

Presentation of the company

**TOKUEI
INTERNATIONAL
LOGISTICS
LIMITED**

Ljubljana, May 2020

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Essential Information:

- The Issuer: TOKUEI poslovno svetovanje d.o.o., Štihova ulica 13, 1000 Ljubljana, Slovenia, reg. no.: 8513848000
- LEI code of the Issuer: 485100RWYOSUI4GQAS07
- Type of securities issued: GDR – Global Depositary Receipt, CFI code: EDSNDR
- Number of GDRs issued: up to 100,000,000
- ISIN code of securities: SI0031800053
- FISN code: TKED/GDR
- Ticker: TKED1
- GDRs: registered, dematerialized, no par value
- Underlying securities: Regular, no par value, registered shares
- Number of underlying securities: 100,000,000
- Issuer of underlying securities (hereinafter: the “Underlying Issuer” or “TOKUEI” or “TOKUEI HK”): TOKUEI INTERNATIONAL LOGISTICS LIMITED, Flat/Rm A 12/F Kiu Fu Commercial Bldg, 300 Lockhart Road, Wan Chai, Hong Kong 999077, reg. no.: 2792375
- LEI code of the Underlying Issuer: 485100HET2DMWDSBYL08
- TOI: Terms of Issue, as kept by KDD d.d.

Introduction of TOKUEI

TOKUEI HK is a limited liability private company duly incorporated and existing in the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter: "Hong Kong"). TOKUEI is a recognised provider of logistics, shipping and related services. TOKUEI specialises in helping its clients import and export their goods to/out of China.

TOKUEI is a purely service oriented company, offering complete and tailor-made solutions to its clients. Its clients are mostly big enterprises with wide international operations, needing fast and reliable transportation of goods in and out from China. TOKUEI organizes all aspects of goods transportation, outsourcing some tasks to its operational partners. TOKUEI takes care of the goods once they leave the factory door and handles all tasks and steps until they reach their final destination, be it a warehouse, store or any other facility.

TOKUEI organizes all parts and methods of transportation, be it land, air, maritime or any combination thereof. TOKUEI takes care of ship bookings, consignment, transit, container assembly and unpacking, settlement of transportation and miscellaneous fees, intermediate delivery and storage services, customs declarations, insurance and all other tasks needed by its clients.

TOKUEI was established in September 2004 and therefore has more than 15 years of experience in the field. Its headquarters are in Pudong New Area, while also operating a Suzhou-based branch. TOKUEI has an established base of clients and possesses considerable expertise in offering logistics services, from simple one-time shipments to complex supply chains. TOKUEI always works directly with clients only and does not work for or through different intermediaries.

TOKUEI recently began employing blockchain technology for its services. In practice it is used in its supply chain for guarantees, information management, settlement of payments and similar tasks between different stages of shipping.

CEO Profile

Shanghai Tokuei International Logistics Co., Ltd. was formed in September 2004 with a registered capital of RMB 5 million. It has been experiencing development for 14 years. Mr. Hu Xin was the shareholder of Tokuei as early as the establishment of the Company (originally 10% of the shares, and later changed to 90% of the shares with the development of the business and the normalization of the Company's operations).

On the eve of the Company's establishment, Mr. Hu Xin was the main member of the management team. He started to engage in international cargo operations in 1997 and has considerable industry experience. Mr. Hu Xin served as the GM of the Company from 2004 to 2016, responsible for the entire business of the Company. For long years in the Company, he not only designed many professional technologies for the Company's research, but also contributed to the Company's business development, who is a superior talent.

From 1997 up to day, Mr. Hu has more than 17 years of experience in the international logistics industry. He is familiar with the entire Shanghai sea and air transport market and all import and export processes. With extensive network and customer channels in the agency business, he is good at developing customers and forming teams, strong in collaboration skills...



Financial data, plans and projections

TOKUEI has an established customer base and stable business operations. As a result of its often tailor-made services encompassing all aspects of supply chains, it can achieve a gross profit margin far in excess of many of its competitors. While the typical gross profit margin in the industry is around 7%-9%, TOKUEI can achieve gross profit margins in excess of 23% on the most complex deals.

During the first 11 months of 2019, TOKUEI had a revenue of \$7,245,458.38, with profit before tax of \$1,671,435.58. Year on year, it expects to see growth of around 20%.

TOKUEI's business year does not differ from calendar year, meaning it starts on 1st January and finishes on 31st December. The Issuer will provide annual reports as requested by LJSE SI ENTER Rules until the end of August for the previous year.

Information on specific risks

Hereby the Issuer advises on some general and specific risks related to TOKUEI and GDRs. This list shall not be understood as exclusive or complete. The list may not fully and/or correctly reflect the significance of risks presented and there may be additional risks which are not mentioned in this document.

- Customer risk

TOKUEI has an established customer base which is relatively stable. However, there is no guarantee this will continue and any loss of its customers and failure to attract new ones will negatively impact TOKUEI's performance and profitability.

- Logistics risks

International shipping operations and logistics involved contain some specific risks. Political instability, diplomatic rows, border closures and other circumstances impairing free movement of goods, including the recent COVID-19 pandemic, can cause damage to TOKUEI's business operations.

- Partners risks

TOKUEI relies on its wide network of partners to carry out specific tasks involved in shipping operations. Any loss of partners or a materially different operating conditions may disrupt TOKUEI's operations and have a negative effect on its financial performance.

- Legal and Business standards and practices

TOKUEI operates in various jurisdictions, including in some which are rapidly developing and at times unpredictable. Business practices, legal standards, their understanding and application might differ from those experienced in other countries or jurisdictions. Any failure of TOKUEI to correctly understand and fully apply legal and regulatory provisions might have a severe negative impact on its operations.

- Social stability

Most of TOKUEI's customers and operations are based in stable societies. However, TOKUEI HK is incorporated in Hong Kong, which in 2019 experienced continued unrest and disruption. So far this has left no negative consequences for TOKUEI HK but continued severe unrest in Hong Kong or other areas important for TOKUEI could result in a disruption of business operations.

- Competition

China is a country with massive trade relations across the world. A volume of imports and exports to China are huge on a world scale and as a result, competition between shipping companies is fierce. The market is dominated by large foreign enterprises. While TOKUEI believes that as a result of various domestic initiative and China-led international efforts, including the Belt and Road initiative, the role of Chinese logistic companies will increase, any failure of TOKUEI to remain competitive and capture a sufficient share of the market may make its operations non-viable.

- Listing of GDRs

While the Issuer is confident that the developed mechanism is safe and appropriate for delivering all rights and benefits arising from TOKUEI HK shares to holders of GDRs, there may be some risks which are outside of the Issuer's control. Issuance of GDRs relies on many parties, and while carefully chosen, any failure on part of any party involved for any potential reason might disrupt the timely delivery of rights for the benefit of the holders of GDRs or the operation of issuance mechanism as intended. Additionally, while the Issuer will apply for listing on SI ENTER, a MTF trading venue operated by LJSE, there is no guarantee of listing at this time and, if and once the GDRs are listed on SI ENTER, there is no guarantee of listing continuing for any period of time.

- Trading risks

Shall GDRs be listed there is no guarantee that a liquid market in these GDRs will develop. As with all listed securities there may be significant risks related to price swings, execution of trades, volume, order book depth and other market-related risks. The Issuer makes no representation that it will shield investors from any of those risks. The Issuer has not concluded any agreements for market making or stabilization for GDRs.

Mechanism of Issuance

The Issuer issued Global Depositary receipts with ISIN code SI0031800053 (hereinafter: GDRs), duly issued and kept in central depository managed by KDD – Centralna klirinško depotna družba, delniška družba (hereinafter: the "KDD"). Each GDR represents 1 share of TOKUEI HK, owned by the Issuer in the share registry in Hong Kong.

The Issuer will confer any and all rights, receivables and/or other benefits arising from the shares of TOKUEI HK held by the Issuer to holders of GDRs, with TOKUEI HK standing as guarantor for obligations of the Issuer against the holders of GDRs. The Issuer holds the shares for the sole benefit of the Holders and shall not sell, transfer, dispose of or encumber the shares of TOKUEI HK unless permitted to do so by TOI and the law firm Pun & Associates Solicitors from Hong Kong. The underlying instruments are ordinary shares and carry all rights normally expected, including a share of future profits of TOKUEI and the voting rights. More information on rights arising from the instruments and enjoying those rights are available in TOI.

Any holder may request from the Issuer to, in accordance with applicable TOI provisions, redeem any number of unencumbered GDRs held by the holder and confer upon the holder the corresponding amount of TOKUEI HK shares. Likewise, a holder of unencumbered shares of TOKUEI HK may request from the Issuer to accept and take any number of shares and confer upon him a corresponding number of GDRs in the KDD's registry. The Issuer reserves a right to charge appropriate fees for providing any services or measures described here in accordance with TOI. Any holder of GDRs or shares of TOKUEI HK shall only be able to exercise rights provided to him by this document or TOI if he/she is technically and legally able to exercise those rights. All holders shall themselves ensure they have an existing securities account at the corresponding registry and there is no law preventing them to dispose, accept or hold those securities.

Any transfers, issuances, custody or other similar issues are governed by TOI and applicable law, with shares of TOKUEI being governed by Hong Kong law and GDRs by Slovenian law. This also includes any rules or instructions of relevant institutions involved (such as KDD or LJSE). Should information contained in this document differ from or contravene any provisions of TOI or the applicable law, provisions of TOI or the law shall always prevail and apply. All persons shall read TOI in full before becoming a holder of GDRs.

It shall be noted that a competent authority (which may include institutions as KDD and LJSE for issues within their competence and powers granted by law) may at any time demand from the Issuer or any other involved party to take a specific action, refrain from taking an action or install upon the Issuer or other party any other obligation. The Issuer or any other party addressed will always comply in full with any such request or demand, regardless of whether the Issuer, holders and/or any other party involved may consider this demand or request to be illegitimate or illegal.