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GigaCloud Technology Inc (NASDAQ:GCT): If It's Too Good To Be True...

We are short GigaCloud Technology Inc (“GCT”, “GigaCloud”, “the Company”), an e-commerce logistics company, because we believe – in a playbook reminiscent of the early 2010’s “China Hustle” era – that the Company’s business is a fraction of what it has claimed.

Note: we reached out to GigaCloud, seeking comment on our opinions contained herein, but the Company has not returned our multiple requests for a phone call.

GigaCloud would have investors believe that it’s a world-class e-commerce logistics operation: the Company has tripled Gross Merchandise Value (“GMV”) over the past 3 years to \$607.5 million in the LTM, and now produces \$155 million in services revenues, including in product sourcing, warehousing, and last-mile delivery. In a highly competitive industry, GigaCloud claims to have found the secret sauce via “AI” technology which has enabled it to become both consistently profitable and more efficient than every other e-commerce and logistics company we considered. However, we’ve found numerous glaring flaws in this narrative.

- GigaCloud claims to run 14 U.S. warehouses yet the Company discloses just 73 employees in the entire U.S., implying just 5 employees per warehouse.¹ Simply put, we don’t think it’s at all possible to profitably run 14 warehouses with over 3.7 million square feet which supposedly distribute hundreds of millions of dollars of furniture with this few people. Comparable warehousing and fulfillment operations we reviewed typically hire hundreds if not thousands of employees at each warehouse. Sat side by side, GigaCloud’s claims imply that the Company is 10x to 100x more efficient than both furniture distribution and e-commerce peers such as Amazon, Walmart, Wayfair, and Ashley Furniture. In the same way, GigaCloud claims to be growing at breakneck speed, yet the Company has posted just [a single job posting](#) on its careers page, while comparable companies we reviewed are [constantly hiring](#) for dozens of roles.
- GigaCloud’s marketing materials utilize photoshopped stock photos to portray itself as a highly efficient, growing operation. However, our September 2023 visits to the Company’s **actual** warehouses revealed a much different picture: we staked out GigaCloud’s 9 warehouses in its two main east coast (New Jersey) and west coast (California) regions and saw laughably sparse activity. For example, at one warehouse in New Jersey, our investigator sat for 3 hours – during weekday business hours – and saw only a single GigaCloud delivery truck. At another location in California, our investigators did see a handful of overseas shipping containers being unloaded, but the unloaded cardboard boxes then sat strewn in the loading bay for hours without being sorted.
- GigaCloud claims its last-mile delivery business has grown to over \$80 million in LTM revenues, yet the Company’s logistics subsidiary has just 5 vehicles registered with the Department of Transportation (“DOT”). We called GigaCloud, and a Company representative told us that the Company delivers using only its own vehicles. We include that audio herein. Former employees we spoke with also portrayed GCT’s last-mile operation as incredibly inefficient, despite the Company’s claims to the contrary. For example, a shipment might arrive from China at a GigaCloud warehouse in California, but this order requires final delivery in Michigan, requiring a cross-country trip at GigaCloud’s promised flat rate. One former employee opined, *“they had to be losing money... on average, they’re losing to \$50 to \$100 per delivery.”*

¹ GigaCloud discloses employees by department (i.e., operations) and by geography (i.e., U.S.), but does not disclose how many U.S.-based employees are in each department. It discloses 73 U.S.-based employees, yet even then, not all 73 employees should be expected to be working in the warehouses. Yet even if this were the case, this employee base would be insufficient, in our view, to profitably handle the scale of business as GCT claims.

- The two former employees we spoke with each also provided estimates of GigaCloud's last-mile business which portrayed it as a meager operation. One former executive estimated that as of mid-2022, GCT's last mile business was completing just 900 deliveries per month using 9 trucks. Using GCT's own [pricing sheets](#) at an estimated \$150 per delivery, this implies annualized revenues of just \$1.6 million. A second former employee told us that by year-end 2022, GCT was completing just 100 to 150 deliveries per day from its California base, which we estimate implies just \$20 to \$30 million in annualized U.S. last-mile revenues, again a fraction of GCT's reported numbers.
- GigaCloud attempts to explain away these glaring narrative violations by gesturing towards the Company's supposed artificial intelligence technology. Per President Iman Schrock, AI has conveniently managed to "*transform the entire supply chain*", allowing GCT to "*do something nobody else has ever done*" and "*continuously optimize economies of scale.*" Yet these buzzword-laden claims are empty platitudes: GCT itself doesn't even disclose software development expenses or capitalized software costs in its financial statements, and we couldn't find a single GCT employee [on LinkedIn](#) or otherwise who claimed to have developed any AI for the Company. Nevertheless, commentary from sell-side analysts refers to GCT as a software company, hence fueling further investor delusion.
- We've also uncovered numerous entities which are neither named subsidiaries nor disclosed as GCT related parties, yet which name GCT insiders including CEO Lei (Larry) Wu, GCT's former CFO Joseph Huang, and GCT employee Kunming Xu on corporate documents. These entities appear to be engaged in the furniture trading business by way of their own separate Amazon and Walmart storefronts, their own furniture imports, and even their own warehouses. At the very least, we think the very existence of these entities suggests undisclosed related party issues, and in the worst case, might suggest more nefarious schemes. In either case, we believe the Company owes investors an explanation.
- GigaCloud exhibits multiple hallmarks of previous "China Hustle" stocks. The Company's auditor is based in China, despite its US listing and dollar-denominated financial statements. 67% of the Company's cash is held offshore, despite again claiming that it operates primarily in the US, to US-based customers. Finally, the Company generates very little interest income in comparison to its cash balances, which is even more concerning given that the Company has also claimed to run a financing business.²

GigaCloud went public in 2022 in an IPO run by bucket shop Aegis Capital, which has been responsible for supporting [a laundry list of blow-ups](#). To name just a few: Foresight Autonomous Holdings ADR is down appx. 91% since its December 2020 debt offering; Avinger is down appx. 93% since its August 2020 follow-on offering; China SXT Pharmaceuticals is down appx. 96% since February 2022 follow-on offering; Meten, now BTC Digital Ltd, is down appx. 99% since September 2021 follow-on offering; OnTrak is down appx. 99% since its December 2020 preferred stock offering; Cel-Sci is down appx. 85% since its December 2019 follow-on offering, and Torchlight Energy, now Meta Materials Inc is down appx. 89% since January 2020 follow-on offering.

The Company has no adults in the room: President Iman Schrock's has zero prior public company experience, but he did receive an [\\$8,000 PPP loan](#) in April 2021 for an unnamed marketing operation. In August 2023, [4 long-time directors left GCT's board](#), including JD's head of logistics, and in late June, JD [filed to sell](#) the majority of its stake in GCT. The Company replaced one of these directors with a representative from doTERRA, a Utah-based multi-level-marketing company which in 2023 was charged by [both the FTC](#) and its [distributors by the DOJ](#) for false claims that its essential oils could treat COVID-19.

² Offshore cash as of year-end 2022; Company has not disclosed as of Q2 2023.

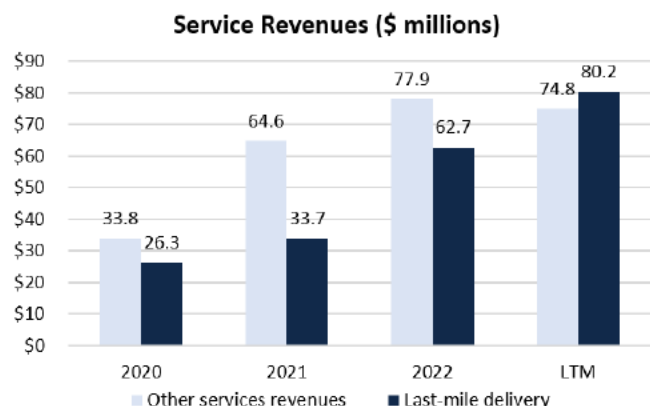
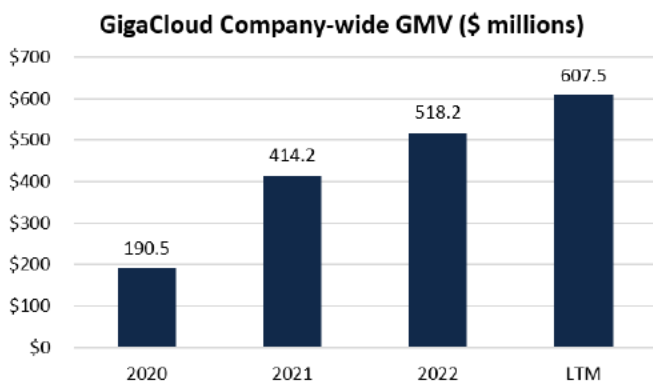
At the end of 2023, GigaCloud will be [no longer be exempt from US reporting](#) requirements. We think these heightened standards could prove challenging for the Company given the litany of issues we’ve uncovered herein.

GigaCloud’s Rapid, Unexplained Growth in Last Mile Revenues Fails the Laugh Test

GigaCloud claims to be a one-stop solution for e-commerce operators such as those who sell on Amazon, Walmart, and Wayfair. GigaCloud sources products from overseas manufacturers, stores products on behalf of customers, and even handles last-mile delivery, wherein “GigaCloud picks up products in GigaCloud warehouse and delivers directly to end customer, without the need for buyer to handle any aspect of the fulfillment.”³ As portrayed graphically from the Company’s Q2 2023 [investor presentation](#):

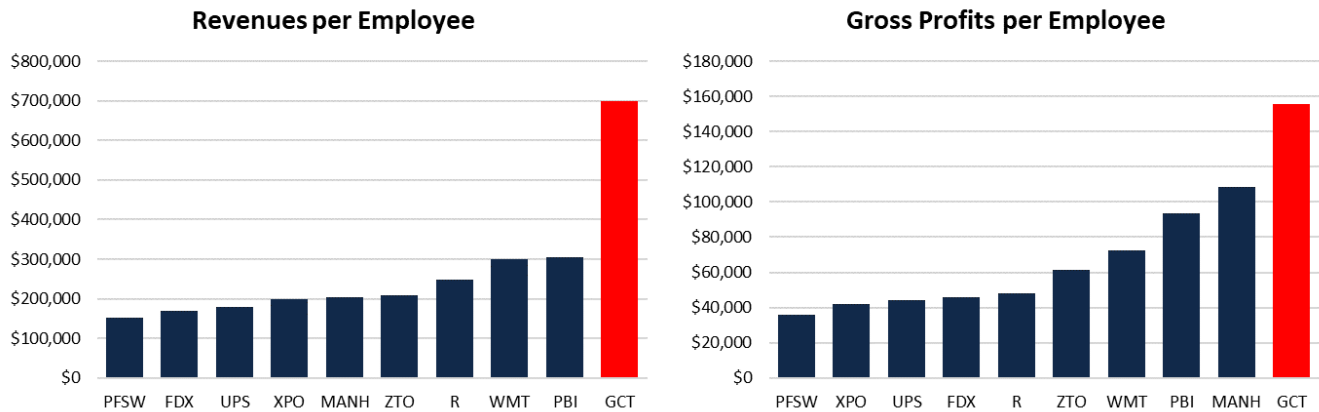


GigaCloud is a logistics company; the Company boasts over 4 million square feet of warehouse space across 21 locations, approximately 3.8 million square feet of which are located in the US across 14 locations. GCT has reported rapid growth in both Gross Merchandise Value (“GMV”) i.e., the value of first party (1P; sold by GCT) and third-party goods (3P; sold by other e-commerce storefronts), and in services revenues, including warehousing, last-mile delivery, and more.



³ September 2023 [Sidoti Presentation](#)

GigaCloud claims to have done this with incredible efficiency; revenues and gross profits per employee outpace logistics, e-commerce, and retail peers⁴ – this, in an industry where scale and density are paramount to success – neither of which GigaCloud possesses. As the saying goes, if it seems too good to be true, it just might be.



GigaCloud's Measly Employee Base Cannot Possibly Run 14 Warehouses, In Our View

GigaCloud's own employee count strikes us as far too small to handle the scope of the operation that the Company claims. The Company's [Form 20-F](#) discloses just 88 employees in operations worldwide, and just 73 in the U.S. across *all* departments.⁵ Against this backdrop, industry [sources suggest](#) that a typical warehouse or fulfillment center employs one employee for every 1,000-1,500 square feet of warehouse space, or 1,000 employees for every million square feet of warehouse space. This is in line with numbers reported by publicly traded peers such as Amazon (AMZN) and ThreadUp (TDUP).

- Amazon [discloses](#) that it employs roughly 1,000 people for each 800,000 square foot non-sortable fulfillment center, and 1,500 people for each 800,000 square foot sortable fulfillment center.
- ThreadUp Inc. (TDUP) is an online platform where buyers and sellers exchange secondhand clothing. The company processes both inbound items at its warehouses. In 2022, TDUP [reported revenues](#) of \$288.4 million and disclosed that it employed 2,011 employees across its 5 distribution centers, or roughly 404 employees per distribution center.

By further contrast, see a smattering of publicly announced distribution centers by not only e-commerce operators such as Amazon and Wal-Mart, but also furniture sellers such as Wayfair, Ashley, and Home Goods. GigaCloud baldly claims to operate 14 distribution centers in the U.S. totaling over 3.7M million square feet using a maximum of just 73 employees.⁶ Similarly, we believe the Company's global operational staff of just 88 is wholly insufficient to operate 21 total warehouses globally.

⁴ Figures consider LTM revenues and LTM gross profits as compared to full-time employee count disclosed in each company's most recent annual report.

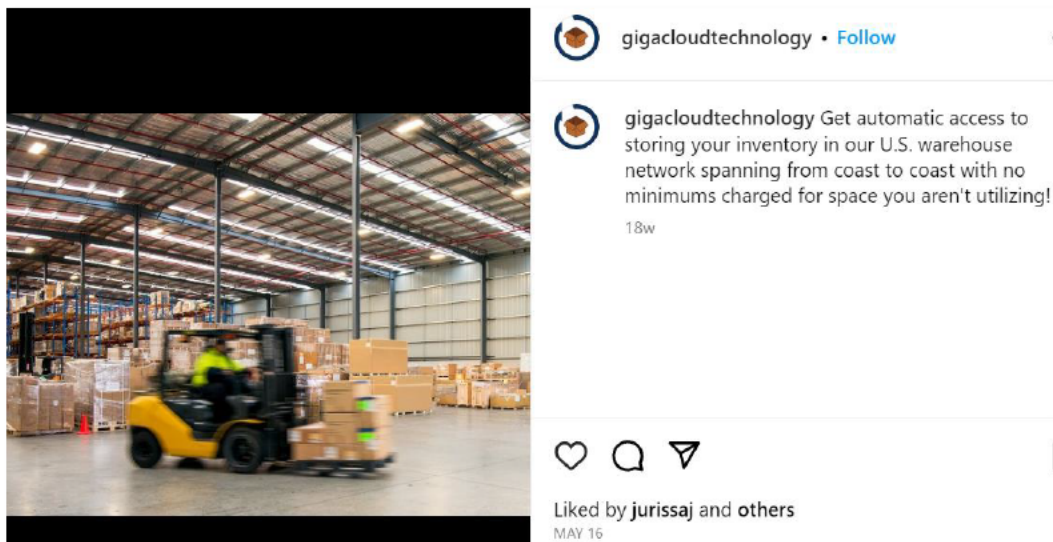
⁵ The Company does not disclose U.S.-based employees by department, but assuming U.S.-based operations employee count is proportional to Company-wide employee count implies the Company has just 8 U.S.-based operations employees. However, we don't even need to assume this: even if we assume that all 73 U.S.-based employees are stationed across the Company's 14 U.S. warehouses, we fail to see how these employees would be otherwise capable of running what GCT's financial results imply is a world-class logistics operation.

⁶ Per GCT's Form 20-F, "We have three key operating centers in California, Georgia and New Jersey, covering 14 warehouses and seven ports of destination in the U.S., totaling over three million square feet." Per GCT's September 22, 2023 press release, the Company's two









Date	Warehouse / Fulfillment Operation	Reported Employees	Square Feet	Employees per Million Sqft
2016	Farmer's Home Furniture - Russellville, AL	80	325,000	246
2017	Ashley Furniture - Mesquite	350	850,000	412
2019	Red Stag - Knoxville	175	313,000	559
2020	Ashley Furniture - Newark	300	1,000,000	300
2021	ThreadUp - Dallas	1,500	600,000	2,500
2021	Home Goods - Obetz, OH	250	1,000,000	250
2022	City Furniture - Plant City	500	1,200,000	417
2023	Amazon (sortable)	1,500	800,000	1,875
2023	Amazon (non-sortable)	1,000	800,000	1,250
2023	Walmart - Joliet, IL	1,000	1,000,000	1,000
2023	Walmart - McCordsville, IN	1,000	2,200,000	455
2023	Amazon - Humboldt, Chicago, IL	500	140,000	3,571
2024	Wayfair & Lowe's - Hartford	1,000	2,500,000	400
	GigaCloud – Entire US	73	3,780,000	19
	GigaCloud – Globally in Operations Dept.	88	4,000,000+	22


GigaCloud Relies on Obviously Photoshopped Stock Photos to Portray Itself as a Bustling Operation...

In classic stock promotion fashion, GigaCloud has portrayed its business via photoshopped stock photos. See the following posts on [the Company's Instagram](#), each within the past year, which imply GigaCloud is using its own shipping containers and that its warehouses are bustling with activity.



new U.S. warehouses will add 784,300 square feet, “resulting in a 20.7% increase of the warehousing space”, implying that its existing U.S. footprint is 3.78 million square feet.

 AI Acquisition In... 5 Ways to Optimize Your...	 Extensiv The History and Future of 4PL:...	 DHL 4PL DHL Logistics of Things	 GlobeSt High-Quality Warehouse...
 Newcastle Sy... Why You Should Consider a 3PL f...	 GlobeSt Inside Industrial's Rising Vacancy...	 Thal Technolo... WAREHOUSING AND LOGISTICS	 Hughes Enter... Services - Hughes Enterprises



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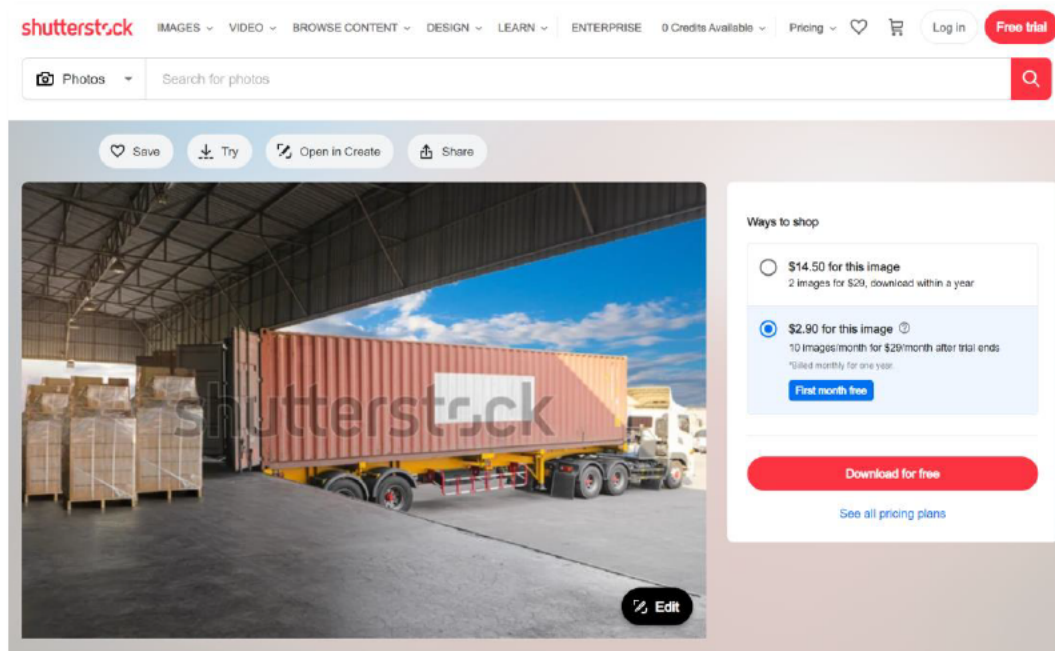
gigacloudtechnology GigaCloud's warehouses are set up for big items such as furniture, allowing more variability for online users in areas like the United States and Europe.

#Global #Shipping #Explorepage #Business

49w

Liked by robertoporoli and others

OCTOBER 11, 2022

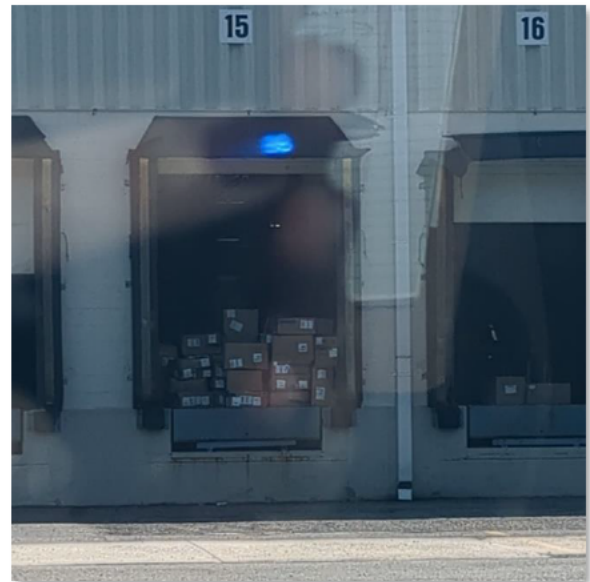


...But Our Site Visits Reveal a Very Different Picture

As such, in September 2023, we sent investigators to each of GigaCloud's 9 warehouses concentrated in New Jersey (4 sites) and California (5 sites). Our investigators sat at each location for 3 hours during normal business hours over the course of several business days, and found that in contrast to GigaCloud's portrayal of its operations as large and growing, the locations held sparse activity.

At 114 Melrich Road, Cranbury, NJ, our investigator sat for 3 hours where there were only 4 cars parked in the front of the building. At the back loading and unloading bays, the investigator witnessed just a single truck unload a pile of boxes just once over that 3-hour period. The boxes then sat in the loading bay, as shown below.





Our investigators sat for another 3 hours at 121 Herrod Blvd, Suite 1, Dayton, NJ. Zero product was loaded or unloaded, and the dock bays were closed for the first hour. Our investigator noted that a single forklift appeared to be moving some product around the warehouse, but no other activity was observed. A single FedEx truck sat outside, and just 3 passenger vehicles were parked in the lot.⁷

⁷ GigaCloud's SEC filings disclose that third-party ecommerce websites designate their own carriers to pick up merchandise from the Company's warehouses as part of its 1P business. As such, we suspect the presence of FedEx trucks are likely explained by this 1P business, rather than as part of the 3P Services / last-mile business.



At 1165 Cranbury – South River Rd., Dayton, NJ, our investigator saw several shipping containers at the location's loading docks, and just 2 trailers left the site over 3 hours. The trailers were marked HAI, (Wan Hai Ltd.), MSC (Mediterranean Shipping Company), OOCL (Orient Overseas Container Line), and Triton International – suggesting to us that the containers were involved in the initial transfer of product into the US from overseas suppliers, but again does not pertain to the outbound last-mile delivery business. Just 5 passenger vehicles were parked in the parking lot, which was shared with the neighboring warehouse, and a single employee was able to be seen inside the warehouse again driving a forklift.

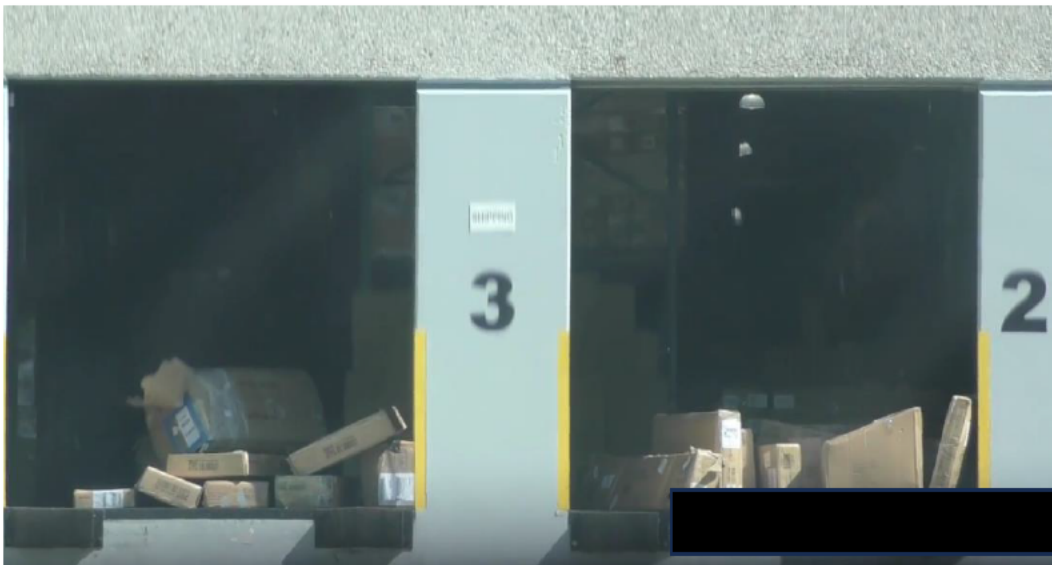


At 311 Cranbury Half Acre Road, Cranbury, NJ, 7 trailers were observed, which were again shipping containers, apparently unloading product, rather than last-mile delivery vehicles which would deliver product to its final destination. Two FedEx trailers were on-site, and just two trailers left the center throughout the 3-hour period.





GigaCloud also has 5 warehouse operations including and surrounding its headquarters in California. We again sent investigators to each of these sites, and in our view, the activity levels we witnessed were nowhere near commensurate with the Company's reported financials. At 18961 Arneith Ave., City of Industry, CA, our investigator sat for over 3 hours and witnessed just 3 trailers arriving at the warehouse. These trailers appeared to unload boxes, then depart, and the packages then sat scattered within the open warehouse bays as shown below. 5 box trailers remained in the lot over the course of the 3 hours, without any of them coming or going. Again, this suggests to us GigaCloud's true business is a far cry from a world-class logistics operation:



At 108-111 Brea Canyon Road, Walnut, CA, 11 of 20 loading docks were occupied with a combination of shipping containers and stationary FedEx units. However, none of these containers were loaded or unloaded over the course of the 4 hours our investigators sat at the location, and we were only able to see 2 employees and 4 passenger vehicles in the parking lot:



At 1670 Etiwanda Avenue, Unit B, Ontario, CA our investigators recorded a handful of tractors and containers as shown in the photo below. We were also able to see just a handful of passenger vehicles in the parking lot. Over 4 hours, our investigators saw 8 trucks let into the shared facility, where most of them appeared to drop their containers at the loading docks before departing again, suggesting that they were inbound shipments from overseas, rather than outbound shipments to end customers. We also saw 5 trucks depart the facility, none of which were branded with GigaCloud logos. The facility is shared – GigaCloud only has Unit B, while another logistics company has Unit A. We were unable to identify which arriving and departing trucks pertained to each company, but given our visits to GigaCloud’s other locations, we are not hopeful.

At 115599 Arrow Route, Rancho Cucamonga, CA, our investigators saw approximately 9 employees arrive together at 7:15am from a handful of passenger vehicles in the parking lot. Over the ensuing 3 hours, our investigators saw only 6 trucks collectively come and go from the facility.



At 10850 Business Drive, Fontana, CA, GigaCloud's headquarters, our investigators sat once again for over 4 hours. Our investigators witnessed what appeared to be just 14 employees entering the building for the day. In total, there were just as many passenger vehicles in the parking lots in both the front and back of the building, as well as what appeared to be an abandoned truck in the back lot, as shown below.

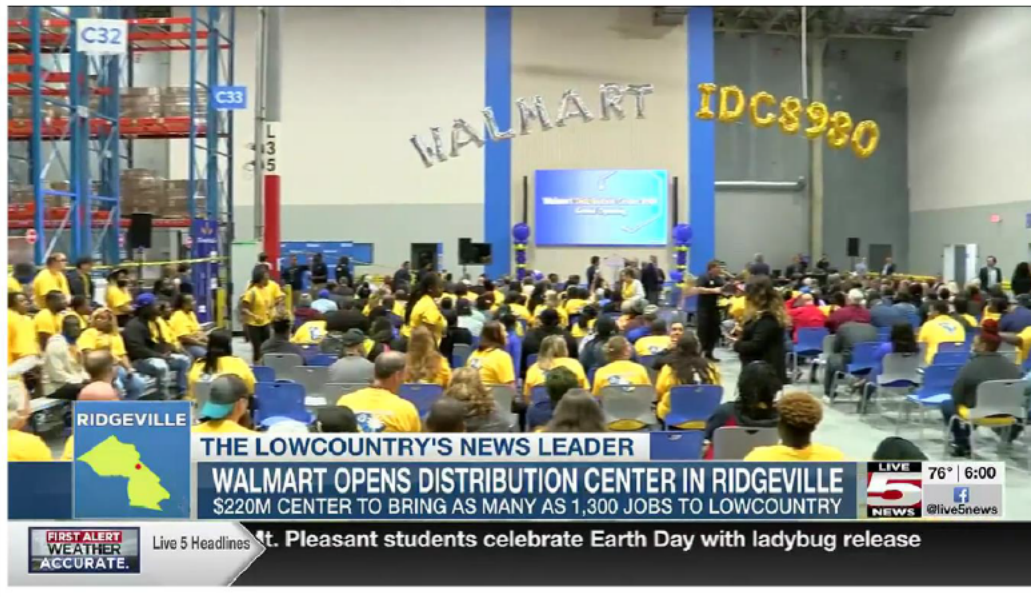


In the 5+ hours at the building, approximately 7 trucks entered, and 9 trucks left the premises, some of which were the same trucks that had previously entered, such as the one shown below. Once again, even at the Company's headquarters and what appears to be their busiest location, GigaCloud had only a handful of employees and very little ongoing activity, so far as we can tell.



By contrast, consider this April 2022 opening of a Walmart distribution center, which created 1,000 jobs. Dozens if not hundreds of people can be spotted in this [opening ceremony photo](#) alone:

Walmart's new Ridgeville distribution center brings over 1,000 jobs



Or consider Amazon's fulfillment center in the Red Hook neighborhood of Brooklyn, New York, where residents have complained about the constant noise and traffic from the facilities, which total roughly 800,000 square feet. In May 2023, a team of [investigators at Consumer Reports](#) installed traffic, air quality, and sound sensors around the facilities. Per Consumer Reports:

"About 105 vans and trucks an hour pass by between 10 a.m. and noon. On particularly busy days, that number can nose up above 140 trucks an hour."

"On an average weekday tens of thousands of packages pass through this facility, which operates 24 hours a day, Amazon tells CR."

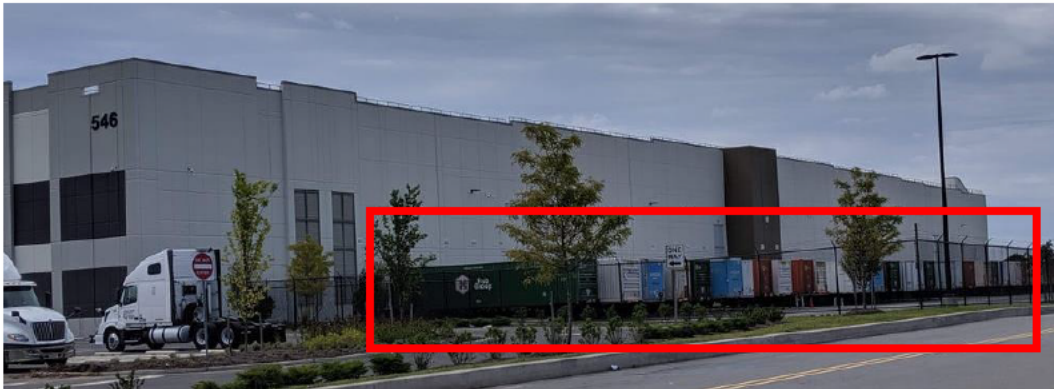
"Amazon's third Red Hook warehouse will add an estimated 344 truck trips and 1,224 car trips every weekday, according to a 2020 traffic study commissioned by the company that built the warehouse."

As evidenced by the photo below, we visited and photographed this Amazon facility ourselves to gauge activity as compared to what we saw from GigaCloud. Even in Brooklyn, where [a fraction](#) of commuters travel to work via car (rather than public transport), we counted approximately 34 passenger vehicles in the outside lots, while the facility also had an interior parking garage that we weren't able to access. We asked two employees who were just arriving for their shifts how many people worked in the facility. One told us flatly, "a shit ton", before specifying at least 100 per shift, while a second corroborated the 100+ figure. The facility runs 24/7, with three shifts per day.



Finally consider another Amazon fulfillment center [located in New York City](#), where we see dozens if not hundreds of vehicles parked in the lot and at least 20+ shipping containers positioned at nearly every available loading dock.





GigaCloud Has Registered Just 5 Trucks with the DOT; Former Employees Suggest Little Activity

GigaCloud's Department of Transportation [registration information](#) discloses that the Company's GigaCloud's logistics subsidiary (a VIE owned by Kunming Xu) held just 7 trucks ("power units") and 5 drivers which travelled a collective 30,000 miles in 2021.⁸

⁸ Mileage ("combined annual mileage from all commercial vehicles in its fleet and round the number to the closest 10,000.")

Entity Type:	CARRIER		
Operating Status:	AUTHORIZED FOR Property	Out of Service Date:	None
Legal Name:	GIGA CLOUD LOGISTICS INC		
DBA Name:			
Physical Address:	18961 ARENTH AVE ROWLAND HEIGHT, CA 91748		
Phone:	(626) 912-8886		
Mailing Address:	18961 ARENTH AVE ROWLAND HEIGHT, CA 91748		
USDOT Number:	2614800	State Carrier ID Number:	
MC/MX/FF Number(s):	MC-1203152	DUNS Number:	--
Power Units:	7	Drivers:	5
MCS-150 Form Date:	12/12/2022	MCS-150 Mileage (Year):	30,000 (2021)

While the Company has at times claimed that it also partners with third-party last-mile delivery operators, a former GCT executive told us that as of Q2 2022 (the last quarter they were at the Company), GCT used **only** its own trucks and drivers, stating, *“Everything was their [GCT’s] own employees on their own trucks.”*⁹¹⁰

In mid-September 2023, we also called GigaCloud’s phone number in California multiple times, and the Company itself confirmed to us that it uses only its own trucks. Interested readers can find audio proof [uploaded here](#).

GCT Rep: *GigaCloud. How can I help you?*

Culper Research: *Hi there. I’m expecting a delivery, and I was just wondering what sort of truck I should expect, if it’s a GigaCloud truck or if it’s FedEx or UPS?*

GCT Rep: *Yes, it’s a GigaCloud truck.*

Culper Research: *Ok. You guys only use your own trucks then?*

GCT Rep: *That is correct, yes.*

Culper Research: *Ok. Thank you very much.*

GCT Rep: *You’re welcome. Bye.*

We understand that despite our conversations, GigaCloud might claim that it outsources its last-mile deliveries using third-party companies as well. However, in this case, we still would have expected to see hundreds of delivery trucks coming and going from the Company’s facilities. Assuming a price of \$150 per delivery, GCT’s reported last-mile revenues imply roughly 35,000 deliveries per month, or 1,162 deliveries per day. At this rate, we believe we should have seen hundreds of trucks constantly coming and going from GigaCloud’s warehouses.

⁹ SEC comment letters on GCT’s registration statement asked for more detail on the Company “partnerships with several major shipping, trucking, and freight service providers” and for disclosure of what the terms of such agreements were. In response, GCT revised its disclosures (dated 7/2/2021), yet did so without publicly naming any such partners.

¹⁰ GCT’s disclosures currently read: “We provide last-mile delivery of bulk merchandise (over 150 pounds) and installation services to end customers, **which we self-operate**. These services are available in nine metro markets in the U.S., and we plan to expand coverage to other key metro markets. We **also utilize a network of delivery providers** for last-mile delivery throughout the U.S. and other markets.”

Assuming GCT's Last-mile Claims are Accurate...	
Annual last-mile revenues (2022)	\$62,745,000
Monthly last-mile revenues	\$5,228,750
Estimated fees earned per delivery	\$150
Implied deliveries per month	34,858
Implied deliveries per day	1,162

We also spoke with a former GigaCloud executive who told us that as of mid-2022, the Company was only operating its last-mile services in two regions at that time: California and greater NYC (including New Jersey and Philadelphia), using only a handful of trucks and drivers.

*“We were averaging about **600 orders per month in California** ... California had 6 trucks, usually 2 people per truck and 3 or 4 at the warehouse... We had about **300 orders per month in New Jersey**. 3 trucks, 1 person in the office ... the East coast was only New Jersey, New York, and Philadelphia... those numbers are July or August 2022.”*

Again, at average revenues \$150 per delivery and 900 deliveries per month, GCT would generate last-mile revenues of just \$1.6 million annually across its California and New Jersey warehouse clusters, as compared to the \$34 million in last-mile revenues the Company reported in 2021.¹¹

Last Mile Delivery (est. as of Q2 2022)	California	New Jersey	Total
Average fees per delivery	\$150	\$150	\$150
Deliveries per month	600	300	900
Monthly revenues	\$90,000	\$45,000	\$135,000
Annual revenues	\$1,080,000	\$540,000	\$1,620,000

A second former GigaCloud employee also told us that by the end of 2022, the Company was completing only 100 to 150 deliveries per day out of its California operations. At our estimate of \$150 per delivery across 313 delivery days per year (6 of 7 days per week), this implies just \$4.7 to \$7.0 million in last-mile delivery revenues out of California. When scaled to the rest of the U.S., we estimate this implies just \$13.1 million to \$19.7 million in Company-wide last-mile delivery revenues, once again a fraction of GCT’s reported figures.¹²

GigaCloud filings claim that *“Due to our highly integrated supply chain solutions, we are able to offer a flat rated pricing to customers that is competitive in the market.”* However, former employees we spoke with also claimed that GigaCloud lost money in last-mile, given the relative lack of scale of its distribution network and the Company’s promises to deliver anywhere for a flat rate. For example, a shipment might arrive at GigaCloud’s California warehouse, but the last-mile delivery would call for the item to be delivered ultimately to Michigan or Florida. One former employee opined that *“they had to be losing money there, because they’re doing it so cheap... on average, they’re losing to \$50 to \$100 per delivery.”*

Finally, we discovered an odd instance in which GigaCloud’s Director of Business Development, Rodney Huynh, solicited last-mile business for the Company through [third-party job boards](#), noting that the Company had its own

¹¹ GigaCloud [announced](#) its Texas and Atlanta warehouse expansion in December 2021, meaning that for almost all of 2021, its operations were based almost entirely in the California and New Jersey regions.

¹² Scaled to GigaCloud’s 14 U.S. warehouses vs. 5 California warehouses.

fleet of delivery trucks – presumably with excess capacity. We question first why the Company, if it were truly already completing thousands of deliveries on a weekly and monthly basis, would need to bother itself with dumpster diving for additional business in this manner, especially if the Company is already using third-party delivery companies to augment its own fleet.

The screenshot shows the Alignable website interface. At the top, there is a navigation bar with the Alignable logo on the left and three menu items: "Community Home" (which is underlined), "Blog", and "Tools of the Trade". Below the navigation bar is a section titled "Recent Activity".

The first activity entry is a post that reads: "Looking for a Warehouse in the Los Angeles area. Would like for them to have an FDA designation No. but not a deal breaker it's very easy to...". Below this post is a response from a user with the initials "RH" (Rodney from GigaCloud Technology) dated November 14, 2022. The response text is: "Hello, I we can help. We have 6 warehouses in southern California. With our own fleet of delivery trucks."

The second activity entry is a post that reads: "Hello. New here as well looking to connect with Brokers, and Carriers. I am a Independent Freight Dispatcher. I have a Carrier with PO looking for...". Below this post is a response from the same user "RH" (Rodney from GigaCloud Technology) dated March 22, 2022. The response text is: "I work for Giga Cloud Logistics, we provides last mile white glove deliveries of furniture, appliances, gym equipment and other large boxed home goods. We work with many large companies 3PL, forwarders and others in the trade as a 3rd party service. We offer white glove, room of choice or threshold deliveries in the NYC area, New Jersey, California, Philadelphia, and Las Vegas."

GigaCloud Insiders Named in Various Undisclosed Entities

The second leg of our concerns regarding GigaCloud fall into its disclosures, or apparent non-disclosures, of a variety of apparent related-party businesses. While GCT discloses [a list of subsidiaries](#) and an organizational chart, none of the following entities are disclosed, yet each of them appear to be tied to GCT insiders.

Nixon Digital Marketing Inc was formed in Nevada in July 2013, notably prior to GigaCloud's [acquisition of Comptree](#) in August 2014, which marked its entry into the United States. Nixon's Nevada corporate documents have listed several GigaCloud insiders, including [long-time employee Kunming Xu](#) and former CFO Joseph Huang:

NIXXON DIGITAL MARKETING INC

Company Number E0325422013-1
Native Company Number E0325422013-1
Status Active
Incorporation Date 3 July 2013 (about 10 years ago)
Company Type Domestic Corporation
Jurisdiction Nevada (US)
Agent Name REGISTERED AGENTS INC
Agent Address 401 RYLAND ST STE 200-A, Reno, NV, 89502
Directors / Officers KUNMING XU, president
 KUNMING XU, secretary
 KUNMING XU, treasurer
 KUNMING XU, director
 REGISTERED AGENTS INC, agent
 ZEXUE WANG, president
 ZEXUE WANG, secretary
 ZEXUE WANG, treasurer
 ZEXUE WANG, director
Registry Page <https://esos.nv.gov/EntitySearch/Onli...>

Events for NIXXON DIGITAL MARKETING INC

- On 2013-07-03 Incorporated
- Between 2013-07-03 and 2018-10-15 Addition of officer JOSEPH HUANG, agent
- Between 2013-07-03 and 2018-10-15 Addition of officer KUNMING XU, director
- Between 2013-07-03 and 2018-10-15 Addition of officer KUNMING XU, president
- Between 2013-07-03 and 2018-10-15 Addition of officer KUNMING XU, secretary
- Between 2013-07-03 and 2018-10-15 Addition of officer KUNMING XU, treasurer
- Between 2020-11-22 and 2021-04-08 Addition of officer ZEXUE WANG, director
- Between 2020-11-22 and 2021-04-08 Addition of officer ZEXUE WANG, president
- Between 2020-11-22 and 2021-04-08 Addition of officer ZEXUE WANG, secretary
- Between 2020-11-22 and 2021-04-08 Addition of officer ZEXUE WANG, treasurer
- Between 2021-08-05 and 2021-08-06 Addition of officer REGISTERED AGENTS INC, agent
- Between 2021-08-06 and 2021-08-11 Removal of officer JOSEPH HUANG, agent

Similarly, Nisson Trading was [incorporated](#) in Nevada in August 2018, and previously listed GigaCloud employee Kunming Xu as agent, before being removed in August 2021 as the generic officer, Registered Agents Inc, was added, hence adding an additional layer of opacity to the entity:

NISSON TRADING INC

Company Number E0364652018-0
Native Company Number E0364652018-0
Status Active
Incorporation Date 1 August 2018 (about 5 years ago)
Company Type Domestic Corporation
Jurisdiction Nevada (US)
Agent Name Registered Agent Inc
Agent Address 401 Ryland St, Ste 200-A, Reno, NV, 89502
Directors / Officers KUNMING XU, president
 KUNMING XU, secretary
 KUNMING XU, treasurer
 KUNMING XU, director
 Registered Agent Inc, agent
 YUE CHENG, secretary
 YUE CHENG, director
 YUE CHENG, president
 YUE CHENG, treasurer
Registry Page <https://esos.nv.gov/EntitySearch/Onli...>

Events for NISSON TRADING INC

- On 2018-08-01 Incorporated
- Between 2018-08-01 and 2019-01-04 Addition of officer KUNMING XU, agent
- Between 2018-08-01 and 2019-01-04 Addition of officer KUNMING XU, director
- Between 2018-08-01 and 2019-01-04 Addition of officer KUNMING XU, president
- Between 2018-08-01 and 2019-01-04 Addition of officer KUNMING XU, secretary
- Between 2018-08-01 and 2019-01-04 Addition of officer KUNMING XU, treasurer
- Between 2020-11-22 and 2021-04-08 Addition of officer YUE CHENG, director
- Between 2020-11-22 and 2021-04-08 Addition of officer YUE CHENG, president
- Between 2020-11-22 and 2021-04-08 Addition of officer YUE CHENG, secretary
- Between 2020-11-22 and 2021-04-08 Addition of officer YUE CHENG, treasurer
- Between 2021-07-27 and 2021-08-06 Addition of officer Registered Agents Inc, agent
- Between 2021-08-06 and 2021-08-25 Removal of officer KUNMING XU, agent
- Between 2022-02-23 and 2022-09-02 Change of status from 'Active' to 'Default'
- Between 2022-09-02 and 2022-09-29 Change of status from 'Default' to 'Active'

Both Nixxon and Nisson have taken hundreds of imports from many of the very same Chinese suppliers that GCT's *disclosed* subsidiaries – Tmall and Comptree – have imported from. See our consolidation of top 10 suppliers, via import records, shown below.

	Tmall (subsidiary)	Comptree (subsidiary)	Nisson (undisclosed)	Nixxon (undisclosed)
Jiaxing Hifine International Enterprise	363			454
Chuangyuan Smart Home Dongguan	118			115
Leatly Industrial Development	25			675
Yangzhou Kangle Machinery	61	156		309
Shandong Joysource Wood	119			177
Yichun Huaxiang Furniture	2			157
Idea Industrial International		149	67	
Shine Wood International		150	40	15
Ningbo Zhenhai Liduoyi Trade	17		28	85
Linyi Tongkaiju Import & Export	52		18	

Our related party concerns span not only the import of furniture, but how furniture also appears to be being sold. To that end, **Orien Life Corp** was incorporated in Nevada in December 2016. The entity is not named anywhere in GCT filings, yet once again listed GigaCloud CEO Lei Wu as President and former GCT CFO Huang as Treasurer:

ORIEN LIFE CORP

Company Number E0523852016-5
 Native Company Number E0523852016-5
 Status Active
 Incorporation Date 6 December 2016 (almost 7 years ago)
 Company Type Domestic Corporation
 Jurisdiction Nevada (US)
 Agent Name LEGALINC CORPORATE SERVICES INC
 Agent Address 1810 E SAHARA AVE STE 215, Las Vegas, NV, 89104
 Directors / Officers JOSEPH HUANG, treasurer
 JOSEPH HUANG, secretary
 LEGALINC CORPORATE SERVICES INC, agent
 LEI WU, president
 LEI WU, director
 XIJUN LUO, secretary
 XING XIA, president
 XING XIA, secretary
 XING XIA, treasurer
 XING XIA, director
 ZEXUE WANG, president
 ZEXUE WANG, secretary
 ZEXUE WANG, treasurer
 ZEXUE WANG, director

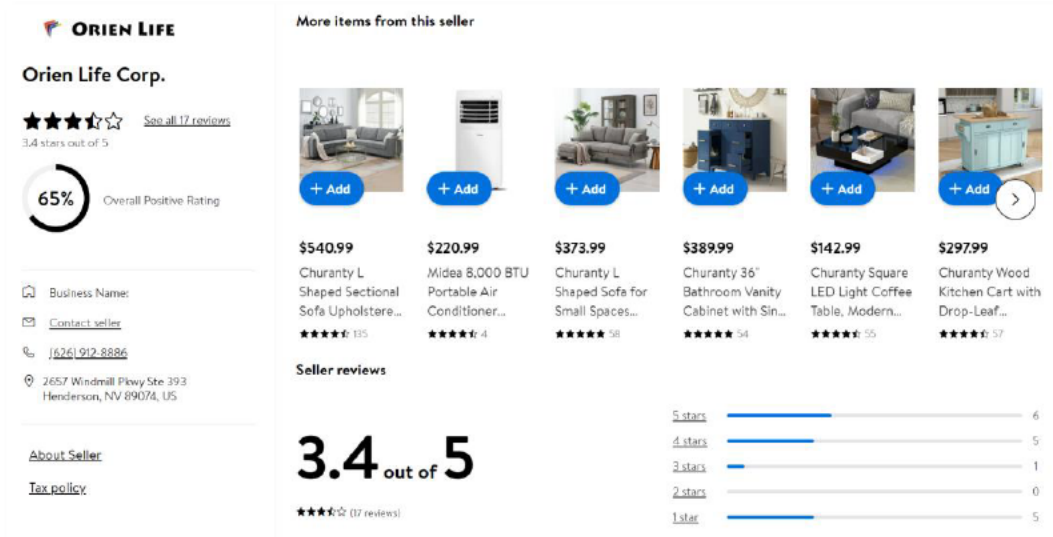
SEE LESS

Registry Page <https://esos.nv.gov/EntitySearch/Onli...>

Events for ORIEN LIFE CORP

- On 2016-12-06 Incorporated
- Between 2016-12-06 and 2018-11-13 Addition of officer CINDY WU, secretary
- Between 2016-12-06 and 2018-11-13 Addition of officer JOSEPH HUANG, treasurer
- Between 2016-12-06 and 2018-11-13 Addition of officer LEGALINC CORPORATE SERVICES INC, agent
- Between 2016-12-06 and 2018-11-13 Addition of officer LEI WU, director
- Between 2016-12-06 and 2018-11-13 Addition of officer LEI WU, president
- Between 2016-12-06 and 2018-11-13 Addition of officer XIJUN LUO, secretary
- Between 2019-05-13 and 2020-11-22 Addition of officer JOSEPH HUANG, secretary
- Between 2019-05-13 and 2020-11-22 Removal of officer CINDY WU, secretary
- Between 2020-11-22 and 2021-04-08 Addition of officer XING XIA, director
- Between 2020-11-22 and 2021-04-08 Addition of officer XING XIA, president
- Between 2020-11-22 and 2021-04-08 Addition of officer XING XIA, secretary
- Between 2020-11-22 and 2021-04-08 Addition of officer XING XIA, treasurer
- Between 2020-11-22 and 2021-04-08 Addition of officer ZEXUE WANG, director
- Between 2020-11-22 and 2021-04-08 Addition of officer ZEXUE WANG, president
- Between 2020-11-22 and 2021-04-08 Addition of officer ZEXUE WANG, secretary
- Between 2020-11-22 and 2021-04-08 Addition of officer ZEXUE WANG, treasurer

In December 2020, Wu and Huang were replaced in business filings by Xing Xia, then in February 2021, Xia was replaced by Zexue Wang, who is also listed, as shown above, in Nixxon Digital Marketing's business filings. Orien Life doesn't appear to import any furniture, but does appear to run several furniture-oriented ecommerce storefronts, including on [Amazon](#) and [Walmart](#), such as shown below.



Orien Life

Orien Life Corp.

★★★★☆ See all 17 reviews
3.4 stars out of 5

65% Overall Positive Rating

Business Name: [Contact seller](#)

[/6261912-8886](#)

2657 Windmill Pkwy Ste 393
Henderson, NV 89074, US

About Seller
Tax policy

More items from this seller

Price	Item Name	Rating
\$540.99	Churanty L Shaped Sectional Sofa Upholstere...	★★★★☆ 135
\$220.99	Midea 8,000 BTU Portable Air Conditioner...	★★★★☆ 4
\$373.99	Churanty L Shaped Sofa for Small Spaces...	★★★★☆ 58
\$389.99	Churanty 36" Bathroom Vanity Cabinet with Sin...	★★★★☆ 54
\$142.99	Churanty Square LED Light Coffee Table, Modern...	★★★★☆ 55
\$297.99	Churanty Wood Kitchen Cart with Drop-Leaf...	★★★★☆ 57

Seller reviews

3.4 out of 5

★★★★☆ (17 reviews)

5 stars: 6
4 stars: 5
3 stars: 1
2 stars: 0
1 star: 5

We originally suspected that Orien might simply represent GigaCloud's own 1P storefronts, but see that GigaCloud's actual *named subsidiaries* do instead hold their own storefronts. For example: Tmall is a disclosed GCT subsidiary and sells Merax luggage through [an Amazon storefront](#), while Oriental Standard is also a disclosed GCT subsidiary which sells through [a separate Amazon storefront](#). It's unclear to us why GigaCloud might require multiple Amazon storefronts of its own, or even if such an arrangement might flaunt [Amazon's selling policies](#):

Seller code of conduct

This policy requires that sellers act fairly and honestly on Amazon to ensure a safe buying and selling experience. All sellers must:

- Provide accurate information to Amazon and our customers at all times
- Act fairly and not misuse Amazon's features or services
- Not attempt to damage or abuse another seller, their listings or ratings
- Not attempt to influence customers' ratings, feedback, and reviews
- Not send unsolicited or inappropriate communications
- Not contact customers except through Buyer-Seller Messaging
- Not attempt to circumvent the Amazon sales process
- **Not operate more than one selling account on Amazon without a legitimate business need**
- Not engage in conduct that violates price fixing laws

Violating the code of conduct or any other Amazon policies may result in actions against your account, such as cancellation of listings, suspension or forfeiture of payments, and removal of selling privileges. More details about these policies are below.

Orien also lists an address at 2657 Windmill Parkway, Suite 393, Henderson, Nevada, which directs to a [UPS dropbox](#) / virtual address. It's unclear to us why GigaCloud would need to operate through this address, were Orien to be a GCT subsidiary. Instead, this again suggests to us that it's an undisclosed related party.

Similarly, **Orien Home Corp** was [incorporated in Nevada](#) in May 2017. Orien Home first listed GigaCloud’s former CFO, Joseph Huang, as President, Treasurer, and Director, and in November 2020, Shoujian Wang was added as President, Director, Secretary, and treasurer:

ORIEN HOME CORP.

Company Number E0243302017-2
 Native Company Number E0243302017-2
 Status Active
 Incorporation Date 22 May 2017 (over 6 years ago)
 Company Type Domestic Corporation
 Jurisdiction Nevada (US)
 Agent Name LEGALINC CORPORATE SERVICES INC
 Agent Address 1810 E SAHARA AVE STE 215, Las Vegas, NV, 89104
Directors / Officers
 JOSEPH HUANG, president
 JOSEPH HUANG, secretary
 JOSEPH HUANG, treasurer
 JOSEPH HUANG, director
 JOSEPH HUANG, secretary
 JOSEPH HUANG, president
 JOSEPH HUANG, treasurer
 JOSEPH HUANG, director
 LEGALINC CORPORATE SERVICES INC, agent
 LIN LIU, secretary
 LIN LIU, president
 LIN LIU, treasurer
 LIN LIU, director
 LIN LIU, secretary
 LIN LIU, president
 LIN LIU, treasurer
 LIN LIU, director
 SHOUJIAN WANG, secretary
 SHOUJIAN WANG, president
 SHOUJIAN WANG, treasurer
 SHOUJIAN WANG, director

SEE LESS

Registry Page <https://esos.nv.gov/EntitySearch/Onli...>

Events for ORIEN HOME CORP.

- On 2017-05-22 Incorporated
- Between 2017-05-22 and 2018-11-13 Addition of officer JOSEPH HUANG, director
- Between 2017-05-22 and 2018-11-13 Addition of officer JOSEPH HUANG, president
- Between 2017-05-22 and 2018-11-13 Addition of officer JOSEPH HUANG, secretary
- Between 2017-05-22 and 2018-11-13 Addition of officer JOSEPH HUANG, treasurer
- Between 2017-05-22 and 2018-11-13 Addition of officer LEGALINC CORPORATE SERVICES INC, agent
- Between 2020-11-22 and 2021-04-08 Addition of officer LIN LIU, director
- Between 2020-11-22 and 2021-04-08 Addition of officer LIN LIU, president
- Between 2020-11-22 and 2021-04-08 Addition of officer LIN LIU, secretary
- Between 2020-11-22 and 2021-04-08 Addition of officer LIN LIU, treasurer
- Between 2020-11-22 and 2021-04-08 Addition of officer SHOUJIAN WANG, director
- Between 2020-11-22 and 2021-04-08 Addition of officer SHOUJIAN WANG, president
- Between 2020-11-22 and 2021-04-08 Addition of officer SHOUJIAN WANG, secretary
- Between 2020-11-22 and 2021-04-08 Addition of officer SHOUJIAN WANG, treasurer
- Between 2021-04-10 and 2021-04-17 Addition of officer JOSEPH HUANG, director
- Between 2021-04-10 and 2021-04-17 Addition of officer JOSEPH HUANG, president
- Between 2021-04-10 and 2021-04-17 Addition of officer JOSEPH HUANG, secretary
- Between 2021-04-10 and 2021-04-17 Addition of officer JOSEPH HUANG, treasurer
- Between 2021-09-23 and 2021-10-09 Addition of officer LIN LIU, director
- Between 2021-09-23 and 2021-10-09 Addition of officer LIN LIU, president
- Between 2021-09-23 and 2021-10-09 Addition of officer LIN LIU, secretary
- Between 2021-09-23 and 2021-10-09 Addition of officer LIN LIU, treasurer

Orien Home’s listed address at 7582 Las Vegas Blvd S., Suite 204 also directs to a virtual address at a UPS store:



Finally, both “Suki L INC” and “Kim Z INC” were [incorporated in Colorado](#) on the same day: March 26, 2021, and each list Shoujian Wang – who was also listed on Orient Home Corp’s documents as of January 2021 – as representative. Suki L INC discloses an address in Denver, which directs to a [small 10,000 sqft warehouse](#). Similarly, Kim Z INC lists a separate address in Commerce City, CO, which [similarly leads back to](#) a small industrial park. **To our knowledge, GigaCloud has not disclosed any warehouse presence in Colorado, ruling out the possibility that these two entities are in fact GCT’s own undisclosed subsidiaries.**

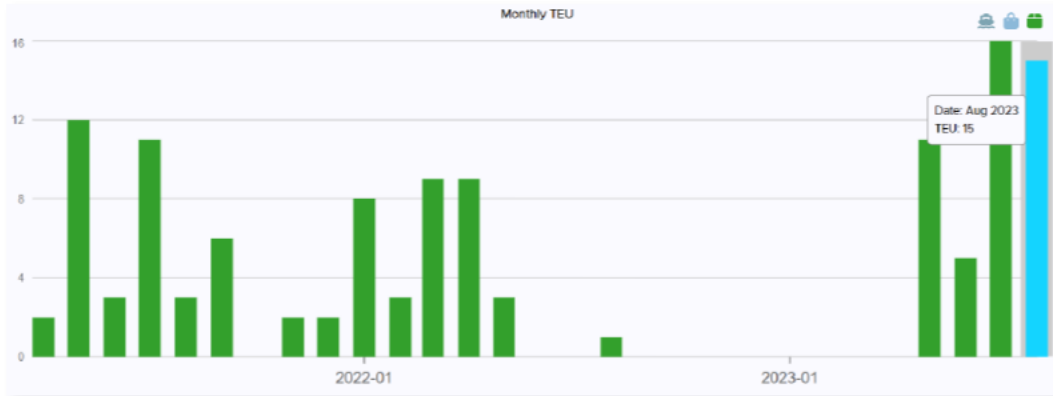
Details			
Name	Suki L INC		
Status	Good Standing	Formation date	03/26/2021
ID number	20211303720	Form	Corporation
Periodic report month	November	Jurisdiction	Colorado
Principal office street address	9305 Northfield Blvd, Denver, CO 80238, United States		
Principal office mailing address	9305 Northfield Blvd, Denver, CO 80238, United States		

Registered Agent	
Name	SHOUJIAN WANG
Street address	9305 Northfield Blvd, Denver, CO 80238, United States
Mailing address	9305 Northfield Blvd, Denver, CO 80238, United States

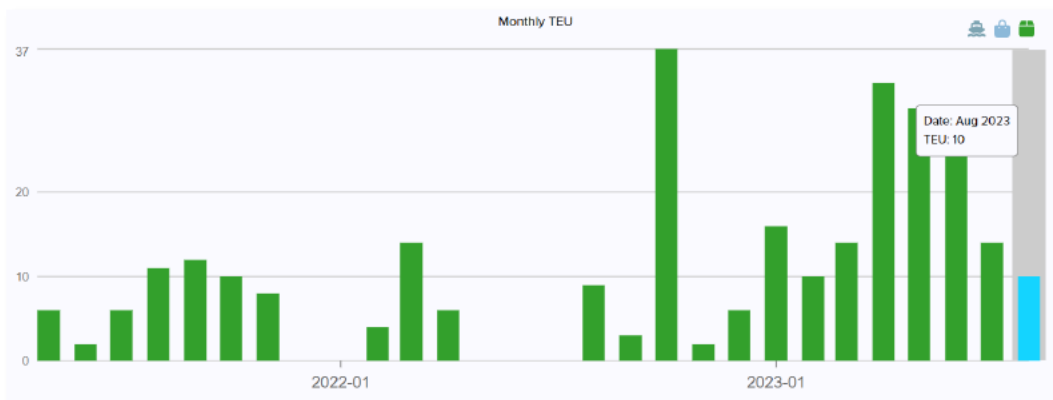
Details			
Name	Kim Z INC		
Status	Good Standing	Formation date	03/26/2021
ID number	20211303766	Form	Corporation
Periodic report month	November	Jurisdiction	Colorado
Principal office street address	11089 Havana St, Colorado Logistics Park, Building A, Commerce City, CO 80640, United States		
Principal office mailing address	11089 Havana St, Colorado Logistics Park, Building A, Commerce City, CO 80640, United States		

Registered Agent	
Name	SHOUJIAN WANG
Street address	11089 Havana St, Colorado Logistics Park, Building A, Commerce City, CO 80640, United States
Mailing address	11089 Havana St, Colorado Logistics Park, Building A, Commerce City, CO 80640, United States

Just as we saw for Nixon and Nissan, beginning in April 2021, Kim Z began receiving shipments from China, and [has since received 79 shipments](#), consisting of furniture, kitchen wares, and similar products:



Similarly, beginning in May 2021 through the present, Suki L [has received 188 shipments from China](#), consisting largely of furniture such as tables, lampshades, and drawers:



In summary, we have uncovered what appears to be several entities which list several different GigaCloud insiders and former insiders on their documents. These entities have never been disclosed by GigaCloud as subsidiaries, nor have they been otherwise mentioned in GigaCloud's filings as related parties, business partners, or otherwise. Yet they appear to be engaged in the very same business as GigaCloud, namely the import and online sales of furniture. We think this pattern deserves a full explanation by the Company.

GigaCloud's Hallmark China Hustle Signposts

Our opinions are also supported by GigaCloud's hallmark "China Hustle" signposts: a Chinese auditor, offshore incorporation, cash held offshore, and suspiciously little interest income.

- Since 2020, GigaCloud has been audited by KPMG Huazhen LLP. The PCAOB's 2022/2023 [audit inspection](#) of the auditor found deficiencies in all 4 of 4 audits reviewed. Notably, these deficiencies were identified in all 4 issuers in the areas of both revenue and cash, and the PCAOB also called out deficiencies related to Variable Interest Entities (VIEs), inventory, and more.
- GigaCloud is a Cayman Islands company with a registered office at PO Box 309, Ugland House, Grand Cayman. This address has [been infamous](#) for its associations with tax fraud and money laundering; former President Obama [called it](#) "the biggest tax scam in the world."

- As of the GCT's [year-end Form 20-F](#), 67% of the Company's cash is held offshore, despite this cash being primarily denominated in USD, and the Company itself reporting its financial statements in USD.
- Finally, GigaCloud generates extremely little interest income in comparison to its cash balances. This is altogether more perplexing in light of GigaCloud's supply chain financing business. The Company discloses in its form 20-F and earlier prospectuses that interest rates on cash advances have ranged from 9% to 16%, and yet if we assume that advances have been executed at an average interest rate of 12.0%, this implies that the Company's supposedly massive cash balances have earned virtually no interest income:

\$ millions	2020	2021	2022
Advances to suppliers	1.7	1.4	1.1
Estimated avg. interest rate	12.0%	12.0%	12.0%
Estimated interest income	0.05	0.17	0.13
Actual interest income	0.06	0.54	0.47
Interest income from cash balances	0.01	0.37	0.34
Year-end cash balance	61.5	63.2	143.5
Implied interest rate earned on cash	0.01%	0.58%	0.24%