Report, and has a track record of providing quality services as confirmed by our Directors;

(ii) during the Track Record Period, we mainly engaged Supplier Group K as our supplier to perform cross-border logistics services, in particular express delivery services, from the Hong Kong port to the final destination. The increase in purchases from Supplier Group K from 25.3% in FY2021 to 43.4% in FY2022 was mainly due to the increase in the number of orders for our end-to-end cross-border delivery services in the Southern China region in FY2022; and

(iii) we have established business relationship with Supplier Group K for more than 13 years (including 7 years of business relationship between Supplier Group K and Global Link Group) and have not experienced any material non-performance by Supplier Group K which caused disruption to our operations.

Our revenue derived from Guangdong Province mainly consisted of revenue generated from our standard and express delivery services. Given our long-standing relationship with Supplier K and the quality of services provided by Supplier Group K, our Group engaged Supplier Group K for the majority of the orders for our express delivery services in Southern China region. Our purchases from Supplier Group K accounted for approximately 74.7%, 81.1%, 87.2% and 83.8% of the total purchases for our express delivery services in the region for FY2020, FY2021, FY2022 and 6M2023, respectively.

In FY2022, our revenue from service outlets and operating offices located in Guangdong Province decreased from RMB715.9 million in FY2021 to RMB695.1 million, while our revenue from the express delivery services in Guangdong Province increased by RMB157.0 million from FY2021 to FY2022, driven by the higher number of orders and billed weight in the business line. To cope with such increase, our Group allocated more business to Supplier Group K, in consideration of the reasons as set out in (i), (ii) and (iii) above. As a result, the number of orders with Supplier Group K in the Southern China region, in particular, Guangdong Province, in FY2022 further increased. For the risk associated business relationship with Supplier Group K, please refer to the section headed "Risk factors — Risks relating to our business and industry — We rely on our largest supplier, Supplier Group K, in the provision of cross-border logistics services" in this document.

The salient terms of the agreement with Supplier Group K are set out below:

Contractual period:	The agreement shall continue for an indefinite period of time until terminated in accordance with the term of the agreement with Supplier Group K.
Termination:	Our Group or Supplier Group K may unilaterally terminate the agreement without cause upon advanced written notice period of one month; or in case of winding up or insolvency of our Group or Supplier Group K; or a material breach of the terms of the agreement with a five-day notice.
Service scope:	Supplier Group K provides the express transportation of parcels by means of air, road and related services to be provided by or as may from time-to-time agreed.
Fee:	The services fees to be charged under the agreement shall be calculated based on the shipment volumes and the rates of the services fees as provided in the agreement.
Payment:	All sums due from us shall be paid in accordance with the terms of the agreement within thirty days after receipt of the weekly statement of accounts.

According to the F&S Report, it is an industry norm for logistics service provider to procure services from sizeable and multinational suppliers with proven capability and track record in providing relevant services. Since Supplier Group K is a major and reliable logistics service provider, as part of our commitment for customer satisfaction, we will continue our business relationship with Supplier Group K as one of our major suppliers. Despite our reliance on Supplier Group K, in particular for FY2022, our Directors are of the view that our business is sustainable for the following reasons:

(i) we have generally maintained good business relationship with Supplier Group K for over 13 years (including 7 years of relationship between Supplier Group K and Global Link Group). In light of the long-established business relationship and our satisfactory performance, our Directors are of the view that the risk of Supplier Group K terminating their business relationship with us is low;

(ii) we do not directly compete with Supplier Group K since we serve a different group of target customers by specialising in cross-border e-commerce logistics services. Our Directors are of the view that we are unlikely exposed to intermediation risk as it is uncommon and not economically efficient for top worldwide logistic companies to transact with our target customers due to the time and efforts invested for the entire logistics chain. According to the F&S Report, non-PRC-based international logistics service providers such as Supplier Group K primarily focus on providing international linehaul services, and put in less resources in the PRC which is labour-intensive in nature, such as manpower for marketing and warehouse operations for labelling, repackaging and sorting, as compared to domestic players. As such, non-PRC-based international logistics service providers often cooperate with us, in which we would be engaged by the customers for end-to-end cross-border delivery services, and non-PRC-based international logistics service providers are engaged by us for international linehaul and last-mile delivery services after we have performed warehousing, security check, labelling, repackaging and sorting processes in our service outlets;

(iii) we offer our customers the flexibility to pick and choose the services by providing different types of logistics services. Apart from express delivery services in which we may engage Supplier Group K as our supplier, we also offer standard and economic delivery services as options for our customers;

(iv) as we are not bound to make purchase from Supplier Group K, we maintain flexibility in supplier selection and we are able to procure similar services under similar terms and conditions from other suppliers; and

(v) we have maintained good business relationship with our supplier network, including four of the top five largest logistics services providers in the world according to the 2022 Fortune Global 500. During the Track Record Period, we have engaged more than 1,100 logistics service providers for our business operations. Apart from Supplier Group

K, all of our five largest suppliers during FY2020, FY2021, FY2022 and 6M2023 were logistics services providers. In the event of Supplier Group K terminating their business relationships with us for whatever reasons, our Directors believe that we would be able to engage alternative logistics service providers necessary for our business operations from other logistics services providers.

Our Directors confirm that our five largest suppliers in each year/period during the Track Record Period were all Independent Third Parties and that none of our Directors, their respective close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of our share capital as at the Latest Practicable Date) had any interest, directly or indirectly, in any of our five largest suppliers in each year/period during the Track Record Period.

Our Directors confirm that, to their best knowledge, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining supplies for our business in a timely manner and we did not have any material disputes with our major suppliers.

Salient terms of agreements with our suppliers

Agreements with our general suppliers

We typically sign master service agreements with our suppliers covering various terms, including contracting parties, contractual period, scope of services, fees, payment method and parties' rights and obligations, among other things. The salient terms of the agreements which we typically enter with our major suppliers are summarised as follows:

Contractual Period	The period of each contract is typically one to three years during the Track Record Period. In certain cases, our suppliers are given an option to renew the contracts (the renewal period typically being one year after expiry of the original term).
Scope of services	International logistics, transportation and delivery services, customs clearance services, aircraft chartering, selling of aircraft and sea freight spaces.
Fees	Fees are determined by scope of services and factors including, but not limited to, delivery arrangement, delivery time, transportation arrangement, parcel volume or weight, distance of delivery route, sizes of aircraft/sea freight spaces required and customs brokerage requirements.

Payment terms	All payment due will be paid in accordance with the payment arrangement specified in the agreement, including payment after issuance of invoices and/or periodical payment.

OUR OVERLAPPING CUSTOMERS AND SUPPLIERS

During the Track Record Period, a number of our customers were also our suppliers (the "**Overlapped Customers and Suppliers**"). According to the F&S Report, it is an industrial norm that logistics service providers (including freight forwarders) work with other logistics services providers which specialised in the operation of the required routes. It is further stated in the F&S Report that since cross engagement enables logistics service providers to reduce transportation time and cost, it is common for logistics service providers to on-sell cargo space to other market practitioners. Therefore, it is an industry norm to have dual role customers in the cross-border logistics service industry. As confirmed by the Directors, the purchases from, and sales to, each of the Overlapped Customers and Suppliers during the Track Record Period varies each year/period during the Track Record Period as such purchase orders from our Group/Overlapped Customers and Suppliers are determined by factors such as (i) delivery orders from end customers, (ii) delivery costs, (iii) destination country, (iv) delivery route, and (v) number of available freight space.

Set out below is the revenue and purchase related to the major Overlapped Customers and Suppliers during the Track Record Period:

	FY2020	FY2021	FY2022	6M2023
Revenue from the major Overlapped Customers and Suppliers *(RMB'000)*	235,468	360,678	303,569	120,702
As a % of our total revenue	15.6	26.6	24.2	17.9
Purchases from the major Overlapped Customers and Suppliers *(RMB'000)*	395,206	326,745	191,537	112,473
As a % of our total purchase	29.5	27.5	17.6	18.4

Our Directors confirmed that the negotiations of the terms of our sales to and purchase from the Overlapped Customers and Suppliers were conducted on arms-length negotiation; and the sale and purchase were independent of and not inter-conditional with each other. Therefore, none of the revenue from or the purchase from all the Overlapped Customers and Suppliers were arisen from the same transaction. Our Directors further confirmed that the arrangements and terms of transactions with the Overlapped Customers and Suppliers were in line with the market and similar to those transactions with our other customers and suppliers.

Set out below is the revenue, gross profit margin and purchase related to our major customers and suppliers who are Overlapped Customers and Suppliers during the Track Record Period:

	FY2020					FY2021					FY2022					6M2022					6M2023				
	Revenue	% of total revenue	Gross profit margin	Purchase	% of total purchase	Revenue	% of total revenue	Gross profit/(loss) margin	Purchase	% of total purchase	Revenue	% of total revenue	Gross profit margin	Purchase	% of total purchase	Revenue	% of total revenue	Gross profit margin	Purchase	% of total purchase	Revenue	% of total revenue	Gross profit margin	Purchase	% of total purchase
	RMB'000	%	%	*RMB'000*	%	*RMB'000*	%	%	*RMB'000*	%	*RMB'000*	%	%	*RMB'000*	%	*RMB'000* (unaudited)	%	%	*RMB'000* (unaudited)	%	*RMB'000*	%	%	*RMB'000*	%
Customer																									
Yidatong	37,088	2.5	4.3	–	–	218,580	16.1	(9.3)[3]	–	–	153,347	12.2	6.7	–	–	86,941	14.3	7.9	–	–	85,548	17.9	9.7	155	0.0
Customer/Supplier Group A	70,636	4.7	10.7	228,015	17.0	874[8]	0.0	(3.0)[1]	111,193	9.3	85[8]	0.0	6.6	13,791	1.3	1	0.0	0.1	11,288	2.1	–	–	–	987	0.2
Customer/Supplier Group B	70,109	4.6	6.3	142,291	10.6	1,065	0.1	1.1[6]	38,937	3.3	477	0.0	26.2[6]	11,478	1.0	285	0.0	29.7	4,408	0.8	363	0.1	17.6[6]	2,333	0.4
Customer/Supplier Group G	37,618	2.5	49.2[7]	4,081	0.3	39,590	2.9	40.5[7]	19,574	1.6	33,545	2.7	35.1[7]	27,950	2.6	16,889	2.8	38.9[7]	13,380	2.5	13,859	2.1	23.6[7]	24,477	4.1
Customer/Supplier E	5,639[4]	0.4	(23.4)[4]	–	–	64,906[4]	4.8	(4.6)[4]	–	–	10,901[4]	0.9	9.0	0	0.0	8,532	1.4	10.6	0	0.0	–[4]	–	–	–	–
Customer I	–	–	–	–	–	12,900	1.0	15.2	3,115	0.3	57,121	4.6	4.4[5]	316	0.0	21,531	3.5	(6.2)[5]	–	–	1,829	0.3	(0.3)	569	0.1
Customer J	14,377	1.0	5.1	13,607	1.0	20,086	1.5	2.7	7,897	0.7	44,042	3.5	8.8	0	0.0	19,678	3.2	3.4	–	–	17,324	2.6	4.7	–	–
Supplier																									
Shenzhen Wanguojitong International Freight Forwarding Co., Ltd.* (深圳萬國集通國際貨運代理有限公司)	–	–	–	–	–	2,677	0.2	(11.4)[2]	89,296	7.5	439	0.0	0.0	77,435	7.1	439	0.1	0.0	36,198	6.8	–	–	–	184	0.0
Customer/Supplier Group N	–	–	–	7,212	0.5	–	–	–	56,733	4.8	3,605	0.3	12.9	48,333	4.4	755	0.1	18.9	27,211	5.1	1,779	0.3	13.9	11,625	2.0
Customer/Supplier P	–	–	–	–	–	–	–	–	–	–	7	0.0	14.3	12,234	1.1	–	–	–	1,379	0.3	–	–	–	72,143	12.2

Notes:

(1) We recorded a gross loss margin of approximately 3.0% for our transactions with Customer/Supplier Group A in FY2021, which was mainly attributable to the increase of logistics costs during FY2021. However, there was a time lag in adjusting the price upwards to Customer/Supplier Group A due to (i) the COVID-19 outbreak resulting in large fluctuations in prices quoted by the suppliers, and (ii) the then contractual obligations in which a fixed price was set for the delivery of parcels between the Group and Customer/Supplier Group A.

(2) We recorded a gross loss margin of approximately 11.4% for our transactions with Shenzhen Wanguojitong International Freight Forwarding Co., Ltd. ("**SWIF**") in FY2021, which was mainly attributable to the transfer of air freight space by our Group to other logistics service providers at a discounted price, as the parcels delivered by our Group through the air carriers provided by SWIF did not full occupy the air freight spaces for certain periods in FY2021 when our Group first commenced business relationship with SWIF.

(3) In FY2021, our Group executed a sales promotion campaign as part of our strategy to establish a stronger business presence on the e-commerce platform Alibaba.com, through our business relationship with Yidatong. For details, please refer to the section "Financial Information — Comparison of results of operations — FY2022 compared with FY2021" in this document.

(4) Our Group commenced business relationship with Customer/Supplier E in November 2020 for the provision of standard delivery services. At an early stage of our business dealings, our Group offered discounted prices to substantiate the business relationship between our Group and Customer/Supplier E, leading to a gross loss margin of approximately 23.4%. Our Group's revenue generated from Customer/Supplier E increased significantly from approximately RMB5.6 million in FY2020 to approximately RMB64.9 million in FY2021, mainly due to the competitive pricing strategy offered to Customer/Supplier E.

As our business relationship with Customer/Supplier E began to stabilise, our Group gradually reduced the discounts offered to them, leading to a decrease in revenue from approximately RMB64.9 million in FY2021 to approximately RMB10.9 million in FY2022. Our gradual shift in our pricing has also led to a decrease in gross loss margin from approximately 23.4% in FY2020 to approximately 4.6% in FY2021, and a gross profit margin of approximately 9.0% in FY2022. Considering that the revenue contribution from Customer/Supplier E in FY2022 only accounted for approximately 0.9% of our Group's total revenue, and that the revenue has decreased the second half of FY2022, our Group decided to shift their focus e-commerce platform customers or other customer with more growth potential in terms of business opportunities in 6M2023, which our Directors believe could generate more business volume for our Group. As such, we did not renew our contract with Customer/Supplier E in 6M2023.

(5) In 6M2022, there was an overall oversupply of airborne capacity due to a decrease in demand in the market; to strategically cope with the market; our Group offered discounted rates to Customer I in order to fulfil our committed airborne capacity, leading to a gross loss of approximately 6.2%. This strategy continued into in the second half of FY2022, where the discounted rates attracted increased revenue from Customer I, ultimately leading to a gross profit of approximately 4.4% for FY2022. In 6M2023, in response to prevailing market conditions, one of the suppliers of our Group adjusted their pricing strategies, providing a higher proportion of floating rates. Consequently, we experienced a reduction in our logistics costs and gained more flexibility in setting our prices. As a result, our Group had more room for adjusting our prices according to the fluctuations of logistics costs in 6M2023 compared to 6M2022, resulting in a decrease in gross loss for 6M2023 of approximately 0.3%.

(6) During FY2021, the low gross profit margin of approximately 1.1% generated from Customer/Supplier Group B was mainly attributable to our strategy of offering competitive pricing to boost the business volume of our standard delivery services, which was the sole service type Customer/Supplier Group B obtained from our Group. The gross profit margin increased to approximately 26.2% for FY2022, mainly as a result of adjusted quotations, coupled with the benefits of enhanced airborne capacity that led to reduced logistics costs. For 6M2023, Customer/Supplier Group B only procured our freight forwarding services, the gross profit margin of which aligned with that for FY2022.

(7) During the Track Record Period, our Group provided OGP/OSP services to Customer/Supplier Group G in designated cities and districts within the Zhejiang Province in the PRC. As an OGP/OSP operator, our Group serves as a service contractor of Customer/Supplier Group G. The services our Group provides to Customer/Supplier Group G differ from services to other Overlapped Customers and Suppliers. For details of OGP/OSP services, please refer to the paragraph headed "Our Customers — Agreements with Customer/Supplier Group G for the provision of OGP/OSP services" in this section.

(8) To the best knowledge, belief and information of the Directors, our revenue from Customer/Supplier Group A decreased from approximately RMB70.7 million in FY2020 to RMB0.9 million in FY2021, RMB85,000 in FY2022 due to the commercial decision of Customer/Supplier Group A to diversify their procurement of services in the US from other suppliers.

Set out below is the nature of, and underlying principal service involved and geographical regions covered by the relevant service with our major customers and suppliers who are Overlapped Customers and Suppliers during the Track Record Period:

Customers/Suppliers	**Principal service involved as our Group's customers and geographical regions covered**	**Principal service involved as our Group's supplier and geographical regions covered**
Customer/Supplier Group A . . .	End-to-end cross-border delivery services to customers referred by Customer/Supplier Group A • the US	Customs clearance and last-mile delivery services • the US
Customer/Supplier Group B . .	End-to-end cross-border delivery services • countries/regions subject to their orders	Provision of air freight spaces • countries/regions subject to our orders
Customer/Supplier Group G. . .	OGP/OSP services (other logistics services) • the PRC	Cross-border logistics, transportation and delivery services • countries/regions subject to our orders
Customer I	Freight forwarding • the US	Provision of air freight spaces • the US
Customer J	End-to-end cross border delivery services • countries/regions subject to their orders	Cross-border logistics, transportation and delivery services • countries/regions subject to our orders
Shenzhen Wanguojitong International Freight Forwarding Co., Ltd.* (深圳萬國集通國際貨運代理有限公司)	Airborne international linehaul services • the US	Provision of air freight spaces • the US

Customers/Suppliers	Principal service involved as our Group's customers and geographical regions covered	Principal service involved as our Group's supplier and geographical regions covered
Customer/Supplier Group N. . .	Airborne international linehaul services • the US	Provision of air freight spaces • the US
Yidatong	End-to-end cross border delivery services • countries/regions subject to their orders	Freight forwarding • the US
Customer/Supplier E	End-to-end cross border delivery services • countries/regions subject to their orders	End-to-end cross border delivery services • countries/regions subject to our orders
Customer/Supplier P	Parcel customs clearance for parcels • the US	Parcel customs clearance and delivery and induction into last-mile service providers • the US

For FY2020, our Group recorded a revenue of approximately RMB33.5 million and a gross loss of approximately RMB3.7 million from Customer F. For FY2021, our Group recorded a revenue of approximately RMB0.9 million and a gross loss of approximately RMB3,000 from Customer/Supplier Group A. The gross loss was mainly attributable to the time lag in adjusting the fees we charged our customers, due to (i) the COVID-19 outbreak resulting in large fluctuations in prices quoted by the suppliers, and (ii) the then contractual obligations in which a fixed price was set for the delivery of parcels.

Given that (i) the aggregate amount of the gross loss described above was minimal compared with our gross profit in the relevant years; (ii) the contractual arrangements of fixed quotation price with Customer F and Customer/Supplier Group A have now ceased; and (iii) the gross profit recorded in the relevant year, our Directors are of the view that the impact on our Group's financial performance is minimal.

OUR THIRD-PARTY PAYMENT ARRANGEMENTS

Background

During the Track Record Period, certain of our customers (the "**Relevant Customer(s)**") settled their payments with us through third-party payors (the "**Third-party Payment Arrangement(s)**"). For FY2020, FY2021, FY2022 and 6M2023, the aggregate amount of third-party payments were approximately RMB23.8 million, RMB9.1 million, RMB11.8 million and RMB0.1 million, respectively, representing approximately 1.6%, 0.7%, 0.9% and 0.0% of our total revenue for the corresponding periods. During the Track Record Period, third-party payors primarily consisted of (i) legal representatives, directors, shareholders and employees of the Relevant Customers; (ii) family members of the owners of the Relevant Customers; and (iii) business partners of the Relevant Customers. Set out below are the details of the Third-Party Payment Arrangements during the Track Record Period and during the one month ended 31 January 2023 (prior to our cessation of all Third-party Payment Arrangements), including the (i) relationship between the third-party payors and the Relevant Customers; (ii) number of the third-party payors; and (iii) amount of revenue contributed to our Group:

	FY2020				FY2021				FY2022				The month ended 31 January 2023 (the date prior to our cessation of all Third-party Payment Arrangements)		
	Number of third-party payors	Amount	% of the aggregate amount of third-party payments	% of total revenue	Number of third-party payors	Amount	% of the aggregate amount of third-party payments	% of total revenue	Number of third-party payors	Amount	% of the aggregate amount of third-party payments	% of total revenue	Number of third-party payors	Amount	% of the aggregate amount of third-party payments
		RMB'000	%	%		*RMB'000*	%	%		*RMB'000*	%	%		*RMB'000*	%
Relationship with the Relevant Customers															
Legal representatives, directors, shareholders and employees	526	21,952	92.2	1.5	334	8,649	94.7	0.6	254	11,127	94.6	0.9	15	96	97.0
Family members of the owners of the Relevant Customers	11	1,150	4.8	0.1	13	333	3.6	0.0	1	27	0.2	0.0	—	—	—
Business partners of the Relevant Customers(Note 1)	17	716	3.0	0.0	23	152	1.7	0.0	25	611	5.2	0.0	3	3	3.0
Total	**554**	**23,818**	**100.0**	**1.6**	**370**	**9,134**	**100.0**	**0.6**	**280**	**11,765**	**100.0**	**0.9**	**18**	**99**	**100.0**

Notes:

1. Business partners of the Relevant Customers include customers and business referral agents of the Relevant Customers.

2. Settlement methods mainly include bank transfer, electronic applications such as WeChat Pay, Alipay and cash.

For FY2020, FY2021, FY2022 and 6M2023, payments from legal representatives, directors, shareholders and employees of the Relevant Customers have contributed approximately 92.2%, 94.7%, 94.6% and 97.0% of the aggregate amount of third-party payments, respectively. Among which, the amount of revenue contributed by employees of the Relevant Customers was approximately RMB9.5 million, RMB4.1 million, RMB5.2 million and RMB71,000 for FY2020, FY2021, FY2022 and 6M2023, respectively. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period. Since February 2023, we have ceased all Third-party Payment Arrangements. During the Track Record Period and up to the Latest Practicable Date, as confirmed by the Directors, (1) we had not encountered any disputes with, nor received any refund request from, any Relevant Customer or third-party payor, and (2) we had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangements.

During the Track Record Period and up to the Latest Practicable Date, we have not provided any discount, commission, rebate or other benefit to any of the Relevant Customers or the third-party payors to facilitate or incentivise the Third-party Payment Arrangements. As confirmed by our Directors, the payment, the pricing terms and other general commercial terms of the Relevant Customers are generally the same as our other customers. Our Directors confirmed that all the third-party payors are independent of our Group. Our Directors further confirmed that all the third-party payors are independent of each of our respective Directors, senior management and Shareholders. To the best knowledge of our Directors after making reasonable inquiries, none of the Relevant Customers or their respective third-party payors had any other past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with the Company, its subsidiaries, shareholders, directors or senior management, or any of their respective associates. We issued the bills to the Relevant Customers directly with respect of the relevant transactions and payment amounts. During the Track Record Period and up to the Latest Practicable Date, our Group had not received any claims from third-party payers or its liquidators.

Given that (i) the aggregate amount of Third Party Payments of approximately 1.6%, 0.7%, 0.9% and 0.0% of the Group's total revenue during the Track Record Period, respectively, is insignificant; (ii) the revenue increased by approximately 10.5% for 6M2023 as compared with 6M2022 while all the Third-party Payment Arrangements have been ceased since February 2023; and (iii) the trade receivables turnover days remained largely stable during 6M2023 and was within the credit period offered to the Group's customers, where applicable, and the increase was mainly attributable to the increase in business with Customer Q, the Directors are of the view that the termination of the Third-party Payment Arrangements did not have and is not expected to have, any material impact on the Group's business operations and financial performance. To the best knowledge of our Directors after making reasonable enquiries that, during the Track Record Period and up to the Latest Practicable Date, (i) all the Third-Party Payments were related to genuine transactions between us and the Relevant Customers and were made by bank transfers; (ii) the amount of Third-Party Payments received by us from third-party payors corresponded with the transaction amount in the relevant sales orders, records, and/or invoices between the Relevant Customers and us; (iii) all relevant transactions involving Third-Party Payments were completed with the agreed-upon amount being settled as specified in respective agreements; (iv) we have not encountered any incidents demanding us to return payment in relation to relevant transactions; and (v) nothing came to our attention that would cause our Directors to doubt the genuineness of relevant transactions or the good faith of relevant parties involved. Based on the foregoing, our Directors confirm, and the PRC Legal Adviser advises that, the risk of possible claims from third-party payers for the return of funds is low.

Reasons for utilising Third-party Payment Arrangements

According to the F&S Report, use of third party's accounts for settlement of transactions is not uncommon in the cross-border e-commerce logistics industry, especially among small and medium-sized enterprises that mainly engage logistics service providers for delivery of small parcels. Based on the representation of the Relevant Customers and to the best knowledge of our Directors, the main reasons for the Relevant Customers to utilise Third-party Payment Arrangements are as follows:

- for new Relevant Customers who engage us for ad-hoc cross-border logistics services, our Group usually requires them to first settle the payment before completing the value chain, and it is more efficient for the employees of the Relevant Customers to settle payments through their personal accounts as the value of each transaction is relatively small;

- some small and medium-sized enterprises and individual-run industrial and commercial households settle their outstanding amounts due to us through Third-party Payment Arrangement due to their internal operational and financial management practice and/or for convenience. These small and medium-sized enterprises and individual-run industrial and commercial households may also typically lack an adequate financial system; and

- some Relevant Customers paid through third-party payors because they may experience limited cash flow or stringent liquidity management from time to time, as a result of which the Relevant Customers will require their respective debtors to settle their payments by paying directly to us through Third-party Payment Arrangements.

To the best knowledge of our Directors and based on our communication with the Relevant Customers, the main reasons for the third-party payors to take additional risks and make payments on behalf of the Relevant Customers are as follows:

- some third-party payors who were related to the Relevant Customers, namely (i) legal representatives, directors and shareholders of the Relevant Customers; and (ii) family members of the owners of the Relevant Customers, who were instructed by the Relevant Customers to make payments on their behalf, for convenience;

- some third-party payors who had business relationships with the Relevant Customers, namely the business partners of the Relevant Customers, made payments on behalf of the Relevant Customers to maintain their existing business relationships with the Relevant Customers by facilitating their management and operational needs.

Internal Control Measures and Cessation of Third-party Payment Arrangements

To safeguard our interest against risk associated with Third-party Payment Arrangements, we implemented various internal control measures to manage and reduce such practice, including, among other things:

(i) we required our customers to settle their payment directly through their own corporate bank accounts;

(ii) for customers who were unable to directly settle payments with us immediately at the relevant time, we required that such customers (1) communicate relevant information to us, including, among others, the identity of the involved third-party payors; (2) obtain prior written approval from persons in charge; (3) provide us with a delegation of payment letter; and (4) enter into a tri-party payment agreement (the "**Tri-party Payment Agreement(s)**") with us and the third-party payors based on our house form. In the Tri-party Payment Agreement(s), it is specified that the Relevant Customer delegates its payment obligation under the terms of the original agreement with us to the respective third-party payor who has undertaken to pay directly to us under the same terms. We shall accept the payment from the third-party payor as if it were paid by the Relevant Customer and issue the invoice to the Relevant Customer, and we may demand payment from, and pursue legal action against, the Relevant Customer if the respective third-party payor fails to pay accordingly. For FY2020, FY2021 and FY2022, and during the month ended 31 January 2023 (the date prior to our cessation of all Third-party Payment Arrangements), the aggregate amount of third-party payments from parties which entered into Tri-party Payment Agreements were approximately RMB21.5

million, RMB8.3 million, RMB11.5 million and RMB0.1 million, respectively, representing approximately 90.3%, 90.4%, 97.6% and 99.5% of the total amount of third-party payments for the corresponding periods; and

(iii) before accepting any third-party payment, we verified the payment information against the information recorded in our system to ensure that such payment was settled through the relevant third-party payor's account as identified in the appropriate Tri-party Payment Agreement(s).

To better manage payments from Relevant Customers, we have required: (1) the Relevant Customers and their respective third-party payors to not be involved in any money laundering or other illegal activities; (2) the Relevant Customers and respective third-party payors to indemnify us against all damages and losses that we may incur from such activities of them; and (3) the Relevant Customers to sign Tri-party Payment Agreement(s) and we would reject such Third-party Payment Arrangement(s) otherwise. Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our quality management system. Furthermore, to prevent the re-occurrence of the Third-party Payment Arrangements going forward, we have implemented enhanced internal control measures, including establishing a mechanism to monitor all coming payments through third-party payors. We revised our internal policies and notified all of our employees that they are prohibited from accepting third-party payments. According to our revised internal policies, once such third-party payment incidents are found, our employees shall promptly notify our headquarters, and our managers in charge will further review before reporting to the management for further decision and handling. During the Track Record Period and up to the Latest Practicable Date, other than simply accepting the third-party payments paid by the third-party payors for the Relevant Customers, we have not proactively initiated any of the Third-party Payment Arrangements, nor have we participated in any separate arrangement between the Relevant Customers and their respective third-party payors for the settlement of the payments owed by the Relevant Customers to the third-party payors. As confirmed by our Directors, the Relevant Customers would only inform us of the Third-party Payment Arrangement after the payments have been settled by the third-party payors, even though we have required our customers to settle their payment directly through their own corporate bank accounts as aforementioned. Moreover, we were not involved in the negotiation and execution of the Tri-party Payment Agreements. Such agreements were only sent to us for record upon execution by the Relevant Customers and third-party payors.

Since February 2023, we have ceased all Third-party Payment Arrangement(s). Given the immaterial revenue contribution from the Relevant Customers through Third-party Payment Arrangement(s) during the Track Record Period, our Directors are of the view that the cessation of Third-party Payment Arrangement(s) will not have any material impact on our business, results of operations and financial performance. Based on the above internal control measures which have been fully adopted by our Company since February 2023 and the fact that since February 2023, there has been no Third-party Payment Arrangement, our Directors are of the view that the above enhanced internal control measures are effective and adequate in preventing unauthorised third party payments and its associated risks. Since February 2023, we have been strictly enforcing no Third-party Payment Arrangement policies via additional written notices, and enhancing internal procedures requiring employees to carefully verify payment information against the information recorded in our system to ensure that payments are made through customers' bank accounts. Our managers in charge have been closely monitoring relevant arrangements and overseeing the implementation of the aforementioned policies. As at the Latest Practicable Date, all Third-party Payment Arrangement(s) have been ceased. Based on the above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the effectiveness and adequacy of the above enhanced internal control measures.

Internal control measures have been established to preserve the integrity of our Company's financial and accounting information and prevent fraud and money laundering activities:

- A compilation of financial management system and an information system account, password and authority management system have been established to govern the financial reporting process and the integrity of financial information. Such policies are approved by management and circulated to relevant staff for execution.

- User privilege of the accounting system has been granted according to the roles and responsibilities of the accounting personnel. In addition, the system administrator of the accounting system is currently designated to IT personnel.

- In addition, the user rights of the accounting system of the resigned personnel have been inactivated. The audit record of user permission is reviewed by management of IT department.

- Timetable for month end financial closing has been set up for accounting staff to follow. Different types of accounting vouchers are approved by designated accounting personnel based on relevant supporting document, while monthly financial statement is reviewed by our financial controller.

- Code of conduct has been established which has set out the rules or policies that all staff should adhere to.

- Whistle blowing policy has been formulated. It specifies the reporting and investigation procedure of misconduct, malpractice and irregularity. In addition, the management has set up independent communication channel to handle the complaint from the whistleblowers.

- An anti-money laundering and counter terrorist financing policy has been established and approved by the management. The policy is established to provide for the imposition of requirements relating to customer due diligence and record-keeping. It also stipulates the reporting channel when potential case relevant to anti-money laundering and counter terrorist financing occurs.

PRC Laws in relation to the Third-party Payment Arrangements

As advised by our PRC Legal Adviser, (i) the Third-party Payment Arrangement(s) are assignments of liability from Relevant Customers to third-party payors; (ii) the Tri-party Payment Agreement(s), once they come into effect, constitute legal and binding obligations on each of the parties under the Third-party Payment Arrangement(s) pursuant to the Civil Code of the PRC (中華人民共和國民法典); (iii) the Third-party Payment Arrangement(s) without a delegation of payment letter and/or Tri-party Payment Agreement expose the transaction(s) to the risk of repayment due to the lack of the consents of relevant parties. Nevertheless, our PRC Legal Adviser is of the view that the arrangement(s) (including the transactions without a delegation of payment letter and/or Tri-party Payment Agreement) do not contravene or circumvent applicable laws or regulations in the PRC.

In accordance with our PRC Legal Adviser, Article 191 of the Criminal Law of the PRC stipulates that whoever commits any of the following conducts to cover up or conceal the origin and nature of any proceeds as well as any gains accrued by such proceeds of a drug crime, an organized crime of gangland in nature, a terrorist crime, a crime of smuggling, a crime of corruption or bribery, a crime of disrupting the order of financial administration, or a crime of financial fraud shall commit the crime of money laundering: (1) providing any account for the aforesaid funds; (2) converting property into cash, negotiable instruments, or denominated securities; (3) transferring funds by bank transfer or any other means of payment and settlement;

(4) transferring assets across border; (5) otherwise covering up or concealing the origin and nature of any proceeds of crime and gains accrued by such proceeds. Therefore, a company commits the crime of money laundering only when it commits the related acts of assistance in transferring the funds for the purpose of covering up or concealing the origin and nature of any proceeds of the aforementioned crimes as well as any gains accrued by such proceeds.

Our Group and the Relevant Customers entered into contracts based on true declarations of wills. The Relevant Customers actually delivered the goods to the our Group, and our Group provided logistics services. When our Group received funds from a third party during normal business operation, we would settle the logistics costs with the suppliers engaged, whereas such suppliers were not designated by the Relevant Customers nor the third party, and they were not connected parties of the Relevant Customers or the third party. Our Group made corresponding payments to the designated suppliers according to actual and normal business operation, and there was no commitment of related assisting acts in transferring the funds for the purpose of covering up or concealing the origin and nature of any proceeds of the aforementioned crimes as well as any gains accrued by such proceeds. In this regard, our PRC Legal Adviser is of the view that the risk of the Third Party Payment Arrangement be deemed as money laundering under the Criminal Law of the PRC is not high.

TRANSFER PRICING ARRANGEMENT

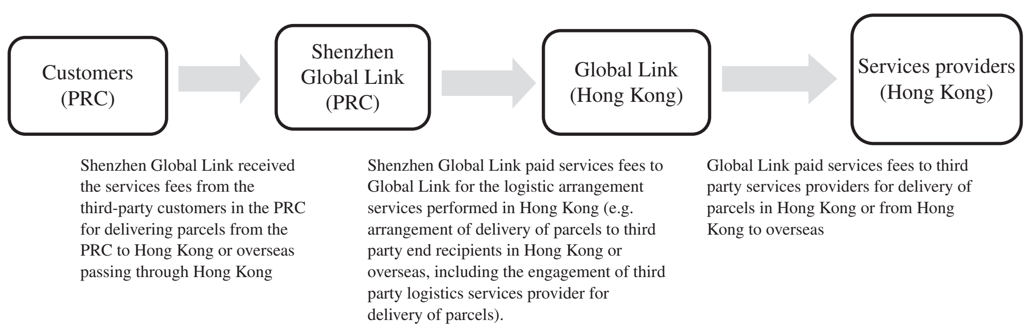
Overview

Our Group conducted its cross-border e-commerce logistics services via various subsidiaries located in different cities in the PRC to cope with the customers' demand and arrange cross-border delivery of parcels. The subsidiaries are the engagement parties for both customers and the logistics service providers.

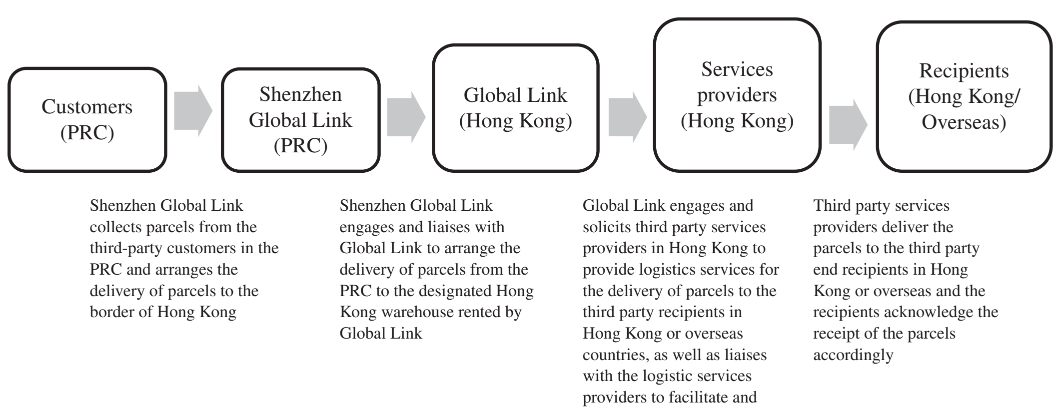
Transfer pricing analysis

For individuals and businesses in the PRC requesting cross-border e-commerce logistics services from the PRC to Hong Kong, or from the PRC to overseas countries passing through Hong Kong, Shenzhen Global Link was principally the engagement party for such services, and responsible for the liaison with the customers in the PRC, including the confirmation of orders from customers via our order system, collecting the parcels from the customers and arranging the delivery of parcels from the PRC to Hong Kong. Thereafter, Global Link was engaged by Shenzhen Global Link for further arrangement of the delivery of parcels in Hong Kong, or delivery of parcels to overseas countries by other logistics service providers engaged by Global Link. Global Link was therefore responsible for soliciting and engaging suitable logistics service providers in Hong Kong to deliver parcels to the designated recipients in Hong Kong or overseas countries, as well as liaising with the respective logistics services providers to facilitate and monitor the delivery process. Set out below are the fund flow and logistics flow from the PRC to Hong Kong between Global Link and Shenzhen Global Link:

Fund flow from the PRC to Hong Kong



Logistics flow from the PRC to Hong Kong



In accordance with the transfer pricing analysis prepared by our transfer pricing consultant, the transactional net margin method was selected as the most appropriate transfer pricing method and the full cost mark-up ratio ("**FCMU ratio**") were selected as the most appropriate transfer pricing method and profit level indicator, respectively, to assess if the related-party transactions conducted between the relevant companies are carried out on an arm's length basis. Based on the benchmarking analysis performed, (i) the FCMU ratio of Global Link computed for FY2020 and FY2022 were within the inter-quartile range for the comparable independent third parties; and (ii) the FCMU ratio of Global Link computed for FY2021 was below the lower range for the comparable independent third parties. Having said, in the case of a formal transfer pricing adjustment (where mutual adjustments should be agreed by the respective in-charge tax authorities) being made for FY2021, and by adopting the internationally accepted approach and practice in general, the adjustment would result in a net decrease of total income tax payable by our Group in FY2021. This is on the basis that additional profits adjusted to Global Link would cause an increase in taxable profits of Global Link, and an increase in Hong Kong Profits Tax Liability at 16.5% tax rate. On the other hand, there will be a reduction in taxable profits of Global Link Shenzhen, and reduction in Enterprise Income Tax at the rate of 25%. Due to the differential prevailing tax rates applicable in both jurisdictions, additional profits would be allocated and taxed in a lower tax rate jurisdiction whilst reduction of profits in the same amount and a refund of tax would be triggered in a higher tax rate jurisdiction. As such, the subject related party transactions did not appear to have caused any reduction, avoidance or evasion of income tax from the overall transfer pricing perspectives. As a whole, there would not be adverse tax impact on the Group for FY2021 in this regard. Accordingly, based on the transfer pricing review, our Directors, after consultation with our transfer pricing consultant, are of the view that the related party transactions did not appear to create any significant challenge by the relevant tax authorities in our transfer pricing policy for the relevant years/period from the respective regulatory framework perspective, and the risk of being challenged by the relevant tax authorities for profits shifting is relatively low. Specifically, transfer pricing analysis is not applicable for the six-month periods ended 30 June 2022 and 2023, since (i) the relevant tax authorities generically conduct investigations and impose tax adjustments, if applicable, on a taxpayer in response to its transfer pricing matters on a yearly basis, and (ii) there might be seasonable fluctuations that could affect the financial performance of Global Link Hong Kong for the six-month periods ended 30 June 2022 and 2023 as compare to its full year financial performance, it would therefore be inappropriate to conduct a formal transfer pricing benchmark study for Global Link Hong Kong for the subject periods by using data of the comparable companies which are obtained on a yearly basis.

As at the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit or investigation by any tax authorities with respect to our transfer pricing arrangements. Based on the foregoing and as advised by our transfer pricing consultant, our Directors are of the view that our the risk of transfer pricing arrangements during the Track Record Period being challenged by the relevant tax authority for profits shifting is relatively low.

With a view to ensuring ongoing compliance of the applicable transfer pricing regulations, we have adopted the following measures to ensure ongoing compliance with the relevant transfer pricing laws and regulations in Hong Kong and the PRC:

(i) we shall maintain the engagement of an external tax adviser to advise us on transfer pricing matter annually. The most appropriate transfer pricing method and price and profit level indicator should be selected according to analysis prepared by the external tax adviser. We should formulate the transfer pricing policy of the transactions through financial budgeting according to the result of the analysis;

(ii) training will be provided to our senior management relating to updates on relevant transfer pricing laws and regulations in the relevant jurisdictions;

(iii) our Directors and financial controller should review all reporting forms before submitting to the relevant tax authority;

(iv) our Directors and financial controller will make sure the transfer pricing arrangement is aligned with each party's value contribution;

(v) our Directors will review the terms of the material inter-company transactions and regularly monitor our transfer pricing policy to ensure the transactions are carried out on arm's length basis; and

(vi) our financial controller will document and file relevant supporting documents of value contribution of each party for risk management, including but not limited to responsibilities planning, correspondences, performance and outcome assessment of relevant work.

Based on the above, the transfer pricing consultant is of the view that the above measures adopted by the Group are principally effective and adequate to improve ongoing compliance of the applicable transfer pricing regulations. Having considered the above, our Directors are of the view that above measures are sufficient and effective.

For further details of our Group's risks relating to transfer pricing, please refer to the section headed "Risk Factors — Risks relating to our business and industry — Our operations may be subject to transfer pricing adjustments" in this document.

SEASONALITY

Our Directors believe that the cross-border e-commerce logistics industry is affected by seasonality. We usually experience a slight increase in freight volume in the fourth quarters of each year as such period are peak seasons for e-commerce platforms to carry out annual offline and online marketing activities such as "double eleven" (雙十一), "black Friday" and Christmas marketing sales.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have registered 15 trademarks in the PRC, 3 trademark in Hong Kong, 3 patents in the PRC, and had registered 8 domain names that are, in the opinion of our Directors, material to our business. For further details of our intellectual property rights, please refer to the paragraph headed "Statutory and general information — B. Further information about the business of our Company — 2. Intellectual property rights of our Group" in Appendix IV to this document.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any infringement to our intellectual property rights which had a material adverse effect on our business, results of operations, financial conditions and prospects, and we were not involved in any disputes or litigations relating to the infringement of the intellectual property rights or aware of any such claims either pending or threatened.

CYBERSECURITY AND DATA PRIVACY

We attach importance to data security and protection. We mainly collect and store different types of data from our customers and recipients, including but not limited to (i) personal/corporate data, such as name, telephone number and address, and (ii) transactional data, such as particulars of the parcel contents (number, weight and nature) and customs clearance data. Such information is collected with prior user consent in accordance with applicable laws and regulations and is stored in our system unless it is requested to be removed by the relevant customers/recipients or government authorities. As confirmed by our Directors, the information was used by our business department to facilitate our operations. Our Group has established the personal information protection management policy, data export management policy, network information security complaint and reporting policy, data storage and expiration destruction policy and the personal information security impact assessment policy. Relevant policies include the definition of data export, contract management, personal information transmission and data security measures, personal information-related rights management, different types of data destruction methods, data export risk assessment, etc. Moreover, our Group has established a document management policy.

It stipulates the roles and responsibilities of record keeping of each department, methods of keeping different document types, penalty of losing and leakage of confidential information. The policies have been approved by the management and circulated to relevant staff for execution.

In order to prevent our staff from using confidential data, non-disclosure clauses have been included in the staff handbook which requires staff to keep any confidential information properly. All staff is required to provide written confirmation to acknowledge their understanding on the handbook and willingness to comply.

For data export with third parties, our Group has compiled relevant supplementary agreement templates in accordance with the "Standard Contract Regulations for Export of Personal Information". If our Group's business with any third party involves the export of personal information and data, our Group will arrange to sign a data privacy supplementary agreement with the relevant third party. The content of the agreement mainly includes (1) the location and period of data storage abroad; (2) the processing measures for the outbound data after the storage period is reached, the agreed purpose is completed, or the legal document is terminated; (3) binding requirements for retransfer of data to other organizations and/or individuals; and (4) the security measures that should be taken when there are substantial changes in the actual control or business scope of the overseas data recipient, or changes in the recipient's country or region's data security protection policies and regulations and network security environment which makes it difficult to guarantee data security.

As advised by our PRC Legal Adviser, according to the Certification of Filing on the Hierarchical Protection on the Safety of Information System issued by the Public Security Bureau of Hangzhou to our Group, the security protection of information system of our Group categorised as the third level of the hierarchical protection on the safety of information system, and which, the hierarchical protection on the security of its information system can be divided into five levels, from low to high. As for express delivery, the highest level of security protection for information systems applicable is third level, which refers to when an information system is destructed and such destruction would cause serious damage to the social order and public interests, or general damage to national security.

As advised by our PRC Legal Advisers, (i) the Group is capable to detect, monitor and deal with the corresponding events in relation to security protection, network and information security in a timely manner, as well as to ensure the information and network security of the Group, so to minimise the likelihood of any damage to the social order, public interest or national security as a result of the destruction of the information system from happening; (ii) the Group has strictly complied with the relevant requirements to fulfil the third level of the hierarchical protection of the said security system, and obtained Certificate of Recorded Protection of Information System Security Level*《信息系統安全等級保護備案證明》issued by the competent authorities of the

Public Security Bureau; and (iii) during the Track Record Period and up to the Latest Practicable Date, our Group has not been subject to supervision and inspection or administrative penalty related to data security or personal information imposed by relevant competent departments.

PROPERTIES

As at the Latest Practicable Date, we owned 4 properties in the PRC with an aggregate gross area of approximately 685.6 m^2, which were primarily used as offices. We have obtained all the requisite certificates and permits for our owned properties.

As at the Latest Practicable Date, we leased 43 properties in the PRC and 3 properties in Hong Kong, with an aggregate gross floor area of approximately 18,017 m^2 (excluding one workshop and two carparks located in Hong Kong), which were primarily used for offices, staff accommodation, logistics operations and/or storage purposes.

Among our leased properties, we have leased the following property as at the Latest Practicable Date:

Address	**Approximate gross floor area**	**Term**	**Use of property**
	(m^2)		
Factory No. 13-1, Xintang Road, Xintian Community, Fuhai Street, Baoan District, Shenzhen City, the PRC.	1,870	From 8 August 2023 to 7 August 2026	Offices, logistics operations and storage

We believe that there are sufficient supply of properties in the PRC and Hong Kong, and thus we do not rely on existing leases for our business operations.

As of the Latest Practicable Date, landlords of 11 out of our 43 leased properties in the PRC have not provided us with valid title certificates or relevant authorization documents evidencing their rights to lease the properties to us. Consequently, if any of these leases is terminated as a result of challenges by third parties, we may not be able to continue to use such properties. We believe that there are alternative premises available at reasonable market rates if we were forced to relocate our premises which lack valid title certificates.

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the relevant local branches of the PRC Ministry of Housing and Urban Development. As of the Latest Practicable Date, we had not completed lease registration of 36 properties we leased in the PRC, primarily due to the landlords' failure to provide valid title certificates or the difficulty of procuring the relevant landlords' cooperation to register such leases. Our PRC Legal Advisor has advised us that the lack of registration for the lease contracts will not affect the validity of such lease contracts under PRC law, and has also advised us that a maximum penalty of RMB10,000 may be imposed for each incident of non-compliance of lease registration requirements.

EMPLOYEE

As at 30 June 2023, we had a total of 473 full-time employees. Most of our employees are located in the PRC. The table below sets forth the number of our employees with breakdown by function as at 30 June 2023:

Function	Number of Employees
Management	20
Operations and customer services	334
Sales and marketing	50
Human resources and administration	15
Finance	37
Information technology	17
Total	**473**

Relationship with staff

Our Directors consider that we have maintained a good relationship with our employees. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable labour laws and regulations in all material respects.

Our employees were represented by labour unions. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant disputes with our employees or any disruption to our operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel.

Training

We provide orientation training to our newly recruited employees to help them understand our corporate culture. We also organize a mentorship program where our more experienced employees help our newly recruited employees to enhance their skills and knowledge in relation to the daily operation. From time to time, we also hold training meetings to enhance the skills of our employees.

Remuneration and benefits

We generally pay our employees a fixed salary, allowances and a performance-based bonus. In general, we determine an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate. We are required to make contributions to mandatory social insurance funds for our employees to provide retirement, medical, work-related injury, maternity and unemployment benefits, as well as housing provident funds, under the applicable PRC laws and regulations.

INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events. We have purchased compulsory motor vehicle liability insurance and commercial insurance such as automobile third-party liability insurance, vehicle loss insurance and driver/passenger liability insurance. We also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance to our employees.

We do not purchase insurance for items delivered by us except for ocean cargo transportation insurances. We do not maintain business interruption insurance; nor do we maintain product liability insurance or key-man insurance. We consider that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. Our management evaluates the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. For our risks relating to our insurance coverage, please refer to the section headed "Risk factors — Risks relating to our business and industry — Our insurance coverage may not be adequate, which could expose us to significant costs and business disruptions" in this document.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Our Group's governance regarding ESG

We are committed to environmental protection and promoting corporate social responsibility and best corporate governance practices to create sustainable value for our stakeholders and take up responsibilities as a corporate citizen. We seek to uphold the highest standard of corporate governance as a means to ensure our sustainable growth and safeguard the interests of all of our stakeholders, including but without limitation, our shareholders, employees, suppliers, customers, other business partners and the community at large. We acknowledge the responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impacts on our business operations. We are committed to comply with the ESG reporting requirements upon **[REDACTED]**, the Group's policies on ESG related matters were established in accordance with the standards set out in Appendix 27 to the Listing Rules. As such, we engaged an independent ESG consultant (the "**ESG Consultant**") to assist us to achieve the aforementioned. Our Board has overall responsibility for formulating and overseeing our Group's policies, strategies and execution on ESG-related matters.

Board Governance

Our Group has adopted comprehensive ESG policies. Our Board and management are primarily in charge of assessing and evaluating ESG and climate related risks and opportunities, as well as reviewing existing strategies in order to monitor the ESG aspects in the day-to-day business operations of our Group, including implementation of necessary measures to mitigate the potential and relevant risks. Mr. Zhang Guangyang and Mr. Zhu Jiong, two members of our Board, possess relevant corporate governance experience on ESG-related matters. They have the expertise to (i) govern the process of data-collection and review emissions, energy consumption and operational materials consumption; (ii) supervise work distribution for implementation of ESG systems; and (iii) design and execute energy saving and environmental initiatives such as to explore the possibilities of procurement of environmental friendly and energy-saving materials for business operations.

Our Board reviews ESG and climate related matters, as well as the progress of ESG related goals at least once a year. Our management reviews the goals and targets set and implement policies for improving our Group's performance regarding ESG and report to our Board. Our management has established policies where various departments of our Group are assigned with ESG-related tasks and responsibilities, including setting goals for reducing carbon emissions, enhancing resource conservation, and promoting environmental protection. Such policies are kept in place to maximise the expertise of different departments for yielding the best results from various measures.

In addition, upon **[REDACTED]**, our Group will publish ESG report on an annual basis pursuant to the reporting requirements under the Listing Rules. This will allow our Board to analyse and disclose important ESG matters, risk management, accomplishment and performance of the objectives of the Group.

Our Board is responsible for assessing the risks associated with ESG and climate change, and directs the management to execute relevant ESG strategies and policies accordingly. The management takes part in encouraging different departments to seek for improvements in ESG strategies, in order to reduce the possible negative impacts on the business operation. The progress of the execution of ESG policies, potential ESG risks that arise from the operation and other material issues are reported to our Board by the relevant management and supervisors of the departments on an annual basis or when necessary.

Furthermore, under the supervision of our Board, our management will also keep track of the emerging market trends regarding ESG-related issues that may potentially impact the business operation of our Group, so that timely adjustments could be made to ensure that our Group is able to follow international trends and standards in relation to ESG-related issues.

To ensure regular and effective communication between our Group and the major stakeholders, such as investors, the government, the public and employees of our Group, our management has established various communication channels. Our management also ensures internal communication within our Group amongst different departments as well as our Board through Board meetings, investor meetings, monthly meetings, dedicated reports and social media platforms. This allows our Board to evaluate and assess the effectiveness of the abovementioned policies and measures, in order to better manage ESG-related issues of our Group.

ESG Risk Management and Strategy

Our Group has identified the material environmental, social and climate-related issues highly relevant to our business through various channels, including taking internal and external stakeholders' opinions into consideration, analysis from materiality maps provided by well-known external institutions including the ESG Industry Materiality Map by Morgan Stanley Capital International ("**MSCI**") and Sustainability Accounting Standards Board ("**SASB**") Materiality Map by SASB, as well as the assistance of third-party ESG consultants. Materiality assessment is a three-step process of identification, prioritisation, validation and review. The material sustainability topics identified by the stakeholders were based on the results of the materiality assessment surveys which contain 35 potential material topics were identified with reference to the ESG Industry Materiality Map and SASB Materiality Map. Based on (i) "the importance of economic, environmental and social impacts"; (ii) "the impact on stakeholders' assessment and decision-making"; and (iii) the results of the abovementioned materiality assessment surveys completed by stakeholders, where the topics with scores higher than the upper quartile will be taken into consideration, the priority of material issues is decided. The management of our Group reviews and confirms the material issues and reviews the scope for improvement in the future. Such environmental, social and climate-related issues may lead to various risks and opportunities to our Group, potentially impacting our Group in different ways. Our Group identified 5 material ESG-related issues which have significant impact on the Group's business and stakeholders and listed below (for further details, please refer to the paragraph headed "Employee" in this section).

In assessing the materiality of ESG-related risks, we consider the relevant factors, such as the nature of our business, and specific data, such as consumption data of the vehicles, water and electricity during the Track Record Period.

The business operation of our Group could be affected and are subject to financial risks if the logistics providers, cargo owners and truckers we work with, or other participants in our ecosystem are materially and adversely affected by extreme weather conditions, including those resulted from climate change. For example, we may face risks related to natural disasters, extreme weather conditions and other unforeseeable incidents.

In addition, we face potential and actual ESG-related challenges in multiple aspects. For example, (i) suppliers, including logistics service providers, sea carriers and air carriers, we cooperate with may fail to meet vehicle emission standards or requirements and violate laws and regulations related to environmental protection; (ii) we may not be able to detect or prevent our suppliers from increasing their carbon emissions during transportation under extreme weather conditions; and (iii) we may not be able to detect or prevent our logistic suppliers from transporting illegal and dangerous cargo, violating fire safety-related regulations and indirectly affecting the safety of the workers and our business operation. To mitigate and prevent the abovementioned potential and actual risks, our Group will continue to monitor extreme weather conditions and comply with relevant laws and regulations.

Material Issues	Potential Risks and Impacts
Greenhouse Gas Emissions	A rise in the frequency and severity of extreme weather events (such as super typhoons and heavy rainstorms), changes in precipitation patterns, and extreme variability in weather patterns impact our business operation in the short and medium term.

	Potential financial impacts are identified such as the increase in operating costs due to the increase in difficulty in the transportation of products during extreme weather events, implementation of new practices and processes on extreme weather events management and increase in maintenance and repair budgets.
Air Quality	Various air pollutants are emitted from logistic vehicle fleets, which have a negative impact on ambient air quality. Under increasing regulatory pressure, customer preference and rising fuel cost, the Group may need to modernize the fleet by employing more expensive alternative fuels and upgrading existing emission control devices, which potentially increase the operational cost.
Labour Practices	Potential disputes arising from dissatisfaction of wage, benefits and fairness could provoke arguments that may hinder our Group's operation. Employees receiving inadequate training may lead to improper handling processes may pose threat to customers' goods and most importantly damage the reputation of our Group.
Employee Health & Safety	Health and safety of employees are inextricably linked to our Group's productivity which further influences its profitability. Injuries due to accidents, fatigue and improper handling of machinery could hinder our Group's operation to different extents.
Supply Chain Management	Our Group contract with large, complex networks of asset-based third-party providers to provide cross border e-commerce logistics services to customers. Our Group may fail to provide quality service on time in light of inappropriate selection of contractor. Under this circumstance, our Group may be fined or requested for compensation because of the breaches of contracts.

Environmental Matters

We endeavour to minimise the potential environmental and climate-related risks and impacts from our daily operation and to foster green operation within our Group. Our Group strictly abides by the environment-related laws and regulations involving air emissions, wastewater discharge, and waste disposal of the PRC and Hong Kong. We are aware of the environmental impacts that it may induce and the resources that are required for the business operation. Therefore, we have set directional environmental targets, committing our Group to:

- enhance energy and water conservation;
- fully comply with the national discharge standard; and
- zero environmental pollution accident.

We have taken into account the quantitative information that reflects environmental-related risks to our management, including pollutants emissions from vehicles and greenhouse gas emissions as well as resource consumption. Our Group also sets a measurable emission targets, we expect to achieve the goal of reducing at least 8% of energy consumption by 2030 with 2020 as the base year taking into consideration of factors such as the potential expansion of business of the Group upon **[REDACTED]**, such as setting up new service outlets. Energy consumption of the Group has decreased in FY2021 by 39% from FY2020, and increased by 20% in FY2022 from FY2021. Overall, the energy consumption dropped by 27% in FY2022 compared to FY2020. In light of the historical figures during the Track Record Period, the ESG Consultant is of the view that 8% reduction in energy consumption by 2030 (with FY2020 as the base year) is achievable. However, such as change in business operations or energy prices could impact the achievability of target reduction. In order to achieve the target, our Group may face different financial and operational impacts. Implementing energy reduction measures in logistics operations, such as optimising delivery routes and using efficient equipment, can lead to streamlined operations, cost savings (such as lowered electricity and fuel costs, and reduced maintenance expenses), and improved customer satisfaction. Moreover, complying with emission and carbon reduction regulations helps avoid penalties and prepares the Company for future regulatory changes. Nevertheless, to achieve the aforementioned, it may require investments in electric/hybrid vehicles, employee training, and software for route optimisation. With our Group's continuous effort on controlling energy consumption, it is expected that our Group's energy consumption will maintain at an acceptable level despite our anticipated future business growth.

Emissions control

The primary source of our air pollutant emissions is the combustion of fuels from company vehicles. Typical air pollutants emitted include nitrogen oxides, sulphur oxides and particulate matter. Our Group has kept our fleet vehicles properly tuned to maintain the vehicles in an efficient condition as inefficient car engine will use more fuels and emit more air pollutants. Also, our Group reminds drivers not to idle vehicles with running engines and prioritises electric or hybrid vehicles, so as to minimise the air pollutant emissions from our Group's fleet. In addition, we will offer low carbon driving training sessions (e.g. avoid sudden acceleration) to drivers. The following table sets forth the amount of air pollutant emissions of our Group during the Track Record Period:

Air Emissions *(Note 1)*	**FY2020**	**FY2021**	**FY2022**	**6M2023**
Nitrogen Oxides (NOx)	1.66	0.71	0.56	0.52
Sulphur Oxides (SOx)	0.00	0.00	0.00	0.00
Particulate Matter (PM)	0.14	0.06	0.05	0.04

Note:

1. The emission factors are derived from "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the National Development and Reform Commission of the PRC ("**NDRC**"). and "Reporting Guidance on Environmental KPIs" in "How to Prepare an ESG Report" (the "**ESG Report Guidance**") issued by the Stock Exchange in March 2020.

Our greenhouse gas emissions are primarily classified into two scopes: (i) scope 1 includes direct emissions from the combustion of fuels of company vehicles; and (ii) scope 2 includes indirect emissions from purchased electricity and heating. The following table sets forth the amount of greenhouse gas emissions of our Group during the Track Record Period:

Greenhouse Gases Emissions *(Note 1)*	**FY2020**	**FY2021**	**FY2022**	**6M2023**
Total GHG Emissions (tCO_2e)	544	372	434	217
Scope 1 Direct emissions *(Note 2)*	471	255	313	180
Scope 2 Energy indirect emissions *(Note 3)*	73	117	121	37
Intensity (tCO_2e/per employee)	1.12	0.77	0.94	0.46

Notes:

1. The Group's greenhouse gas inventory includes carbon dioxide and methane. For the ease of reading and understanding, the GHG emissions data is presented in carbon dioxide equivalent (CO_2e).

2. Scope 1 included the emissions from the use of vehicles. Calculation method is from the ESG Report Guidance while the emission factors used are from the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the NDRC.

3. Scope 2 included the emissions from purchased electricity. Calculation method is from the ESG Report Guidance. The emission factors used are from the "Average Carbon Dioxide Emission Factor of China Regional Power Grid" and the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" published by NDRC.

Use of Resources

Our Group advocates the wise and efficient use of energy and water consumption, and reduction of waste production within the operations. We actively exercise diverse measures as discussed in the following sections to minimise wastage of energy and to save resources. Our Group targeted to reduce wastage of water and energy, and waste generation. Our Group also aimed to promote waste sorting to differentiate recyclable waste.

For lighting in office, we separate light switches for different light zones and employees are required to switch off lighting when zones or rooms are not in use. Our Group maximises natural light in the workplace as far as practicable to save electricity consumption. To maximise the efficiency of lighting, lamps and light fixtures with high energy efficiency, such as T5 fluorescent lamps and LEDs, are adopted and regularly cleaned.

In order to increase the efficiency of air conditioners, our Group will clean the filters and fan coil units regularly. In addition, employees are asked to place weather strips on doors and windows to prevent leakage of conditioned air. We have also set a minimum temperature of 25.5 degrees Celsius for the air conditioning systems and avoided installing air-conditioners in areas with direct sunlight exposure. For rooms not being used, our Group requires employees to switch off the air conditioners.

To minimise the energy wastage from electronic equipment, the computers are set to automatic standby mode when idling and employees are required to switch off electronic equipment when leaving office. In addition, our Group purchases electronic equipment with Energy Efficiency Label and give priorities to equipment with higher efficiency.

The following table sets forth the data of energy consumption of our Group during the Track Record Period:

	FY2020	FY2021	FY2022	6M2023
Total Energy Consumption (MWh) .	1,930	1,179	1,411	753
Use of Vehicles (MWh) *(Note 1)*	1,813	994	1,223	693
Purchased Electricity (MWh) *(Note 2)*	117	185	188	60
Intensity (MWh/per employee)	3.99	2.44	3.05	1.59

Notes:

1. Vehicles consumption is calculated based on the actual amount consumed. Calculation method is from the ESG Report Guidance. The emission factors were calculated with reference to the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by NDRC.

2. Electricity consumption is calculated based on the actual amount purchased.

As for packaging materials, our Group is mainly involved in the repackaging of already-packaged parcels received from customers after performing inspection in our service outlets. The following table sets forth the data of the use of packaging materials of our Group during the Track Record Period:

Packaging material use	FY2020	FY2021	FY2022	6M2023
Total packaging materials (tonnes) . . .	16.04	13.82	11.84	5.92

Our Group pays serious attention to the effective use of packaging materials. We would assess the materials usage prior to procurement to prevent wastage of resources caused by excessive stock. Meanwhile, we are committed to using less disposable materials and opt for recyclable alternatives (for example, carton box instead of plastic packaging), as well as making good use of materials through recycling the reusable materials generated from our activities or services without compromising product safety and integrity. We shall establish key performance indicators (KPIs) to measure progress in packaging waste reduction and regularly monitor and evaluate the effectiveness of implemented strategies.

We will conduct training programs for employees to raise awareness about the importance of packaging waste reduction. We foster a culture of sustainability by encouraging employees to actively participate in packaging reduction.

Our Group prepared the environmental KPIs such as emission and energy consumption in accordance with the ESG reporting guide set out in Appendix 27 to the Listing Rules. There is no data on industry averages or standards on emissions and energy consumption available. The calculation and emission factors are extracted from the ESG Report Guidance.

The ESG Consultant is responsible for the verification of our Group's emissions and energy consumption data by carrying out the following procedures: 1) sample check the source documents; 2) verify the calculation methodology and/ or the emission factors; and 3) recalculate the aforementioned information.

Social Matters

Labour Practices

Human capital is valuable for our Group in reaching long-term sustainable development. Our Group believes that human resource management is of utmost importance to the business of the Group, and understands that well-established employment procedures enable itself to attract and retain talents.

Our Group is committed to promoting fairness and equality in the workplace, as well as providing equal opportunities to its employees. Our Group has formulated multiple measures in order to protect the rights of employees, including but not limited to terms of recruitment, promotion, compensation and dismissal, equal opportunities, diversity, anti-discrimination, and other benefits and welfare, such as working hours and rest periods. Our Group is dedicated to providing fair and open opportunities to all employees during hiring processes, remuneration and benefits provision, as well as training and promotion opportunities. The decision will not be affected by age, sex, physical or mental health status, marital status, race, nationality, or other factors.

Our Group strictly prohibits the employment of child labour in accordance with the relevant laws and regulations such as the Employment of Children Regulations of Hong Kong and the Provision on the Prohibition of Using Child Labour of the PRC. The Group has implemented measures and procedures that emphasise on strict prohibition of engaging child labour. The human resources and administration department of the Group checks applicants' documents such as identity cards, household register, academic certificates to confirm if their age, identity, educational background and appearance match their supporting document prior to entering employment contract with them, so as to prevent misemploying child labour.

Upon receipt of resignation from an employee, the corresponding department head will organise an exit interview with the resigning employee to discuss the reasons for resignation. The human resources and administration department of the Group will closely monitor staff turnover as an attempt to identify potential problems within the Group regarding employees.

Our Group has put a strong emphasis on providing suitable trainings for employees in order to cater for the requirements of various positions. The Training Department designs appropriate annual training programs and plans which includes internal training such as orientation training and mentoring program. For external training, our Group encourages employees to attend trainings and seminars held by external organizations.

As a way to care about employees, and at the same time stimulate their working initiative, our Group offers all employees a wide range of welfare and benefits. Our Group strictly complies with laws and regulations in PRC including but not limited to the Social Insurance Law of the PRC, the Labor Law of the PRC and the Labor Contract Law of the PRC.

The following table sets out the number of employees of our Group by gender, age group and function as at 30 June 2023:

Employment indicators	**As at 30 June 2023**
Total employees	473
By gender	
Male	301 (64%)
Female	172 (36%)
By age groups	
Age <30	182 (38%)
Age 30–50	275 (58%)
Age >50	16 (3%)
By employment types	
Management	20 (4%)
Operation and Customer Services	334 (71%)
Sales and Marketing	50 (11%)
Human Resources and Administration	15 (3%)
Finance	37 (8%)
Information Technology	17 (4%)
Total	473

Occupational Health and Safety

Work safety and personal safety of employees always come first during the business operation of our Group. Our Group strongly upholds regulatory compliance and gives health and safety standards top priority in its activities. All employees, including management, are responsible for preserving a healthy and injury-free workplace by adhering to different safety initiatives outlined in our Group's policy. The health and safety procedures stress the significance of workplace safety and health and make sure that the office and working environment adheres to or exceeds the standards set out by applicable laws. The management strives to provide a safe workplace in which machines and facilities are in safe and optimal conditions.

Supply Chain Management

Effective supply chain management is the prerequisite to the success of the logistic industry business. Therefore, our Group aims to minimise the environmental and social risks of its suppliers by setting criteria for supplier selection. Our Group will evaluate suppliers' service quality, delivery time, production capacity, compliance and other factors. Suppliers should comply with all relevant local and international laws and regulations regarding anti-bribery, anti-corruption and other unethical business practices. In addition, our Group will prioritise local suppliers or suppliers that are geographically closer and more accessible to the company to reduce carbon footprint.

Our Group evaluates suppliers' service quality, delivery, production capacity, compliance and other factors during the supplier selection process. Only suppliers that meet our criteria may be added to the list of qualified suppliers for further considerations. On top of that, our Group conducts annual supplier evaluation and eliminate suppliers that do not meet the standards for cooperation from the list of qualified suppliers. Suppliers who are found to be incompliant with our Group's policy will be terminated and removed from the list of qualified suppliers until the situation has been improved.

The following table sets forth the number of suppliers engaged by our Group during the Track Record Period:

Number of Suppliers	**FY2020**	**FY2021**	**FY2022**	**6M2023**
Total number of suppliers	677	653	579	504
China	646	623	542	472
Other Asia Region	12	8	4	5
Europe	8	9	15	10
America	10	12	18	15
Oceania	1	1	—	2

Expenditure of ESG Issues

It is vital for our Group to keep track of its expenditure and projected costs of tackling ESG and climate related issues aroused from business operation, and of abiding by environmental-related laws and regulations.

In the foreseeable future, the Board expects there will be possible changes on greenhouse gas emissions, enhanced emission-reporting obligations and other emission compliance requirements. Our Group may face higher compliance costs and fines in case our Group fails to comply with the reporting or compliance requirements. Our Group will need to spend more research and development expenditures and capital investment in new and alternative technology. Our Group will continuously monitor and assess its climate risk exposure and act to minimise the impact on its operations.

During the Track Record Period, the cost of mitigating environmental, social and climate related impact include but is not limited to the fee for environmental projects and environmental impact assessment consulting. The expenditure of our Group during the Track Record Period is shown below:

Expenditure	FY2020	FY2021	FY2022	6M2023
RMB	236,000	665,000	41,400	88,200

In future, our Group has estimated approximately RMB616,000, RMB1,114,000 and RMB983,000 as the annual budget for the remaining half of 2023, 2024 and 2025, respectively, for managing environmental issues. Our Group shall continue to review the environmental expenditure and budget for environmental compliance and develop well-spent environmental strategies, so as to enhance its environmental performance and operate in a sustainable way.

LITIGATION

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

REGULATORY COMPLIANCE

During the period between 1 January 2020 and 31 December 2022, we failed to pay social insurance and housing provident fund for our employees in accordance with relevant laws and regulations, and also failed to undergo the formalities for registration of housing provident fund contribution.

In accordance with our PRC Legal Adviser, Article 86 of the Social Insurance Law of the PRC stipulates that, where an employer fails to pay social insurance premiums on time or in full amount, the collection agency of social insurance premiums shall order it to pay or make up the deficit of premiums within a prescribed period, and impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; and if it still fails to pay the premiums within the prescribed period, the relevant administrative department shall impose a fine of 1-3 times the outstanding amount upon it. Based on the unpaid amount of social insurance contribution of approximately RMB1.0 million, RMB3.4 million, RMB4.0 million and RMB1.8 million for FY2020, FY2021, FY2022 and 6M2023, respectively, the potential maximum fine which may be imposed on the Group if the Group fails to make required payments within the stipulated period required by the relevant administrative department equals to approximately RMB30.43 million. Our PRC Legal Advisor is of the view that the risk of our Group being ordered to pay the shortfall for social insurance contribution and subject to material administrative penalties due to our Group's failure to provide full social insurances contributions for its employees during the Track Record Period is remote, considering that (i) our Group has obtained compliance confirmation letters from the relevant authorities or credit platforms confirming that there has been no record of administrative penalty in respect of social insurances contributions against our Group during the Track Record Period; and (ii) the provisions for the shortfall amounts of social insurance contribution in the amount of approximately RMB1.0 million, RMB3.4 million, RMB4.0 million and RMB1.8 million for FY2020, FY2021, FY2022 and 6M2023, respectively have been made, which indicates that our Group is capable of making up for the shortfall amount of social insurance contributions within the prescribed period in the event our Group is ordered to do so.

The Regulations on Administration of Housing Provident Funds stipulates that a newly established entity shall, within 30 days as of its establishment, undergo the formalities for registration of housing provident fund contribution with the housing provident fund management center, and shall, within 20 days as of registration, undergo the formalities for opening housing provident fund accounts for its employees. Violation of the aforementioned stipulations will bring about an order by the housing provident fund management center to make up the procedures within a time limit; if it fails to make up the procedures within the time limit, it shall be given a fine of RMB10,000 to RMB50,000. So far, a total of 13 our subsidiaries have not undergone the formalities for registration of housing provident fund contribution, as such subsidiaries have not employed regular employees. We have not yet received any order from the competent department on undergoing the formalities for registration of housing provident fund contribution. If we are ordered by the competent department on handling such formalities, we are capable of supporting such department in a timely manner, and in accordance with our PRC Legal Adviser, the risk for our Group being fined is remote.

Therefore, the above non-compliance issues on social insurance and housing provident fund would not bring material adverse effect to the operation of our Group.

During the Track Record Period and up to the Latest Practicable Date, (i) as advised by our PRC Legal Adviser and confirmed by our Directors, save as disclosed above, we have complied with all applicable laws and regulations in Hong Kong and the PRC in all material respects; and (ii) to the best knowledge of our Directors, we are not aware of any non-compliance of applicable laws and regulations in Hong Kong and the PRC in all material respects of our strategic partners.

Business activities involving the use of De Minimis Exemption in the US

In accordance with our US Tariff Legal Adviser, Section 321 of the Tariff Act of 1930, codified at 19 U.S.C. § 1321(a)(2)(C) (the "**De Minimis Exemption**") authorises U.S. Customs and Border Protection ("**CBP**") to admit certain articles free of duty, taxes, and fees where the "aggregate fair retail value in the country of shipment of articles imported by one person on one day..." is under US$800. Goods meeting these criteria may be entered using informal entry procedures under entry type 86.

The De Minimis Exemption allows an importer to avoid payment of ordinary duties (and formal entry procedures) that may otherwise apply. The De Minimis Exemption also may allow an importer to avoid payment of other additional duties applicable to imports. Critically for parties exporting goods of Chinese origin to the US, goods otherwise subject to the duties imposed on articles of China pursuant to Section 301 of the Trade Act of 1974 ("**Section 301 Duties**") ranging from 7.5% to 25%, may be entered duty free using the De Minimis Exemption.

Purpose of the De Minimis Exemption

In accordance with our US Tariff Legal Adviser, the purpose of the De Minimis Exemption is to avoid administrative burden, including the "expense and inconvenience" to CBP of formal entry procedures that would be "disproportionate to the amount of revenue that would otherwise be collected." Prior to 2016, the threshold for the De Minimis Exemption was limited to entries of an aggregate fair retail value of no more than US$200. The dollar threshold was increased to US$800 via amendment to the Tariff Act of 1930 as part of the Trade Facilitation and Trade Enforcement Act of 2015.

According to F&S, it is common for e-commerce platforms and sellers to deliver goods valued at US$800 or less to the US and enjoy the de minimis tariff exemption in order to lower the logistics costs, given that most cross-border e-commerce sellers focused on the B2C (Business-to-Consumer) business model, accounting for over 60% of all cross-border e-commerce sellers in the PRC, and under the B2C business model, about 80% to 90% of the sellers focuses on delivering small parcels, of which about 80% to 90% are priced below US$800.

For our end-to-end cross border delivery services, the number of parcels valued at US$800 or below delivered to the US by us during the Track Record Period amounted to over 90% of the total number of parcels delivered to the US by our Group, in which parcels refer to a single or multiple parcels delivered to the same location under the same shipment order. As a result, the corresponding revenue generated from parcels delivered to the US during the Track Record Period was generated from parcels under the De Minimis Exemption. In particular, within revenue generated from our end-to-end cross-border delivery services, approximately RMB798.6 million, RMB691.8 million, RMB595.2 million, RMB275.4 million and RMB456.8 million in FY2020, FY2021, FY2022, 6M2022 and 6M2023 were generated from parcels shipped to the US, respectively, representing approximately 52.8%, 51.1%, 47.5%, 45.2% and 67.8% of total revenue in corresponding periods.

Potential changes in De Minimis Exemption

In 2023, two legislative proposals to limit the De Minimis Exemption are pending before the US Congress, the Import Security and Fairness Act (ISFA) and the De Minimis Reciprocity Act of 2023 (DMRA). The two proposals, although varying in substance, both propose to exclude goods of Chinese origin imported to the US from benefiting from the De Minimis Exemption.

As advised by our US Tariff Legal Adviser, if either of the proposals is enacted and implemented in its current form, parcels that would currently be eligible for the De Minimis Exemption would become ineligible for such exemption, and would have to enter the US through a formal entry process. However, the proposals may eventually be revised to provide a less restrictive standard related to the use of the De Minimis Exemption for China-origin goods to enter the US. As advised by our US Tariff Legal Adviser, US Congress is unlikely to pass either the ISFA or the DMRA as a standalone bill. Instead, if there is sufficient Congressional support to move legislation limiting use of the De Minimis Exemption, US Congress will likely include text from either bill (or some combination thereof) in a comprehensive legislative "package" containing many different sections relating to a single subject. At this point in time, it is unclear if a legislative proposal limiting use of the De Minimis Exemption for imports of China-origin goods will move through US Congress and become law. Moreover, the final form and potential effective date of any limitation is also unclear. It is possible that legislation as passed could retain the De Minimis Exemption but only impose a lower dollar value threshold, including on imports of China-origin goods.

In terms of timeline, as advised by our US Tariff Legal Adviser, US Congress is unlikely to pass a China competitiveness package this year, and will instead consider it in early 2024. Only once US Treasury publishes a Final Rule (or an Interim Final Rule) would any final change to the De Minimis Exemption go into effect. The rulemaking process generally takes anywhere from several months to over a year, depending on how fast the agency moves to issue regulations, whether the agency uses the notice and comment rulemaking process, or whether the agency determines to issue an Interim Final Rule.

Under any of the above scenarios, and assuming the earliest that De Minimis Exemption legislation would be signed into law is 2024, the earliest effective date for any change to the De Minimis Exemption likely would be mid to late 2024. However, it is inherently impossible to predict the timing or outcome of the legislative process in the US, and progress on current legislative proposals may be suddenly accelerated, delayed or may not happen at all due to a number of factors. In addition, it is possible that new legislative proposals or regulatory proposals related the De Minimis Exemption could be introduced.

Potential impacts

In our operations, we generally do not act as the importer of record for the parcels that we deliver to the US. That is, we are not responsible for dealing with and paying upfront the duties involved, if any, in the delivery of parcels; nor do we intend to do so in the foreseeable future. As a result, as advised by our US Tariff Adviser, if we can continue our practice of not being the importer of record, we would not become the party directly responsible for the increased costs and duties that the United States would impose in the event that the de minimis exemption is severely restricted. Accordingly, the most likely potential impact on us would be related to any decrease in the frequency of such shipments into the United States by our customers, which could indirectly impact demand for our services.

The proposed changes to the De Minimis Exemption would impose additional fees and costs on to our customers. By extension, these increases could impact demand for our services. Our customers would be responsible under U.S. import laws for payment of the ordinary duties applicable to goods. Imports would also be subject to additional special duties, such as Section 301 Duties which range from 7.5% to 25%. In accordance with our US Tariff Legal Adviser, the specific rate of Section 301 Duties that apply to a product depends on its Harmonized Tariff Schedule ("**HTS**") classification. The rates will often differ even across products within the same category, but the vast majority of HTS classifications fall under the first three "tranches" of Section 301 Duties (colloquially known as Lists 1, 2, and 3) at the rate of 25%. However, clothing and footwear products were more heavily targeted by the fourth tranche (List 4) and are more likely to be subject to the 7.5% Section 301 Duty rate. In addition, in 6M2023, two of the Group's e-commerce platform customers' sales items to the US, which accounted for more than 70% of the Group's total number of sales orders to the US during the same period, approximately above 30% are of the categories that, as confirmed by our US Tariff Legal Advisor, fall under List 4, which subjects them to the 7.5% duty range (however, percentages of numbers of sales items does not necessarily corresponds with percentages of revenue contributed). According to F&S, the primary categories for exports from China to the United States in the cross-border e-commerce sector include electronics, home furnishings, clothing, and footwear. In addition, based on high-level data collected by our Group, it is estimated approximately 25% to 30% of our Group's overall sales items during the Track Record Period was subject to 7.5% duty range (however, percentage of number of sales items does not necessarily corresponds with percentage of revenue contributed). Accordingly, there may be a certain portion of our customers' exports of China-origin goods to the United States that would fall within the 7.5% duty range while the other categories of goods would fall within ranges higher than 7.5% and up to 25%.

The formal entry process is likely to have certain additional information and documentation requirements. As a result, our customers may see increased administrative costs as a result of any documentary requirements associated with the formal entry process and compliance costs to ensure the accuracy of such documentation. We may also see cost increases due to the time and resources needed to assist our customers or coordinate shipments under the new CBP requirements. However, we ourselves will not be directly responsible for compliance or cost increases given that it will not be serving as the importer of record into the United States. In addition, these increased costs would likely be similar across logistics providers importing China-origin goods.

Potential impacts on the industry

According to F&S, if the De Minimis Exemption are to be changed as advised by our US Tariff Advisor, Chinese e-commerce platforms may choose to pass on the costs to consumers, absorb the extra fees themselves, or combine the two options. Nevertheless, according to F&S, US consumers would still likely continue to purchase China-origin products that they purchase before such changes, as these products would still be of relatively low price even after the changes in the De Minimis Exemption as mentioned above.

According to F&S, increases in prices induces by the potential changes in the De Minimis Exemption are not likely to materially change US consumer's purchasing decisions. The vast majority of goods exported from China to the US are items that US consumers are relatively less price-sensitive to, meaning changes in prices of these items are not as likely to affect already-existed consumer behavior and decisions as the same in some other items. In addition, according to F&S, past increases in tariff indicated that increases in tariff had not historically materially affected the volume and value of exports China-origin goods to the US. In 2018, the U.S. government announced two plans to impose a 25% tariff on approximately US$50 billion worth of Chinese goods and a 10% tariff on US$200 billion worth of Chinese goods. Subsequently, the total value of goods exported from China to the US decreased from RMB3.2 trillion in 2018 to RMB2.9 trillion in 2019, and then rose from RMB3.1 trillion in 2020 to RMB3.7 trillion in 2021 and reached RMB3.9 trillion in 2022. Based on historical data, changes in tariff for goods exported from China to the US, albeit with limited impact on shipping volume, are not likely to have significant impact on shipping volume in the long run.

Our mitigating measures

As advised by our US Tariff Legal Adviser, if the current De Minimis Exemption rules change, our customers/buyers will be legally responsible under US import laws for payment of the ordinary duties applicable to the goods that we ship, as well as additional special duties, if applicable, to some of the items that we ship. In addition, the formal entry process will likely result in additional information and documentation requirements by the US customs, which would likely incur information and cost on our Group and/or our customers/buyers.

Currently, our arrangements with our customers who have goods shipped to the US generally provide that we are not responsible for the duties incurred during our services provided. However, in light of the above potential changes in the De Minimis Exemption, we plan to review our current pricing policies and arrangements with our customers engaging in the delivery of parcels to the US to determine how they currently handle duties and fees owed on shipments exceeding the De Minimis Exemption threshold. We intend to ensure that our arrangements with customers do not make us ultimately responsible for duties, fees, and taxes associated with the potential formal entries into the US and that our customers would ultimately be responsible for additional payment of the costs associated with a formal entry, such as including contractual language in our arrangements to request our customers to provide the customers' information for the formal entry itself. We also plan to communicate with our customers to ensure that they are contractually responsible for ensuring their products are in compliance compliant with US customs laws. As a result, our Directors believe that (a) the potential changes in De Minimis Exemption would not affect our cost structure for shipments to the US materially; and (b) the impacts on our business operation and financial performance to be limited.

However, it is inherently difficult to predict consumer behaviors. As a result, our revenue may decrease. In addition, our costs may increase due to more onerous entry processes and the expenses so associated. Furthermore, we cannot ensure you that we will be successful in negotiating with all of our customers to have them be responsible for all costs associated with the additional formal entry process and be liable for any incompliance with US custom laws caused by the documentations or goods themselves. Even if we are able to do so, we may still become parties to any investigations, allegations and litigations arising out of any of such incompliance, which would be costly to defend against and damage our brand reputation.

INTERNAL CONTROL AND RISK MANAGEMENT

In order to maintain sound and effective controls to safeguard our Shareholders' interests and our Group's assets, we engaged an independent internal control consultant (the "**Internal Control Consultant**") to assist us to review our internal control procedures, systems and controls, as well as to put forward respective recommendations. We have adopted, or expect to adopt before the **[REDACTED]**, a series of internal control policies and procedures designed to provide reasonable assurances for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- We have adopted comprehensive policies and procedures in connection with our financial reporting, financial controls and disclosure controls, including financial report management policies, budget management policies, cash and fund management policies, fixed asset management policies, financial statement preparation policies and customer and supplier pre-engagement management procedures. We provide ongoing training to employees in our finance department to ensure that such policies are observed and implemented;

- We have established an audit committee responsible for overseeing our financial records, internal control procedures and risk management systems. For a detailed description of the responsibility of our Audit Committee as well as the qualifications and experience of their members, please refer to the section headed "Directors and senior management" in this document;

- We have implemented measures to ensure better communication and human resources function in our Group. We have a whistleblowing and complaint handling process and all staff would be encouraged to report to and/or notify our management or Directors or the Audit Committee of our Group promptly of any non-compliance or potential non-compliance events. The adequacy and effectiveness of our complaint system will be reviewed regularly;

- We have internal control policies covering various aspects of human resource management such as recruiting, training, work ethics and legal compliance. Our employee handbook contains guidelines on work ethics and prevention of fraud and corruption and these guidelines will be reviewed and updated regularly to meet the requirements of the latest labour laws and regulations. It is also required that all employees will be provided these guidelines as part of their regular training;

- We will continue to monitor our compliance with relevant laws and regulations and our senior management team will work closely with our employees to implement actions required to ensure our compliance with relevant laws and regulations. We will also continue to arrange ongoing training to be provided by Hong Kong legal advisers to our Directors, senior management and employees on the Listing Rules, including but not limited to aspects related to corporate governance and connected transactions, and by our PRC Legal Adviser on PRC laws and regulations. Our senior management, internal audit team and the Audit Committee together will monitor the implementation of our internal control system on an ongoing basis to ensure our policies and implementation are effective and sufficient.

After considering that (i) our Group has implemented (or, where applicable, will implement) the above measures and (ii) our Group has established a proper internal control system to prevent future non-compliance with the relevant laws and regulations, our Directors are of the view that, our internal control measures adopted are adequate and effective. Nothing has come to the attention of the Sole Sponsor to cause the Sole Sponsor to believe that the aforementioned measures are not adequate and effective.

Risk management policies and fostering a compliance culture

- To manage key risks, we have adopted stringent measures and procedures under our quality, safety and environmental management systems (for further details, please refer to the paragraphs headed "Environmental, social and governance" in this section).

- We strive to foster a strong compliance culture in our Group through: (i) a detailed employee handbook provided to each of them after recruitment; (ii) on-going training on various areas; and (iii) signs and posters placed on-site to provide day to day reminders of risks and best practices.

- We are committed to social responsibilities as disclosed in the paragraph headed "Environmental, social and governance" in this section, and consider environmental, social and governance ("**ESG**") essential to our continuous development. We plan to set up metrics and targets for these ESG issues and to review our key ESG performance on a regular basis. Our Directors will actively participate in designing our ESG strategies and targets, and will evaluate, determine and address our ESG-related risk. We may from time to time engage independent professional third parties to help us to make necessary improvements. After the **[REDACTED]**, we will publish an Environmental, Social and Governance Report each year pursuant to Appendix 27 of the Listing Rules to analyse and disclose important ESG matters, risk management and the accomplishment of performance and objectives.

Anti-corruption and anti-bribery measures

As recommended by our Internal Control Consultants, we have formulated and adopted an anti-corruption and anti-bribery regime. Key anti-corruption and anti-bribery measures include the following:

- We provide anti-fraud and ethics training to our employees and distribute our anti-corruption and anti-bribery policy to all employees;

- Our administration department is responsible for identifying improper conduct of our employees and monitoring inter-department activities. The duties of our administration department also include providing anti-corruption and anti-bribery compliance advice, investigating potential corruption or fraudulent incidents, and initiating anti-fraud promotional activities with our Group; and

- We have a whistleblowing and complaint handling process and we will conduct investigations for any suspected cases of bribery, corruption or other related misconduct or fraudulent activities.

We maintain a strict zero-tolerance policy towards bribery and corruption. Our Group will conduct anti-corruption training to strengthen the ethics and integrity governance of the staff, such as understanding the legislation and relevant compliance requirements before commencement of staff recreational activities to raise prevention awareness of corruption risks and to enhance the professional conduct of staff and learn the anti-corruption and integrity standards to be complied with when contacting with public officials. In addition, the employees are required to sign the handbook which including their anti-corruption commitment upon they are on board.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, there are no legal proceedings regarding corrupt or bribery practices brought against us or any of our directors and employees.

Key corporate governance measures

In order to continuously improve our Group's corporate governance in the future, our Group has adopted or will adopt the following measures recommended by the Internal Control Consultant:

1. On 24 February 2023, our Directors attended training sessions conducted by our Hong Kong Legal Advisers on the ongoing obligations and duties of a director of a company whose shares are listed on the Stock Exchange;

2. We have appointed Grand Moore Capital Limited as compliance adviser upon **[REDACTED]** to advise us on regulatory compliance with the Listing Rules;

3. We have appointed Ms. Wong Hoi Ting, as the company secretary, to handle the secretarial matters and day-to-day compliance matters of our Group. She is also responsible for the timing and procedures for convening annual general meetings, including the time for sending notice of meeting and laying the respective financial statements;

4. On 1 December 2023, we established the Audit Committee which will implement formal and transparent arrangements to apply financial reporting and internal control principals in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations, including timely preparation and laying of accounts. It will also periodically review our compliance status with the Hong Kong laws after **[REDACTED]**. The Audit Committee will exercise its oversight by:

   (i) reviewing our internal control and legal compliance;

   (ii) discussing the internal control systems with the management of our Group to ensure that the management has performed its duty to have an effective internal control system;

   (iii) considering the major investigation findings on internal matters as delegated by the Board; and

5. Our Group will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our internal controls and compliance when necessary and appropriate.

View of our Directors

Based on the Internal Control Consultant's review and recommendations, our Group has duly adopted the measures and policies in order to improve our internal control systems and to ensure our compliance with the Listing Rules and relevant Hong Kong and the PRC laws. Furthermore, after the Internal Control Consultant had performed their follow-up review in February 2023, they did not identify any further issues and made no further recommendations in the respective areas covered in their reviews. Based on the results of the internal control reviews, our Directors are of the view that adequate and effective internal control procedures and policies have been put in place by our Group.