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OVERVIEW

We have built a digitalized ecosystem for road freight transportation in China. We operate one of the largest digital freight platforms in China in terms of Online GTV during the Track Record Period, according to CIC. Our platform provides digital freight services and solutions to shippers, such as logistics companies and cargo owners, as well as truckers in both inter-city and intra-city road freight transportation. To cater to different needs of shippers, we provide two types of services through our digital freight business, namely freight transportation services and freight platform services. We had served over 11,600 shippers and 2.7 million truckers who had completed an aggregate of over 36.2 million shipping orders on our platform from the inception of our digital freight business to September 30, 2022. The aggregate amount of shipping fees (including VAT) settled on our platform for transactions fulfilled through us as a statutory carrier under PRC law, which we refer to as our Online GTV, amounted to RMB27.3 billion in the nine months ended September 30, 2022.

In addition to our digital freight platform, we also operate Trucker Community, an “online + offline” community for truckers. According to CIC, it is the largest community for truckers in China and the largest community in the logistics industry in China, in terms of the number of registered users as of December 31, 2021. With over 3.1 million registered users as of September 30, 2022, we are committed to creating an “online + offline” community that facilitates the communication and mutual support among truckers. We have accumulated a large and loyal user base of truckers over the past decade, which enabled us to launch a comprehensive portfolio of truck sales and aftermarket solutions, Truck Plus, to empower truckers in China by addressing their needs in the full life-cycle of their businesses.

Our Trucker Community and Truck Plus business provide strategic value complement to our digital freight business, and such three business lines generate strong synergies. The large and loyal user base of Trucker Community provides stable and efficient supplemental road freight transportation resources for our digital freight platform. At the same time, our digital freight platform attracts more truckers to access, and become loyal members of, Trucker Community. In addition, the demands for aftermarket services by truckers on our platform also underpin the significant market potentials for our Truck Plus business. In the foreseeable future, we expect to continue to generate the majority of our revenue from our digital freight business, while we expect to continue exploring business opportunities in Trucker Community and Truck Plus business to increase monetization.

According to CIC, China possesses the world’s largest freight transportation market, yet the freight transportation market in China also faces long-standing problems, such as low operational efficiency and lack of trust between shippers and truckers for road transportation. Since the establishment, we have been committed to using internet-based technology and digital approaches to improve the operational efficiency of the road freight transportation industry in China, to enhance the working conditions for truckers, and to lead the digital transformation of the industry based on our insights into the trend of technology development. Since 2005, we have successively launched our self-developed SaaS products, which provide digital solutions to address the specific needs of different participants in the road freight transportation ecosystem and signify the first development phase of our digital freight

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business. We launched *Guanchebao* in 2005, the first SaaS product in logistics industry in China, according to CIC; subsequently, we launched mobile applications such as *Haoyunbao* and *Kuailubao* in light of the proliferation of mobile internet. In 2013, we took the lead in launching one of the first digital freight platforms in China according to CIC, signifying a new development stage for us as we transformed from a provider of SaaS products to a provider of comprehensive platform-based solutions. In 2014, we launched Trucker Community, the first online community for truckers in China according to CIC, reflecting our strategic transformation to another new development stage, as we strive to create ecosystem-based solutions that empower all ecosystem participants.

We seek to benefit and empower the participants in the ecosystem of road freight transportation industry, including shippers such as logistics companies and cargo owners, truckers, freight brokers, and other related service providers. We promote the collaboration between such ecosystem participants, enhance transparency and synergy in such collaboration through our digitalized services, and help such participants establish more balanced and reciprocal relationships through repeated transactions.



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Our revenue is primarily derived from our digital freight business. Based on the needs of the customers in the road freight transportation process, we provide two forms of services through our digital freight business, namely freight transportation services and freight platform services. Customers of our freight transportation services primarily consist of those with a high degree of standardization in road freight transportation such as shippers for bulk cargo, while customers of our freight platform services primarily consist of those with a high degree of complexity in road freight transportation. Under our freight transportation services, we serve as carriers and recognize contract amount charged to shippers as revenue for the freight transportation service we provide; under our freight platform services, while shippers select, and negotiate the transportation fee with, truckers, we serve as the carrier and recognize platform service revenue based on the difference between the contract amount to be received from the shipper and the contract amount to be paid to the trucker. During the Track Record Period, over 99% of our revenue was generated from our digital freight business and the remaining revenue was generated from sales of goods in our Truck Plus services, as well as other businesses such as advertisement services.

Our financial performance showed a trend of growth during the Track Record Period. Our revenue grew from RMB3.6 billion in 2019 to RMB6.3 billion in 2021, representing a CAGR of 33.0%, and grew from RMB4,676.7 million in the nine months ended September 30, 2021 to RMB4,710.6 million in the nine months ended September 30, 2022. We recorded a net loss of RMB3.3 million in 2019, and net profits of RMB26.1 million, RMB50.7 million and RMB3.7 million in 2020, 2021 and the nine months ended September 30, 2022, respectively.

STRENGTHS

We operate one of the largest digital freight platform in China.

According to CIC, we are a pioneer in building one of the first digital freight platforms in China, which digitalizes each step of road freight transportation process. We operate one of the largest digital freight platform in China in terms of Online GTV, according to CIC. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, we recorded Online GTV of RMB23.4 billion, RMB27.9 billion, RMB38.0 billion, RMB28.3 billion and RMB27.3 billion, respectively, and the revenue of our digital freight business amounted to RMB3.5 billion, RMB4.6 billion, RMB6.3 billion, RMB4.7 billion and RMB4.7 billion, respectively. According to CIC, our market share in the digital freight market exceeded 8% in terms of Online GTV in 2021 and in the three-year period from 2019 to 2021.

As of September 30, 2022, our platform had more than 11,600 shipper customers of various types and approximately 2.5 million truckers. The number of participants at both ends of the platform continues to grow, demonstrating the attractiveness of our platform. Due to the appreciation by ecosystem participants of the value of our digital freight platform, and the flywheel effect at both ends of supply and demand, our Online GTV maintained a rapid and sustainable growth during the Track Record Period. The year-on-year growth rate of our Online GTV in 2019, 2020 and 2021 was 37.2%, 19.3% and 36.0%, respectively. Our Online GTV for the nine months ended September 30, 2022 decreased by 3.5% compared to the same period in 2021, primarily due to the resurgence of the COVID-19 pandemic in certain regions in China.

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Our shipper customers cover a wide range of major logistics companies and cargo owners with nationwide business operations, as well as many regionally-renowned logistics companies and cargo owners in various industries. In 2019, 2020 and 2021, the annual retention rate from the preceding year of our major shipper customers, each of which recorded an annual Online GTV of over RMB10 million on our platform and all of which contributed to more than 75% of our total revenue for the respective years, was 86.2%, 85.8% and 91.8%, respectively.

During the Track Record Period, the number of truckers who had completed shipping orders on our platform amounted to 2.5 million. An average of more than 210,700 truckers obtained orders through our platform every month during the Track Record Period.

Through years of consistent and high quality services, we have established our brand name among shippers, truckers and other ecosystem participants as a trusted partner that offers solutions to address their needs.

Our digital freight business, Trucker Community and Truck Plus solutions have demonstrated strong synergy that enriches our business development. The large and loyal user base of Trucker Community provides stable and efficient supplemental road freight transportation resources for our digital freight platform. At the same time, our digital freight platform attracts more truckers to access, and become loyal members of, Trucker Community. In addition, the demands for aftermarket services by truckers on our platform also underpin the significant market potentials for our Truck Plus solutions. The synergy among our business lines reinforces each other, allowing us to enhance our brand image and better serve our customers.

We have created the largest community for truckers in China.

We are dedicated to improving the social status, working environment and living conditions of truckers in China. Through our digital freight platform, Trucker Community and Truck Plus solutions, we are committed to providing full-scale empowerment for truckers. We strive to help truckers obtain more orders from our platform, with a view to increasing their income and utilization of trucks, and reducing their operating costs. We are committed to solving common problems faced by truckers, such as difficulty in collecting transportation fees and managing payment period. Through our Truck Plus solutions, we also offer maintenance services to truckers at relatively reduced price. To address truckers’ needs for social life and entertainment, we set up an “online + offline” community for communication and mutual support.

Historically, the social status, working environment and living conditions of truckers in China had been far from satisfactory. Truckers’ demands for communication and mutual support had been underserved. In 2014, we launched Trucker Community, which has now grown into the largest community in the logistics industry in China and the largest community for truckers in China in terms of the number of registered users as of December 31, 2021, according to the CIC. Our Trucker Community app recorded a total of over 3.1 million registered users as of September 30, 2022. Trucker Community has various features such as information sharing, mutual assistance, offline network and assurance. It is accessible through multiple online portals, such as the Trucker Community App we developed, official accounts on social media platforms such as WeChat and Douyin, and WeChat groups. It provides a

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platform for truckers to communicate, discover business opportunities and enjoy social life, and gives truckers access to mutual support. Trucker Community is committed to building a positive and warm social community in the industry, to connect the vast number of truckers more closely, and enhance their sense of belonging. Our community has built up a good reputation and exerted a positive influence on the industry. During the Track Record Period, we recorded a monthly average of approximately 18,800 online inquiries, with 87.2% eventually resolved; we also recorded a monthly average number of approximately 1,300 requests for on-site mutual support, with all of them eventually resolved. We believe strong word-of-mouth would enable our community to consistently acquire new users at relatively low costs. The continued expansion of user base provides a stable supplement of road freight transportation resources for our digital freight platform and a solid foundation for us to develop truck aftermarket services.

Building upon our digital freight business and the abundant traffic generated by our Trucker Community, we have launched full life-cycle, comprehensive Truck Plus solutions encompassing new truck sales, maintenance, insurance, second-hand truck sales and other services for truckers. We continue to develop Truck Plus members from the trucker users of our digital freight business and our Trucker Community. According to CIC, the market size of China’s truck sales and aftermarket services reached approximately RMB3.8 trillion in 2021, including truck sales market of RMB881.5 billion, truck tires market of RMB631.1 billion, truck maintenance market of RMB632.2 billion and truck insurance market of RMB569.5 billion. However, the market for truck sales and aftermarket solutions had been underdeveloped. Relying on the user base of millions of truckers with high loyalty, we have ample opportunities to develop an industry-leading truck aftermarket service platform. The scale of our Truck Plus business has grown rapidly, with more than 121,700 registered Truck Plus members as of September 30, 2022. As of the Latest Practicable Date, many of the aftermarket services we provide are in the early stages of commercialization, but they have shown considerable growth momentum and potential. During the Track Record Period, we had entered into strategic partnership with leading insurance companies, logistics companies and truck aftermarket service providers in connection with our Truck Plus solutions.

We have been continuously providing industry-leading digital solutions to our customers.

We have been dedicated to the promotion of the digitalization of China’s road freight transportation industry over the past decade. Based on our insights into the industry, we have been providing industry-leading digital solutions to our customers with continual upgrades. We pioneered among our peers in developing *Guanchebao*, the first SaaS product in the logistics industry in China. *Guanchebao* is a PC-based online transportation resource management application that can be seamlessly connected with the TMS and ERP systems of logistics companies and cargo owners. In light of the proliferation of mobile internet, we launched our mobile-based online transportation resource management application, *Kuailubao*, which, like *Guanchebao*, enables cargo owners and logistics companies to place orders in real-time through mobile apps, and optimize their efficiency through visualization of the whole transaction process; while truckers can use *Haoyunbao*, our self-developed mobile-based transportation assistance application for truckers, to make inquiries, take orders and collect payments in one stop on our platform.

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In 2013, we launched one of the first digital freight platforms in the industry to enable online transactions. To cater to the specific demands of shippers, we provide targeted online digital solutions covering the whole transportation process, such as arrangement of road freight transportation resources, management of shipping orders, monitoring of the transportation process, road freight transportation payment and settlement, and the issuance of invoices. According to CIC, we were the first to offer online payment and settlement solutions on digital freight platforms in China, which enhanced the level of digitalization of the entire transaction process. Through such solutions, we have helped shippers upgrade their logistics operations, so that they can enhance the standardization, digitalization and transparency of the dispatching and management of road freight transportation resources. Our services also enable shippers to expand the scope of available road freight transportation resources and improve the efficiency in the coordination process between road freight transportation demand and supply, which in turn help shippers reduce their operating costs and compliance costs.

We have been consistently empowering our customers through the solutions we provide. For instance, after working with us, one of our key customers, Company A, significantly enhanced its capabilities in the direct procurement of road freight transportation resources and its operating efficiency. Similarly, we have provided a broad portfolio of services to help another key client, Shengfeng, improve its capabilities and operating efficiency in road freight transportation.

During the Track Record Period, the number of shippers that had completed shipping orders on our digital freight platform continued to grow rapidly, with 3,340, 4,327, 5,934 and 5,932 shippers for 2019, 2020, 2021 and the nine months ended September 30, 2022, respectively. We endeavor to continue exploring the digitalization opportunities on our platform and offering various value-added services to achieve digitalization.

We have propelled the industry development with continuous research and development.

Since the inception of our business, we have been working to promote the digitalization of the road freight transportation industry in China. We leverage our research and development capacity to improve our services, maintain our competitiveness within the industry, and achieve long-term growth in revenue and profitability. To maintain our competitive edges in research and development, we consistently invest significant resources into research and development activities. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, we incurred research and development expenses of RMB29.9 million, RMB46.7 million, RMB72.8 million, RMB48.2 million and RMB58.2 million, respectively.

We value the accumulation, analysis and application of data generated from our platform, as we continuously improve our efficiency in organizing road freight transportation resources and arranging trucks utilizing our big data capabilities. We worked with business partners that helped us build a credit system for truckers based on transaction data, in order to facilitate the access to financial resources by truckers. We also collaborated with certain business partner to record information generated from the road freight transportation process onto the blockchain, so that third-party financial service providers we work with can gain better understanding of the creditworthiness of logistics companies based on such data. We strive to use technology to transform the current road freight transportation industry that suffers from low transparency, lack of trust, and low penetration of insurance and other financial services, and to promote the establishment of a credit system within the industry.

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We have established extensive collaborations with companies and academic institutions with leading technologies in areas such as automotive operation system, vehicle-to-everything and autonomous driving, including Banma, CalmCar and the International Institute of Finance of University of Science and Technology of China, to actively promote the application of advanced technologies in the road freight transportation industry, such as the active safety technology. Based on our operations throughout the years, we had accumulated valuable data regarding road freight transportation on our platform, and we collaborated with our research and development partner, CalmCar, which possesses technological advantages in developing vision systems for autonomous vehicles, to jointly engage in research and development efforts in promoting active safety system for trucks, including monitoring the driving conditions of truckers and providing alerts for dangerous driving scenarios. Through such collaboration, we were able to gain deep insights in the operation of trucks in the transportation process and to achieve breakthroughs in promoting the active safety system of trucks.

Our technological strengths have been substantiated by our intellectual property rights and the recognitions we have received as a result of our relentless research and development efforts. As of December 31, 2021, we were one of the leading players in research and development activities in the field of blockchain-related technologies. We ranked the 65th in 2017 and 74th in 2018 on the list of “Global Top 100 Companies with Patents in Blockchain Technologies” released by IPRdaily and incoPat, and was the only logistics company on such list. In addition, our Company is accredited as a national high and new tech enterprise.

We have cultivated a healthy, reciprocal and sustainable ecosystem.

We have cultivated a healthy, reciprocal and sustainable ecosystem for participants in the road freight transportation industry. For essential players in the industry such as cargo owners, logistics companies, freight brokers and truckers, our digital freight platform allows them to establish more stable business relationships through repeated transactions, and thereby promoting trust, better cooperation and reliable services. Our digital approach to the road freight transportation process allows all participants to effectively exchange data, monitor the transaction process and coordinate their business activities, and thereby increasing operating efficiency and creating cost savings to be shared by all participants. To increase the scale and livelihood of our ecosystem, we have brought in more participants through our Trucker Community and Truck Plus solutions, including a large pool of truckers, truck sellers, aftermarket service providers, insurance companies and various other service providers. Our ecosystem provides more business opportunities and better solutions to these participants as compared to what they may obtain from other channels, while at the same time, they provide more convenient, diversified and cost-effective services to address the various needs of the essential industry players in our ecosystem. As the ecosystem’s builder and keeper, we have established stringent rules to monitor and manage the transactions happening in the ecosystem to ensure transparency, reliability and fairness to all participants. Due to its transparency, we believe our ecosystem can also effectively eliminate industry participants that do not add value, such as certain types of informational intermediaries and middlemen, from the transaction process, and thereby further increasing efficiency and reducing costs for all participants.

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We have a management team with rich experience in digital logistics and a strong strategic shareholder base.

We have an experienced and entrepreneurial management team with a proven track record of strategic planning and sound execution. Mr. Feng Lei, our founder, has nearly 20 years of experience in digital logistics, and is currently the president of the Logistics Platform Branch of China Federation of Logistics and Purchasing. Mr. Feng has a thorough understanding of and insight into the road freight transportation industry in China as well as the internet and IT technology. While maintaining a high level of stability in our core executive team, we have continued to attract talents from leading internet companies and Fortune Global 500 companies. Our major shareholders and strategic partners have solid strength and abundant resources in technology and automobile industries, providing great potential for supporting our business expansion in connection with the automotive aftermarket and other fields.

STRATEGIES

We strive to capitalize on the business opportunities emerged through the course of digitalization in the road freight transportation industry, and provide services that better address the needs of our customers. To achieve such goals, we intend to pursue the following strategies:

Continue to scale up digital freight services and provide more in-depth services to customers

The currently low penetration rate of digital freight platforms in the freight transportation industry in China is expected to grow steadily in the near future, due to the increasing adoption of such digital freight platforms by different industry players and the support of favorable regulatory policies. As a leader in the digital freight industry, we plan to continue expanding the size of our digital freight business in the following aspects in the future:

- *Expanding customer base:* We plan to deploy a hybrid customer acquisition method combining online and offline channels, such as online marketing, on-site promotion, among others, to effectively expand our customer base. We expect to particularly focus our expansion on new geographic markets, business scenarios and industry segments with high growth potentials, striving to provide innovative industry solutions to address the needs of new customers. For example, following our establishment of regional operational and customer engagement centers in Guangzhou, Wuhan, Chengdu and Nanjing, we are also planning on establishing additional regional operational and customer engagement center in certain cities in North China to take advantage the considerable market opportunities and growth potential for digital freight transportation in the region, especially for freight transportation businesses provided to bulk cargo shippers which are abundant in North China. Taking advantage of the flywheel effect on the supply and demand side for road freight transportation resources, we expect to fully capitalize on the loyal user base of our Trucker Community to continue to expand our supply of road freight transportation resources.

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- *Providing more in-depth services:* We plan to continue enhancing and diversifying the scope of services we provide to shippers, through the provision of more tailor-made product and service offerings that better address the demands of shippers. We plan to help our existing customers upgrade their management system for transportation resources by introducing to them our *Newland* system, so that they can operate the transportation processes in their business with improved efficiency. We are also actively exploring a number of new market segments through various channels such as investment and M&As, to diversify the scope of product and service offerings we provide to our customers, so as to enhance our customers’ loyalty to our brand and to our product and service offerings. We may consider to acquire or invest in companies that have synergistic businesses with ours, such as companies engaging in express shipping or LTL shipping. As of the Latest Practicable Date, we did not have any potential acquisition or investment targets.

Continue to strengthen the community and membership system for truckers, so as to reinforce our road freight transportation resources

We believe that the road freight transportation industry in China will experience significant transformation and the business of truckers will be conducted in a more organized manner in the future. To adapt to the trend, we strive to continue to improve our operation of Trucker Community and to enhance its role as a vibrant community for truckers. We plan to further support the formation of smaller-sized fleets by truckers, and strengthen the cooperative network between truckers, shippers and freight brokers, among others. With such efforts, we expect to help truckers improve their abilities in providing high-quality transportation services, and during such process, to better empower them and enhance the loyalty of such truckers to our platform. Furthermore, we also expect to explore greater commercial value in businesses on our digital freight platform and value-added aftermarket services.

Strengthen our efforts in Truck Plus solutions and further diversify our revenue streams

We believe that there are significant commercial values and monetization potentials within our truck sales and aftermarket business. To capitalize on the huge potential of such market, we plan to further improve our operations of the Truck Plus membership system for truckers, strengthen our supply chain capabilities and develop cooperation with upstream suppliers such as truck manufacturers, and cultivate a broader portfolio of diversified value-added services to truckers. Meanwhile, we will build a sound offline service network by partnering with workshops and empowering them in areas such as supply chain management, customer acquisition, IT system management, among other, so that we can facilitate the formation of a vibrant truck aftermarket ecosystem and facilitate monetization.

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Increase investment in research and development and continuously explore the adoption of new technologies

We plan to continue to strengthen investment in research and development in the following areas:

- We expect to increase investment in the research and development of industry solutions for freight brokers, and enhance our abilities in empowering our customers through digitalization, based on our analysis of key operational indicators such as level of pricing, availability of transportation resources and effectiveness of business cooperation, so that we can provide comprehensive solutions that accurately address the needs of customers.
- We expect to increase our investment in the construction of an “online + offline” system for truck aftermarket services. We also plan to build an operations platform which integrates functionalities spanning from market expansion, order taking, and sales management, so that we can provide more convenient, modularized tools for the operations of our authorized stores in our truck sales and aftermarket business.
- We expect to increase our investment in the research and development of big data acquisition, data processing and data application technologies, and utilize IoT devices and smart platforms to gather multi-dimensional data in the road freight transportation ecosystem, thus shaping and improving our big data analysis capabilities and providing users with high-quality services. We are dedicated to exploring the application of cutting-edge technologies such as blockchain, smart driving, and Internet of Vehicles, striving to apply such technology advancements in areas such as the construction of a credit system, the monitoring of service performance, the improvement in efficiency and the management of transportation resources in the road freight transportation industry. We plan to carry out research and development in related fields by both building our internal teams for independent research and development and cooperating with partners, so as to support the sustainable development of our digital freight platform.

Continue to improve the mechanism for recruiting, cultivating and motivating talents

We plan to offer competitive salaries and career development opportunities to recruit talents. We are making steady progress in growing our pool of talents in research, product development, operation, marketing, and other functions. We believe that our ability to attract and retain talents will improve as our business grows and as we have more resources in recruiting and motivating talents.

We have also built and are continuously updating our evaluation model for talents according to the needs for our business development. For employees who sustainably deliver high performance and loyalty to the company, we grant them equity incentives through our equity incentive scheme to provide them with steady, long-term motivation.

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OUR ECOSYSTEM

We have cultivated an ecosystem through our platform, which connects truckers, shippers, freight brokers, truck sellers, truck aftermarket service providers and other participants in the ecosystem.

Under the traditional truck-based freight transportation model, shippers (including logistics companies and cargo owners) have very limited direct access to truckers, and therefore it is hard for shippers to find readily-available truckers to fulfill their road freight transportation demand. Consequently, shippers have to resort to freight brokers, including external freight transportation managers, fleet captains and other middlemen with access to truckers, to address their needs for road freight transportation. The freight brokers will look for truckers, negotiate with the truckers on the road freight transportation terms and conditions, and facilitate the transactions between shippers and truckers. In the past, such process was usually completed offline, and the information asymmetry between shippers and truckers may lead to unbalanced relationships between them and the freight brokers, resulting in higher road freight transportation costs and lower efficiency for shippers.

We have cultivated an ecosystem that values the interests of all participants. We encourage and promote a solid cooperative relationship of mutual trust and benefits among all ecosystem participants through enhanced digitalization and transparency throughout the process. We enhanced the division of responsibilities among ecosystem participants and improve their synergies. In addition, we encourage freight brokers to play a better coordinating role to facilitate transactions and obtain reasonable returns. We believe that our ecosystem contributes to the standardization and sustainable development of China’s road freight transportation industry.

The following diagram illustrates the interaction among different participants within our ecosystem.



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Set forth below are the key participants that benefit from our ecosystem, and the value propositions our ecosystem offers them:

Shippers: Shippers constitute the direct customers of our digital freight business. Our shipper customers primarily include logistics companies of all sizes and background. To a lesser extent, we also serve cargo owners with needs for freight transportation services. In 2019, 2020, 2021 and the nine months ended September 30, 2022, shippers that had completed shipping orders on our digital freight platform amounted to 3,340, 4,327, 5,934 and 5,932, respectively; and as of December 31, 2019, 2020 and 2021 and September 30, 2022, the cumulative number of shippers that had completed shipping orders on our platform reached 4,643, 6,884, 9,623 and 11,698, respectively. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, the number of shipping orders completed on our platform amounted to 5.9 million, 7.2 million, 10.5 million, 7.8 million and 7.5 million, respectively, and the Online GTV on our platform amounted to RMB23.4 billion, RMB27.9 billion, RMB38.0 billion, RMB28.3 billion and RMB27.3 billion, respectively.

Our ecosystem provides the following value propositions to shippers:

- We enhance shippers’ capabilities to manage transport capacity by consolidating and structuralizing road freight transportation resources.
- We provide shippers with better access to stable and abundant road freight transportation resources, and improve the efficiency in coordinating trucks and cargos.
- We reduce shippers’ procurement cost for road freight transportation by promoting the openness, transparency and standard of the road freight transportation process.
- We improve shippers’ efficiencies through standardization of the entire process, intelligent dispatching and digital settlement.

Truckers: Truckers constitute the suppliers of road freight transportation resources for our digital freight business. We strive to empower truckers with better business opportunities, social communities and work capacities through our digital freight business, Trucker Community and Truck Plus solutions, respectively. In 2019, 2020, 2021 and the nine months ended September 30, 2022, the number of truckers who had completed shipping orders on our platform amounted to 760.1 thousand, 1,018.9 thousand, 1,344.2 thousand and 1,170.4 thousand, respectively, and the number of truckers who had newly registered on our Trucker Community platform amounted to 555.1 thousand, 779.0 thousand, 548.7 thousand, and 358.5 thousand, respectively. We consider truckers who complete at least four orders on our digital freight platform in a given year or a given period to be active truckers, who completed more than 82% of the total amount of sales orders on our platform in each of 2019, 2020, 2021 and the nine months ended September 30, 2022. In 2019, 2020, 2021 and the nine months ended September 30, 2022, the number of active truckers on our platform amounted to 229,800, 296,200, 411,600 and 325,100, respectively.

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Our ecosystem provides the following value propositions to truckers:

- We help truckers obtain more shipping orders by notifying them of shipment opportunities once we receive orders from customers on our platform, and by facilitating the establishment of trust and long-term, stable business relationship between them and shippers who are familiar with them. Consequently, truckers can gain better access to repeated business interactions with such shippers who are able to provide them with steady source of income and business opportunities.
- We protect truckers’ rights by facilitating transportation fee collection.
- We give truckers easy access to value-added services at more reasonable prices.
- By facilitating the communication, information sharing and collaboration among truckers, we create a self-organized community that helps truckers improve the quality of life, gain more professional respect and enhance work satisfaction.

Freight brokers: Traditionally freight brokers serve as an intermediary between shippers and truckers, who select truckers for shippers and coordinate with both sides. In our case, the major function of freight brokers is to introduce truckers to our digital freight platform. In some cases, freight brokers also assist with the vetting of, and coordination with, such truckers. We believe that freight brokers play an important role in our ecosystem by bringing additional truckers to our platform and facilitating the coordination and communication with truckers.

Our ecosystem provides the following value propositions to freight brokers:

- Freight brokers earn commissions from the truckers they introduce to us if they assist with coordination of such truckers in fulfilling shipping orders. By collaborating with us, truckers introduced by freight brokers can access a larger number of shipping orders via our digital freight platform and therefore freight brokers will be able to earn more commissions. In addition, we pay subsidies to freight brokers that introduce truckers to us after such truckers complete the first shipping order and/or download and register on *Haoyunbao* app.
- Traditionally, road freight transportation transactions facilitated by freight brokers were conducted offline without effective means for freight brokers to track and monitor. By collaborating with us, freight brokers can keep track of the shipping orders fulfilled by truckers they introduce through our digital freight platform in real time and coordinate with truckers in a more efficient manner.

We generally require freight brokers who introduce truckers to us to pay deposit if they are in charge of coordinating with such truckers in fulfilling certain shipping orders. Deposit should be paid by freight brokers to us before the fulfillment of such shipping orders. The primary purpose of the deposit is to secure timely fulfillment of such shipping orders by the truckers. The deposit will be returned to the freight brokers by us once the shippers confirm

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completion of the shipping orders and pay the shipping fees. As of December 31, 2019, 2020, 2021 and September 30, 2022, the amount of deposits we received from freight brokers was approximately RMB22.8 million, RMB24.9 million, RMB49.7 million and RMB112.3 million, respectively. For each shipping order where such deposit is required, the amount of such deposit is generally determined based on the amount of transportation fees payable to truckers for such shipping order.

Other ecosystem participants: Other ecosystem participants, such as truck aftermarket service providers, truck sellers, insurance companies and other financial institutions are connected to truckers on our platform through the truck aftermarket services available on our platform.

Our ecosystem provides the following value propositions to other ecosystem participants:

- We provide effective channels for customer acquisition and help them reach targeted user group.
- We create incremental business opportunities such as supply chain finance based on credit profiles of truckers and other platform participants.
- We help brand manufacturers build and enhance brand awareness among a mass of truckers.
- We reduce the procurement costs for small and medium-sized aftermarket service providers through centralized procurement of accessories and consumables.

OUR BUSINESS MODEL AND SERVICE OFFERINGS

We have cultivated a vibrant digital ecosystem for road freight transportation in China, and we are committed to providing a series of solutions to connect and serve various ecosystem participants. Our business primarily consists of three components: digital freight business, Trucker Community and Truck Plus solutions.

Our Trucker Community and Truck Plus solutions provide strategic value complement to our digital freight business, and such three business lines generate strong synergies. The large and loyal user base of Trucker Community provides stable and efficient supplemental road freight transportation resources for our digital freight platform. At the same time, our digital freight platform attracts more truckers to access, and become loyal members of, Trucker Community. In addition, the demands for truck sales and aftermarket services by truckers on our platform also underpin the significant market potentials for our Truck Plus solutions. The synergy among our business lines reinforces each other, allowing us to enhance our brand image and better serve our customers.

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The table below sets forth some of our key operating metrics during the Track Record Period. During the Track Record Period, the number of shippers and truckers (including active truckers) involved in our digital freight business, as well as the number of shipping orders completed on our platform and Online GTV of our digital freight business, generally maintained a trend of steady growth.

	For the year ended December 31,			For the nine months ended September 30,	
	2019	2020	2021	2021	2022
<i>Digital Freight Business</i>					
Shippers that had completed shipping orders on our digital freight platform ⁽¹⁾	3,340	4,327	5,934	5,318	5,932
Truckers who had completed shipping orders on our platform ⁽¹⁾ (thousand)	760.1	1,018.9	1,344.2	1,101.2	1,170.4
Active truckers ⁽¹⁾⁽²⁾ (thousand)	229.8	296.2	411.6	313.4	325.1
Shipping orders (million)	5.9	7.2	10.5	7.8	7.5
Online GTV (RMB billion)	23.4	27.9	38.0	28.3	27.3

For freight transportation services:

	For the year ended December 31,			For the nine months ended September 30,	
	2019	2020	2021	2021	2022
Shippers that had completed shipping orders ⁽¹⁾	267	634	924	822	871
Truckers who had completed shipping orders ⁽¹⁾ (thousand)	115.6	186.1	263.3	212.8	211.1
Active truckers ⁽¹⁾⁽²⁾ (thousand)	43.4	64.8	85.3	65.0	63.7
Shipping orders (million)	1.1	1.5	1.8	1.4	1.2
Online GTV (RMB billion)	3.6	4.8	6.5	4.8	4.9

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For freight platform services:

	For the year ended December 31,			For the nine months ended September 30,	
	2019	2020	2021	2021	2022
Shippers that had completed shipping orders ⁽¹⁾	3,119	3,762	5,177	4,587	5,169
Truckers who had completed shipping orders ⁽¹⁾ (thousand)	703.2	910.7	1,191.4	966.0	1,034.6
Active truckers ⁽¹⁾⁽²⁾ (thousand)	189.3	231.7	324.9	245.4	256.4
Shipping orders (million)	4.8	5.7	8.6	6.4	6.2
Online GTV (RMB billion)	19.8	23.1	31.5	23.5	22.5

Note 1: Some shippers and truckers fulfill shipping orders under both freight transportation services and freight platform services, so the sum of the number of shippers (or truckers or active truckers) under the two business models could be greater than the total number of shippers (or truckers or active truckers) for our digital freight business as a whole.

Note 2: An active trucker under freight transportation service or under freight platform service is defined as a trucker who completed at least four orders on our digital freight platform under such business model in a certain year or period. Since some truckers fulfilled less than four orders under each individual business model but fulfilled more than four orders on our digital freight platform as a whole in certain year or period, such truckers are not considered active truckers under each individual business model, but is considered an active trucker on our platform for such year or period. As a result, in certain year or period, the sum of the number of active truckers under the two business models could be smaller than the total number of active truckers for our digital freight business as a whole.

Digital Freight Business

We operate one of the largest digital freight platform in China in terms of Online GTV, according to CIC. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, Online GTV of our digital freight platform amounted to RMB23.4 billion, RMB27.9 billion, RMB38.0 billion, RMB28.3 billion and RMB27.3 billion, respectively, and the revenue of our digital freight business amounted to RMB3.5 billion, RMB4.6 billion, RMB6.3 billion, RMB4.7 billion and RMB4.7 billion, respectively. In 2019, 2020, 2021 and the nine months ended September 30, 2022, shippers that had completed shipping orders on our digital freight platform amounted to 3,340, 4,327, 5,934 and 5,932, respectively; and as of December 31, 2019, 2020 and 2021 and September 30, 2022, the cumulative number of shippers that had completed shipping orders on our platform reached 4,643, 6,884, 9,623 and 11,698, respectively. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, the number of shipping orders completed on our platform amounted to 5.9 million, 7.2 million, 10.5 million, 7.8 million and 7.5 million, respectively.

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Services Provided Through our Digital Freight Business

We fulfill shippers’ demand for road freight transportation through our digital freight business. The chart below sets forth the service we provide and the flow of fund at each stage during the shipment process of our digital freight business.

Funds Flow and Transaction Flow – Freight Transportation Services



Note: We assign one designated account to each shipper on our platform for its payment of shipping fees.

Funds Flow and Transaction Flow – Freight Platform Services



Note: We assign one designated account to each shipper on our platform for its payment of shipping fees.

Depending on the needs of the customers in the road freight transportation process, our digital freight business consists of two different service models, namely freight transportation services and freight platform services.

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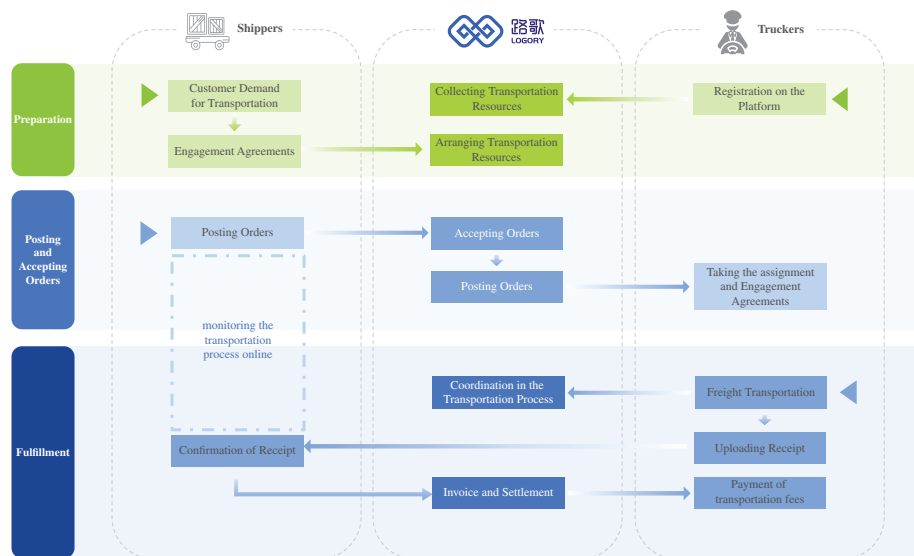
Freight Transportation Services: We provide digital freight transportation services as a carrier by addressing the shipping demand from shippers with appropriate road freight transportation resources based on our analysis of the shippers' business. For each customer, we make tailor-made plans that are specifically catered to the needs of the customer and address the specific problems encountered by the customer in the industry in which it operates. For example, we analyze the transportation needs in the coal industry based on the production patterns of coal mining companies and the transportation patterns of logistics companies serving such coal mining companies, and we examine the background and transportation history of truckers to seek those with relevant experiences serving such companies, so that we can better allocate trucker resources for customers who demand transportation resources in large quantity. We provide shippers with a hassle-free experience by taking charge of the entire road freight transportation process, from trucker arrangement to final settlement. Our freight transportation services are usually provided to customers in the industries with a high degree of standardization in logistics transportation such as shippers for bulk cargo. For our freight transportation services, we recognize contract amount charged to shippers for freight transportation service as our revenue.

Set forth below are the key steps of our freight transportation services:

- ***Preparation:*** We sign our engagement agreement with our shipper customer and we make careful examination and analysis of the nature of the shipper's business, so as to make appropriate initial arrangement for transportation resources that are suitable for the specific needs of the shipper.
- ***Posting and Accepting Shipping Orders:*** The shipper posts its shipping order, after which we accept and assign such shipping order to selected truck fleets or truckers based on our initial arrangement for the road freight transportation resources.
- ***Fulfillment:*** Once the shipping order is accepted, the appropriate road freight transportation resources arranged by us, including truckers, will fulfill such shipping order. We closely manage the fulfillment process and provide the shipper with options to monitor the entire process of the fulfillment status online. Once truckers have completed the delivery and before payment is made to truckers, shippers are required to confirm the fulfillment of shipping orders with us. After the shipper confirms fulfillment of the shipping order, the shipper pays shipping fees to us, and we pay the transportation fee to the truckers.

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BUSINESS FLOW CHART – FREIGHT TRANSPORTATION SERVICES



In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, Online GTV of our freight transportation services amounted to RMB3.6 billion, RMB4.8 billion and RMB6.5 billion, RMB4.8 billion and RMB4.9 billion, respectively, and the revenue of our freight transportation services amounted to RMB3.3 billion, RMB4.4 billion, RMB5.9 billion, RMB4.4 billion and RMB4.5 billion, respectively. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, the number of shipping orders under our freight transportation services amounted to 1.1 million, 1.5 million, 1.8 million, 1.4 million and 1.2 million, respectively.

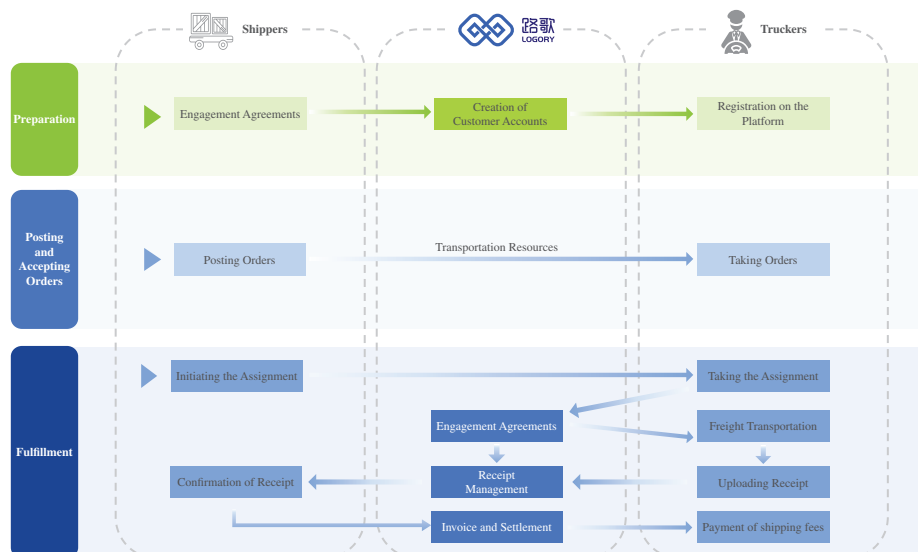
Freight Platform Services: When providing freight platform services, our focus is on connecting and facilitating the coordination between shippers and truckers. We provide shippers access to our platform so they can easily coordinate with the truckers they select. We help shippers reduce transportation cost by providing them with easy and transparent access to transportation resources so shippers can save time and resources for searching and procuring truckers for their transportation assignments. Our freight platform business provides shippers with online digital freight services, and helps shippers improve their operational efficiency through the convenient, flexible and reliable access to transportation resources we provide. We also help shippers reduce risks involved in the transportation process through the comprehensive portfolio of functionalities available on our platform, including enabling shippers to monitor the shipping process and providing shippers and truckers with access to relevant insurance products. Our freight platform services are mainly provided to address the needs of customers in industries where coordinating road freight transportation involves high complexity. For our freight platform services, we recognize revenue based on the difference between the contract amount to be received from the shippers and the contract amount to be paid to the selected truckers.

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Set forth below are the key steps of our freight platform services:

- **Preparation:** We sign engagement agreements with our shipper customers. In the meantime, we accumulate transportation resources on our platform of truckers available for the provision of freight services for selection by shippers.
- **Posting and Accepting Shipping Orders:** After the shippers post their shipping orders, we make recommendations regarding the transportation resources by providing the shippers with suggested truckers whose experience and professional background with respect to industry, nature of freight and transportation route best match the demand of the shippers. Our suggestions to shippers are based on our understanding of the transportation needs of the shippers, and our review of relevant background and transportation history of truckers to seek those with relevant experience serving such shippers, in a way similar to our selection of truckers for shippers under freight transportation services. In this way, we believe that shippers can select truckers with relevant experience and expertise to fulfill the shipping orders. The truckers selected by the shippers accept such shipping orders.
- **Fulfillment:** Once the shipping orders are accepted, the road freight transportation resources, including truckers previously selected by the shippers, will fulfill such shipping orders. We also monitor the transportation process on our platform including the movement of the trucks and provide various functions for shippers to monitor and coordinate their shipments. Once truckers have completed the delivery and before payment is made to truckers, shippers are required to confirm the fulfillment of shipping orders with us. After the shippers confirm fulfillment of the shipping orders, the shippers pay shipping fees to us, which we pay to truckers after deducting our platform service fees.

BUSINESS FLOW CHART – FREIGHT PLATFORM SERVICES



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In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, Online GTV of our freight platform services amounted to RMB19.8 billion, RMB23.1 billion, RMB31.5 billion, RMB23.5 billion and RMB22.5 billion, respectively, and the revenue of our freight platform services amounted to RMB275.3 million, RMB261.7 million, RMB349.2 million, RMB253.6 million and RMB231.3 million, respectively. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, the number of shipping orders under our freight platform services amounted to 4.8 million, 5.7 million, 8.6 million, 6.4 million and 6.2 million, respectively.

The table below sets out a comparison of key characteristics of our freight transportation services and freight platform services:

	<u>Freight Transportation Services</u>	<u>Freight Platform Services</u>
<i>Selection of transportation resources</i>	We select transportation resources (including truckers and their trucks) for shippers.	Shippers select transportation resources (including truckers and their trucks) by themselves through our platform.
<i>Pricing</i>	<p>We set the pricing for shipping fees paid by shippers to us based on negotiation between shippers and us.</p> <p>We set the pricing for transportation cost we pay to truckers based on negotiation between truckers and us.</p>	Shippers directly negotiate with truckers for transportation fees paid to truckers, and we charge shippers a variable margin based on negotiation between shippers and us.
<i>Typical customers</i>	Shippers for bulk cargo, such as coal or steel. As the shipping process for bulk cargo is highly standardized, such shippers generally do not have special requirements and prefer to have us select transportation resources for them.	Shippers for consumer commodities, such as major home appliances. As the shipping process for consumer commodities is relatively complicated, such shippers generally have customized requirements and prefer to select transportation resources themselves.

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	<u>Freight Transportation Services</u>	<u>Freight Platform Services</u>
<i>Role of our Group</i>	Principal, as we select transportation resources for shippers and have full control over the shipping process.	Agent, as shippers select transportation resources themselves and we do not have full control over the shipping process.
<i>Revenue recognition basis</i>	Gross basis	Net basis
<i>Revenue recognition policy</i>	The shipping fees paid by shippers to us are recognized as revenue for freight transportation services, and the transportation cost we pay to truckers is recognized as cost of revenue. Revenue is recognized over time using an output method of progress as shippers receive the benefit of our services as the freight is shipped from the origin to the destination.	The margin we charge to shippers is recognized as revenue for freight platform services, which represents the difference between the total shipping fees paid by shippers to us and the transportation fees paid to truckers. Revenue is recognized once the shipping order is completed.

Under both freight transportation services and freight platform services, as a statutory carrier, we are required by applicable PRC laws and regulations to enter an agreement with shippers who place shipping orders on our platform, and an agreement with truckers who fulfill such shipping orders. Since shippers do not enter into agreements with truckers under either business model, we collect the full amount of shipping fee from shippers and pay the transportation fee to truckers under both business models.

Our Relationship with Shippers

We generally enter into a road freight transportation collaboration agreement (“**Collaboration Agreement**”) with a shipper that has demand for transportation resources to fulfill shipping orders on our digital freight platform. Our responsibilities and liabilities under both freight transportation services and freight platform services are similar. For both freight transportation services and freight platform services, we serve as a carrier under PRC law, and bear the risks of loss or damage of goods in transit, up to the amount of shipping fee, in accordance with the agreements we entered into with shippers. As such, under both business models, shippers pay the full amount of shipping fee to us, and we pay the transportation fee to truckers. We are obligated under the agreement to ensure timely transportation and delivery of freight in good condition, while shippers are obligated to make timely payments for the shipping services. We are also required to observe safety requirements during the transportation process. On the basis that (A) in respect of the Collaboration Agreements with

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shippers (i) we bear the risk of loss and damage of goods in transit only up to the amount of the shipping fee we received from shippers, as required by the terms stipulated under the Collaboration Agreements, and we do not pay any additional amount of compensation to shippers beyond such limits; (ii) CIC’s view that our existing insurance coverage is sufficient to cover our potential liability under the Collaboration Agreements, given that our exposure for loss and damage of goods in transit is limited to the amount of shipping fee; (iii) we generally require our customers to purchase adequate insurance coverage prior to our rendering of transportation services; and (B) in respect of our transportation agreements with truckers for road freight transportation (“**Transportation Agreements**”) (i) we require truckers to take out insurance in key areas including vehicular insurance, third-party insurance and insurance over personal injuries of truckers and we require truckers to compensate us for loss and damage of goods in transit up to the amount of transportation fee we pay to truckers if we are required to compensate shippers for such loss and damage; and (ii) CIC’s view that the insurance coverage we require of truckers pursuant to the Transportation Agreements is sufficient to cover general risks faced by truckers; and (C) CIC’s view that the contractual allocation of risk between (i) shippers and us under the Collaboration Agreements; and (ii) truckers and us under the Transportation Agreements, are in line with market practice, the Sole Sponsor believes that our risks related to such responsibilities and liabilities imposed by law and by contracts are adequately insured. See “—Insurance”.

We charge customers for both of our freight transportation services and freight platform services based on the scope of services we provide. Under freight transportation services, we charge the shipper shipping fees which are based on our transportation fees paid to truckers plus a reasonable mark-up. Under freight platform service, we charge a mark-up to the shippers, as well as collect transportation fees on behalf of truckers. For both the shipping fees under our freight transportation service and the mark-up under our freight platform service, we adopt our pricing policy and negotiate the price we charge for each customer on a case-by-case basis by considering factors including the annual Online GTV contributed by such customer and our business relationships and transaction history with such customer. We also provide customers with discounts based on various factors such as length of business relationship and creditworthiness.

Throughout the years, our services have enabled our customers to expand their accessibility to available road freight transportation resources, and improve their efficiency of utilizing such road freight transportation resources, which would in turn help them reduce operating costs and compliance costs. With our capability in providing digital solutions, we are dedicated to empowering our customers by improving their ability to manage road freight transportation resources.

Our Relationship with Truckers

We have an adequate reserve of truckers to meet customers’ demand for road freight transportation. Truckers on our digital freight platform are individual truck drivers who provide shipping services through trucks in the process of road freight transportation. In 2019, 2020, 2021 and the nine months ended September 30, 2022, the number of truckers who had completed shipping orders on our platform amounted to 760.1 thousand, 1,018.9 thousand,

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1,344.2 thousand and 1,170.4 thousand, respectively. We consider truckers who complete at least four orders on our digital freight platform in a given year or a given period to be active truckers, who completed more than 82% of the total amount of sales orders on our platform in each of 2019, 2020, 2021 and the nine months ended September 30, 2022. In 2019, 2020, 2021 and the nine months ended September 30, 2022, the number of active truckers on our platform amounted to 229,800, 296,200, 411,600 and 325,100, respectively.

We generally enter into a freight transportation service agreement with truckers who fulfill shipping orders on our digital freight platform. Pursuant to the freight transportation service agreements, we typically require that (i) truckers have requisite qualifications, licenses and permits with respect to the trucks and the freight transportation services to be provided; (ii) truckers fulfill the road freight transportation orders safely and in a timely manner; (iii) truckers remain subject to our continued supervision and stay in communication with us during the transportation process; (iv) truckers provide the transportation services with professional attitude, ensure the delivery of freight in good condition, and make appropriate communication with the recipient of the freight; and (v) truckers shall bear all risks during the transportation process in connection with the freight transportation services provided and shall be obligated to purchase relevant insurance relating to the transportation process, in addition to our requirements for our customers to purchase adequate insurance coverage prior to our rendering of transportation services. See “— Our Business Model and Service Offerings—Digital Freight Business—Our Relationship with Shippers”. According to the freight transportation service agreement between the truckers and us, should any disputes arise out of the transportation process, we are allowed to withhold payment of transportation fee to truckers until such disputes are resolved, and we shall make payment to truckers only after receiving confirmation from shippers, which limits the possibility of further or subsequent disputes arising between shippers and truckers. During the Track Record Period, we had not been involved in any material disputes with shippers or truckers for liabilities incurred during the transportation process.

Under our freight transportation service, based on the shipping fee we charged from shippers and general market conditions, we post on our digital freight platform relevant transportation assignments with a price quote to selected truckers by referring to various factors such as weight, distance and industry, which we believe is in line with general market pricing level. Truckers can take such transportation assignments based on their own transportation capacity, the price quote and other relative information such as the route and nature of the freight. Under our freight platform service, shippers negotiate price with truckers.

To further improve the efficiency in trucker assignment, we screen truckers who have completed registration on our platform, and closely track and evaluate their performance. We conduct careful screening process for truckers on our platform, and generally require truckers to provide, for our screening purpose, their personal identification card, drivers’ license and operating permits of their trucks which are issued by relevant transportation authorities. We offer customers a feedback system so they can provide feedback regarding the performance of the truckers engaged on our platform in completing a particular order, and we give each trucker a performance score based on such customer evaluation. We keep record of every transaction

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completed by truckers, including transaction time, customer feedback and nature of transactions. In some cases, we screen and select truckers who are familiar with certain routes, nature of freight or work procedures, in order to provide services to particular customers with improved efficiency.

We maintain good relationship with truckers on our platform. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material disputes with truckers on our platform or any strikes by truckers on our platform.



Users’ Access to our Digital Freight Business

We leverage on our portfolio of apps, including *Haoyunbao*, *Guanchebao*, *Kuailubao* and *Newland*, to enhance the synergy of the road freight transportation resources along the industry value chain, and empower customers to manage the road freight transportation resources.

Set forth below is a comparison between the different apps we provide:

	PC/mobile	Intended users	Main functionalities
<i>Guanchebao</i> (管車寶) 	PC	off-site personnel of shippers, who work at the headquarter or regional offices of the shippers	access to a comprehensive portfolio of digital freight services, including placing orders, selecting truckers, settling bills, and making payments. In addition, off-site finance team of the shippers may use this portal to review transportation records and audit the bills.
<i>Haoyunbao</i> (好運寶) 	mobile	truckers	managing the road freight transportation procedures, including taking orders, verifying information and managing payment of transportation fees; and accessing truck aftermarket services, such as the refill of oil, gas or ETC payments.

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	PC/mobile	Intended users	Main functionalities
<p><i>Kuailubao</i> (快路寶)</p> 	mobile	on-site personnel of shippers, who work at the origin or destination of the shipping order to directly monitor the transportation process	fast and convenient onsite access to digital freight services, including placing orders, selecting truckers, settling bills, and making payments.
<p><i>Newland</i> (新大陸)</p> 	PC	off-site management personnel of shippers, who work at the headquarter or regional offices of the shippers	provides logistics companies with the possibility of data-empowered management and improve their scientific management capabilities.

路歌管车宝

Guanchebao (管車寶), our self-developed app based on Internet technology and base station positioning technology, is an online transportation resources management software designed for logistics companies, the data bearer of which is PC terminal. *Guanchebao* is our first self-developed software, and it is also the first SaaS software applied to the logistics industry in China, according to CIC. Taking into account the status quo of domestic transportation industry in which individual truckers are major players, *Guanchebao* helps logistics companies improve dispatching efficiency, reduce transportation costs and optimize transportation management by providing a comprehensive portfolio of digital freight services for logistics companies. We cooperate with three major mobile service operators for *Guanchebao*, namely China Telecom, China Unicom and China Mobile, through location-based services that allows logistics companies to acquire trucker’s location in real time, which improves the dispatching efficiency and enables in-transit management. Under our procurement agreements with these major mobile service operators, we pay such mobile service operators a monthly or annual fee in exchange for a fixed amount of the location-based services provided by such mobile service operators. Once the said fixed amount of location-based service is reached, we may pay additional fee to further procure such service. *Guanchebao* provides logistics companies with a variety of value-added services such as payment management, reconciliation management and invoice management, and is also equipped with functions including truck information collection, flow management and label management, facilitating standardized business management by logistics companies, and helping logistics companies to digitalize business process.

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车牌号	品牌型号	车辆类型	驾驶员	联系电话	当前位置	定单时间	商家名称	商家地址
粤A11111	解放 J6L	牵引车	张三	13812345678	广东省广州市天河区	2023-10-27 10:11	商家A	商家地址A
粤B22222	东风天龙	牵引车	李四	13987654321	浙江省宁波市北仑区	2023-10-27 10:12	商家B	商家地址B
粤C33333	福田欧曼	牵引车	王五	13709876543	河南省郑州市金水区	2023-10-27 10:13	商家C	商家地址C
粤D44444	解放 J6L	牵引车	赵六	13654321098	安徽省合肥市蜀山区	2023-10-27 10:14	商家D	商家地址D
粤E55555	东风天龙	牵引车	孙七	13543210987	福建省厦门市思明区	2023-10-27 10:15	商家E	商家地址E
粤F66666	解放 J6L	牵引车	周八	13432109876	广东省佛山市南海区	2023-10-27 10:16	商家F	商家地址F
粤G77777	东风天龙	牵引车	吴九	13321098765	江苏省南京市鼓楼区	2023-10-27 10:17	商家G	商家地址G
粤H88888	福田欧曼	牵引车	郑十	13210987654	湖南省长沙市岳麓区	2023-10-27 10:18	商家H	商家地址H
粤I99999	解放 J6L	牵引车	冯十一	13109876543	四川省成都市武侯区	2023-10-27 10:19	商家I	商家地址I
粤J00000	东风天龙	牵引车	陈十二	13098765432	安徽省合肥市蜀山区	2023-10-27 10:20	商家J	商家地址J
粤K11111	福田欧曼	牵引车	冯十三	12987654321	广东省广州市天河区	2023-10-27 10:21	商家K	商家地址K
粤L22222	解放 J6L	牵引车	冯十四	12876543210	江苏省南京市鼓楼区	2023-10-27 10:22	商家L	商家地址L
粤M33333	东风天龙	牵引车	冯十五	12765432109	四川省成都市武侯区	2023-10-27 10:23	商家M	商家地址M
粤N44444	福田欧曼	牵引车	冯十六	12654321098	安徽省合肥市蜀山区	2023-10-27 10:24	商家N	商家地址N
粤O55555	解放 J6L	牵引车	冯十七	12543210987	广东省佛山市南海区	2023-10-27 10:25	商家O	商家地址O
粤P66666	东风天龙	牵引车	冯十八	12432109876	江苏省南京市鼓楼区	2023-10-27 10:26	商家P	商家地址P
粤Q77777	福田欧曼	牵引车	冯十九	12321098765	四川省成都市武侯区	2023-10-27 10:27	商家Q	商家地址Q
粤R88888	解放 J6L	牵引车	冯二十	12210987654	安徽省合肥市蜀山区	2023-10-27 10:28	商家R	商家地址R
粤S99999	东风天龙	牵引车	冯二十一	12109876543	广东省广州市天河区	2023-10-27 10:29	商家S	商家地址S
粤T00000	福田欧曼	牵引车	冯二十二	12098765432	江苏省南京市鼓楼区	2023-10-27 10:30	商家T	商家地址T

Truck List Interface of *Guanchebao*



Map Distribution Interface of *Guanchebao*



Haoyunbao (好运宝) is our self-developed, mobile-based comprehensive software built on mobile internet technology for truckers, which is dedicated to promoting more equitable and efficient coordination of participants along the road freight transportation supply chain. According to CIC, *Haoyunbao* is the first domestic transportation assistance tool that serves as the intelligent reminders with instant task response interaction, and also the first domestic all-round intelligent software integrating truckers’ business and life. *Haoyunbao* provides truckers with transportation process management and truck aftermarket services. *Haoyunbao* has digitalized the transportation process for truckers, including accepting freight sources, signing electronic agreements, uploading receipts and transportation fee settlement, etc. On the one hand, it helps truckers carry out the transportation process more efficiently, on the other hand, the online mode replaces the paper agreements and receipts under the traditional mode, effectively preventing losses caused by the loss of paper materials. *Haoyunbao* provides truckers with targeted services such as transportation fee guarantee, to secure the truckers’ transportation fee settlement and reduce the payment-related risk. At the same time, through direct supply chain procurement, it provides truckers with reasonably priced truck aftermarket products and services, such as sales of trucks and assistance with truck operating qualifications, repair and maintenance, to help them participate in digital freight more efficiently and securely.

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Transaction Interface



Truck Aftermarket Service Interface



Personal Center



Kuailubao (快路宝), our self-developed, mobile-based freight transport management software, strives to provide logistics companies with services covering business operation and road freight transportation management. *Kuailubao* is one of the first mobile applications for freight transportation management in China which seeks to improve the synergy between logistics companies and transportation resources through the repeated engagement of stable transportation resources, according to CIC. The freight transportation management service provided by *Kuailubao* digitalizes the management process for each transaction. It supports the direct procurement of transportation resources at the time of order creation, the in-transit management and emergency management during the transportation process, and the management of receipts and online settlement of shipping fees upon the completion of transportation. *Kuailubao* is committed to helping critical players in logistics projects collaborate in a more digital manner to fulfill their work.

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While *Kuailubao* helps logistics companies accumulate massive road freight transportation resources through the data it has amassed, it also improves the transparency of business processes through digitalization and continuously optimizes the road freight transportation resources supply chain for logistics companies.



**Transaction List
Interface**



**In-transit Track
Interface**



**Payment Detail
Interface**



The *Newland* system is a mid-to-back stage management and analysis software for logistics companies, which provides them with business data and outputs middle platform management capabilities.

Newland analyzes the real-time front-end business data to form the mid-to-back stage analysis data (business analysis, abnormal warning, road freight transportation resources status, shipping fee transportation resources procurement, shipping fee analysis, etc.), and presents such data in a dynamic and visualized manner for use in business, road freight transportation resources management and capital management, respectively.

Newland provides logistics companies with the possibility of data-empowered management and improve their scientific management capabilities. In particular, by using *Newland*, large logistics companies can effectively manage a large number and different types of logistics projects distributed nationwide and analyze the operation status of each logistics project and/or the company as a whole. Moreover, they can directly oversee the performance of each participant in the business process and control the business risks in a timely manner through *Newland*, and manage and evaluate their internal staff.

BUSINESS



Newland system
freight analysis interface



Newland system
abnormal warning interface

Trucker Community (卡友地带)

We operate Trucker Community, the largest community in the logistics industry in China and the largest community for truckers in China, in terms of the number of registered users as of December 31, 2021, according to CIC. We initiated our Trucker Community in 2014, which was dedicated to empowering truckers with better business opportunities, social communities and work capacities. Through years of efforts, our Trucker Community has evolved into a trusted self-organized community with significant recognition among truckers. During the Track Record Period, we did not generate any income directly from Trucker Community, and we primarily relied on Trucker Community for the strategic support it provides to our digital freight business and Truck Plus business.

Our Network for Truckers

We have established an “online + offline” community for truckers. As of September 30, 2022, our online platform recorded a total of over 3.1 million registered users. As of September 30, 2022, our offline community had encompassed a nationwide network spanning across 32 provinces and 298 cities in China.

Users can gain access to Trucker Community through a wide variety of online portals, including the mobile app we developed for Trucker Community, as well as our official accounts on social media platforms such as WeChat and Douyin. Our *Haoyunbao* portal also has an interface connected to Trucker Community. In addition, truckers may also gain access to Trucker Community through our WeChat group, or through the offline activities organized by the local branches of Trucker Community.

To get more involved in Trucker Community, truckers may register for memberships, which grant them access to additional features, such as posting online inquiries regarding professional know-hows and business opportunities, and posting requests for on-site assistance in case of traffic accident or mechanical failures of their truck. A trucker’s membership can be upgraded through active participation in mutual support activities, as well as social events organized by local branches of the network. Such membership upgrade may provide truckers with additional benefits such as granting such truckers discounts on the Truck Plus solutions we provide.

BUSINESS

Features for Truckers

Trucker Community primarily offers the following features:

Content-based Networking

Our content-based networking feature allows truckers to discover high-quality contents that are interesting, relevant and helpful, enabling truckers to build connections with each other in our robust community. Topics covered by the posts include industry updates, information on business opportunities, professional know-hows and sharing of significant moments in personal or family life.

Mutual Support-based Networking

We have established a mutual support program to address various online inquiries from truckers and to facilitate the provision of on-site support to truckers under urgent situations such as traffic accidents or extreme weather conditions. Online inquiries typically cover topics such as traffic and market conditions in the road freight transportation industry, professional know-hows and information on truck maintenance, while requests for on-site support typically address urgent conditions such as traffic accident or truck malfunction. During the Track Record Period, we recorded a monthly average of approximately 18,800 online inquiries, with 87.2% eventually resolved; we also recorded a monthly average number of approximately 1,300 requests for onsite mutual support, with all of them eventually resolved.

Offline Social Networking

To further facilitate the communication and mutual support among truckers, we established local branches for Trucker Community. Such local branches usually organize various activities, such as social gatherings or informal celebration of traditional holidays among truckers, to promote the interaction and foster the sense of community among truckers.

Access to Insurance

Truckers on our platform are offered with a portfolio of insurance services specifically designed for various risks in their work and life. We partnered with insurance companies such as Public Mutual Insurance Corporate and Huatai Property & Casualty Insurance to provide truckers on Trucker Community with easy access to insurance services provided by such business partner at affordable prices. Although during the Track Record Period and up to the Latest Practicable Date, we didn't generate any substantial income through providing truckers with access to such insurance services, we believe we help truckers on our platform resolve one of their concerns regarding affordable commercial insurances for their business.

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Value to Our Business

Although our Trucker Community did not generate revenue during the Track Record Period, it provides strategic support for our digital freight platform. Through our Trucker Community, we strengthen our brand image among truckers, shippers and other ecosystem participants, who further promote our brand recognition within the industry through word-of-mouth and help us acquire customers for our digital freight business. In addition, the large pool of truckers that we can gain access to through Trucker Community serves as supplemental resources in fulfilling shipping orders on our digital freight platform. For example, under certain circumstances where additional truckers are needed to fulfill shipping orders in certain regions, we may reach out to truckers from Truckers Community in such regions, either directly through WeChat or through communication facilitated by active members of the local branches of Trucker Community, to recruit truckers to fulfill such shipping orders along with truckers who are already on our digital freight platform.

Set forth below are certain operating metrics of our Trucker Community:

	Twelve months ended			Nine months ended	
	December 31,			September 30,	
	2019	2020	2021	2021	2022
Number of Converted Truckers ⁽¹⁾ (thousand)	225.9	287.3	261.1	219.7	217.9
Online GTV fulfilled by Converted Truckers (RMB billion)	8.2	10.1	8.7	6.5	5.9
Shipping orders fulfilled by Converted Truckers (thousand)	2,072.0	2,835.8	2,079.3	1,599.6	1,324.0
Breakdown by:					
Freight transportation services (thousand)	453.8	581.5	371.4	292.5	158.3
% of total freight transportation service shipping orders (%) ⁽²⁾	41.4	38.4	20.1	20.8	12.8
Freight platform services (thousand)	1,618.2	2,254.3	1,707.9	1,307.1	1,165.6
% of total freight platform service shipping orders (%) ⁽²⁾	33.9	39.6	19.8	20.4	18.7
Percentage of truckers converted from Trucker Community to our digital freight platform (%) ⁽³⁾	16.1	17.6	19.8	19.3	20.3

Notes:

- (1) “Converted Truckers” refer to trucker users who fulfilled shipping orders on our digital freight platform after they registered on Trucker Community.
- (2) The percentage of shipping orders fulfilled by truckers from our Trucker Community decreased from 2020 to 2021, primarily due to an increase in the number of shippers who fulfilled shipping orders mainly through truckers who had not yet joined Trucker Community.
- (3) Defined as the ratio of the Converted Truckers as of the end of a given period to the total trucker users registered on Trucker Community as of the end of such period.

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Truckers on our Trucker Community platform serve as supplemental resources in fulfilling shipping orders on our platform, while the majority of shipping orders are fulfilled by other truckers on our digital freight platform who have not joined Trucker Community. See “—Our Business Model and Service Offerings—Digital Freight Business.” The synergy among our business lines reinforces each other, allowing us to enhance our brand image and better serve our customers.

We have been exploring monetization opportunities for Trucker Community, including through our Truck Plus solutions. See “—Our Business Model and Service Offerings—Truck Plus Solutions.”

Truck Plus Solutions (卡加車服)

Our Truck Plus solutions are dedicated to enhancing the operational efficiency for truckers with an integrated portfolio of truck sales and aftermarket services covering the entire life-cycle of a trucker’s business. Our Truck Plus Solutions play a supplemental role in supporting our digital freight business and providing us with diversified sources of revenue. Truck Plus contributed to a small portion of our revenue during the Track Record Period. We provide our Truck Plus solutions through our network of authorized stores run by operators who manage the daily operation of such authorized stores with our permission.

To support operations of Truck Plus solutions, we also established a Truck Plus membership system. As of December 31, 2019, 2020 and 2021 and September 30, 2022, the total number of Truck Plus members was approximately 59,000, 95,000, 116,000 and 122,000, respectively. Our Truck Plus membership system was derived from the Trucker Community membership system. But it is a separate, stand-alone membership system that provides truck aftermarket services to truckers. We operate these two membership systems separately because they serve different functionalities and fulfill different demand from truckers. The Trucker Community membership system allows truckers to connect with and provide mutual support to their fellows, whereas the membership system for Truck Plus allows truckers to purchase truck aftermarket solutions from us. Members under each system can enjoy certain discounts and privileges that are transferable between these two systems. The Truck Plus membership services we provide to truckers include rescue, sales discounts, offline services, among others, to increase user loyalty. For example, our Truck Plus members can enjoy the services provided under our Truck Purchase solutions and Truck Maintenance solutions at a discount based on the membership status.

Truck Purchase Solutions (卡加優車)

Our “Truck Purchase” solutions mainly generate revenue through the sale of new trucks, and referral services for the sale of second-hand trucks. We primarily generate sale of goods revenue from Truck Purchase solutions by selling to our authorized stores new trucks, which we procure from truck manufacturers and OEMs that we have established stable business relationship with, and individual sellers and dealers. Under our procurement agreements, sellers such as truck manufacturers and OEMs are responsible for ensuring delivery of trucks

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in good quality, and we are responsible for making timely payment. Under our partnership with our authorized stores, which are our direct customers, we are responsible for the procurement of trucks and our authorized stores are responsible for the sales of such trucks to truckers. If an authorized store fails to fulfill its obligations stipulated in its agreement with us, such as refraining from activities that may damage our brand image, we are entitled to indemnity from such authorized store and we may terminate our agreement with such authorized store. As of the Latest Practicable Date, our “Truck Purchase” solutions had 42 authorized stores, most of which are operated by our business partners, in offline service network across 40 cities in 13 provinces in China. We also provide referral services for the sale of second-hand trucks and generate revenue from service commissions. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, revenue generated from Truck Purchase solutions amounted to approximately RMB16.2 million, RMB10.1 million, RMB1.0 million, RMB0.9 million and RMB0.03 million, respectively, and gross profit generated from Truck Purchase solutions amounted to RMB177.9 thousand, RMB901.3 thousand, RMB163.9 thousand, RMB139.7 thousand and RMB28.5 thousand, respectively.

Truck Maintenance Solutions (卡加養車)

Our Truck Maintenance solutions mainly generate revenue by providing supply chain products to our authorized stores, which are our direct customers. We generate revenue from Truck Maintenance Solutions by selling to such authorized stores truck supply products, such as engine oil, which we procure in bulk from our suppliers at a discount. Under our partnership with our authorized stores, we are responsible for the procurement of such truck supply products and our authorized stores are responsible for the sales of such truck supply products to truckers. If an authorized store fails to make timely payments to us for the truck supply products they procure, or if it fails to fulfill its obligations such as refraining from activities that may damage our brand image, we may terminate our agreement with such authorized store. As of the Latest Practicable Date, our Truck Maintenance solutions had 648 authorized stores, most of which are operated by our business partners, in 117 cities in 19 provinces. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, revenue generated from Truck Maintenance solutions amounted to approximately RMB1.6 million, RMB4.0 million, RMB8.7 million, RMB6.1 million and RMB7.3 million, respectively, and we generated from Truck Maintenance solutions gross loss of RMB18.1 thousand, gross profit of RMB285.9 thousand, gross profit of RMB1,482.0 thousand, gross profit of RMB713.3 thousand and gross profit of RMB272.0 thousand, respectively.

RESEARCH AND DEVELOPMENT

Our dedication to research and development has fueled us up and enabled us to continuously improve our services. We rely on our research and development capabilities to maintain our competitiveness within the industry, and to achieve our long-term growth in revenue and profitability. We consistently invest significant resources into research and development activities. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, we incurred research and development expenses of RMB29.9 million, RMB46.7 million, RMB72.8 million, RMB48.2 million and RMB58.2 million, respectively.

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Our Product Development Model

We are dedicated to relentlessly delivering value to our business operations through our research and development efforts. Our research and development process is characterized by our product development model, which optimizes the process for product development by focusing on the specific goals that each of our research and development projects strive to achieve:



Our product development model is comprised of the following six major steps:

- *Product development seminar*: We organize the initial product development seminar to initiate the product development process. Through early-stage discussions, we align the understanding of our team members on key points in the product development process, such as goals, strategies and the customer demand we strive to meet.
- *Prototype review*: We further clarify the value propositions through more intensive discussion, based on the prototype we have.
- *Final draft review*: We improve the application or function with respect to various details, and enhance the user experience to prepare for delivery of such application or function.
- *Delivery of product*: The new application or function is formally launched following the completion of this step.
- *Operations and testing*: Facilitated by our research and development team, our business team begins to use the new application or function just launched in trials to get familiar with its new features. Our business team examines the effectiveness and user-friendliness of the new application or function from the perspective of users, and prepare for the data collection and analysis stage for the new round.
- *Data collection and analysis*: We collect operational data, conduct analysis on such data, and prepare for the next product development seminar based on the analysis result.

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Based on our product development model, we have also developed our proprietary *Eagle* system, an integrated research and development platform that improves the efficiency of our research and development processes. The *Eagle* system has a series of functionalities that facilitate the work of our research and product development team, including automatic generation of application program for aided design, convenient release, error-fixing and testing. The *Eagle* system also facilitates the information sharing and feedback process between our research and development team and the operations team for our digital freight business, so that our research and development team can better understand the needs in, and help improve, our digital freight business.

Since its adoption in 2018, our product development model has greatly improved the output of our research and development achievements, leading to more frequent internal release of research and development iterations. In 2019, 2020, 2021 and the nine months ended September 30, 2022, our number of internal releases for research and development iterations amounted to 1,238, 2,053, 2,397 and 1,673, respectively, and the average duration for such internal release was 14.8 days, 9.8 days, 7.8 days, and 6.2 days, respectively, demonstrating the effectiveness of our product development model.

Our Research and Development Team

We have built a research and development team comprised of talented professionals. As of September 30, 2022, we had 212 employees dedicated to various research and development function, including a product development team of 118 employees, a user experience design team of 47 employees, a data analysis team of 22 employees, a operation maintenance team of 14 employees, an efficiency enhancement team of seven employees and a technical support team of four employees. We recruit research and development professionals that are motivated, skillful and outstanding in team-work and coordination, so that we can build a research and development team that provides all-rounded technology empowerment to our business units, and consistently creates value for our business. Many of our research and development professionals are equipped with relevant experience in research and development, and possess relevant industry background to help them better address the specific needs in our business. Some of the members of our research and development team held intermediate-level or advanced certificates, which further proved their technical skills in software development. As of September 30, 2022, among our research and development staff, 11 members were holders of advanced certificates of software development, and 15 members were holders of intermediate-level certificates of software development.

As a result of our research and development efforts, we have developed our portfolio of technologies, including big data and blockchain. We believe such technologies have significantly enhanced our operational efficiency and shaped our competitive edge within the industry. See “—Our Technology.”

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OUR TECHNOLOGY

The success of our business hinges on our development and application of innovative technologies, which help us enhance our operational efficiency and empower ecosystem participants on our platform such as logistics companies, cargo owners and truckers, among others. Our technological strengths in big data and blockchain, together with the capabilities we jointly developed with our partners in AI and smart driving, underpin our excellence in operating efficiency. We safeguard our technology know-hows and capabilities with our comprehensive protection system of intellectual properties. See “—Intellectual Properties.”

Big Data

We have accumulated data on road freight transportation through interactions with shippers and truckers and usage of services provided on our platform.

We also possess strong capabilities in analyzing and utilizing the data efficiently, through big data technologies. Our data engineers achieve a comprehensive understanding of logistics companies, cargo owners, truckers and other participants in our ecosystem by cleaning, modeling, analyzing and mining such data. Based on such data, our data engineers are able to build insights into the behavior of different kinds of participants on our platform, helping us provide improved experience and more targeted services for such participants.

Our big data capabilities empower us to resolve challenges emerged in different areas of our businesses. Such areas include performance evaluation of truckers, creditworthiness evaluation of customers, risk management, monitoring and analysis of loss of customers, optimization of the road freight transportation resources, anomalies in the provision of digital freight services and mutual support among truckers, among others. In the performance evaluation system we construct for truckers, we record information such as the historical feedback from shippers for the performance of such truckers when fulfilling shipping orders, the experience of such truckers and the relevant track record of compliance of such truckers. All these information will be reverted to the performance score of truckers in the performance evaluation system, which facilitates the selection of appropriate truckers for shipping orders on our platform. Under freight transportation services, we select truckers for shippers and shippers can check performance scores of truckers upon request. Under freight platform services, our platform facilitates shippers’ choice of truckers by providing shippers with information about truckers, including the truckers’ performance scores, the truckers’ prior experience in fulfilling shipping orders for such shippers, other shippers’ evaluation of the truckers, the service period of the truckers on our platform and the type of trucks that the truckers use, among others. During the Track Record Period, we did not terminate the eligibility of any truckers in fulfilling shipping orders on our platform based on such performance scores. In the creditworthiness evaluation of shippers, we only maintain the creditworthiness information of the shippers for our own risk management and business planning purpose, or for helping such shippers gain better access to financial services provided by relevant third-party financial service provider. We only share the creditworthiness information of a shipper with such third-party financial service provider upon obtaining explicit approval by such shipper, and we do not share such creditworthiness information with any other shippers or any other third parties. According our PRC Legal Advisers, such credit system has complied with applicable data security laws and regulations.

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Besides our in-house research and development, we also actively collaborate with universities and research institutions in China, such as the International Institute of Finance of University of Science and Technology of China, among others, to jointly conduct research projects on big data so as to enhance our capabilities in such areas. Based on the partnership agreement, we provide funding in the amount of RMB2 million per year for such joint research projects. As of the Latest Practicable Date, we had provided a total of RMB6 million for such research funding. Under such collaboration, we work together with the International Institute of Finance to train relevant research and development personnel from both parties who participate in the research projects, and both parties share ownership of the intellectual property developed through such collaboration. As of the Latest Practicable Date, such joint research efforts had resulted in seven research papers, two pending software copyright applications, and four pending patent applications.

Blockchain

We have empowered our operations through the adoption of blockchain technology. The business scenarios of the digital freight services we provide, especially the interactions among logistics companies, cargo owners and truckers, called for the development of a strong credit system among the ecosystem participants to build up trust and to guarantee the smooth operations of our digital freight services, and we have constructed such a credit system by taking advantage of our strengths in big data technology. See “—Our Technology—Big Data.” While the current credit system among participants in the digital freight business is fragile, the blockchain technologies provide efficient solutions to such issue. With the help of blockchain technology, the credit data within the credit system have been recorded onto the blockchain, which enhanced the security, transparency, and the traceability of such credit data. From April 2020 to April 2022, we entered into collaborations with our business partner, Ant Blockchain Technology (Shanghai) Co., Ltd. (“**Ant Blockchain Co.**”), to record information generated from the road freight transportation process onto the blockchain, so that third-party financial service providers we work with can gain better understanding of the creditworthiness of logistics companies based on such data. Pursuant to the annual logistics supply chain cooperation agreement with Ant Blockchain Co., we procured relevant blockchain technology from Ant Blockchain Co., which we further utilized to enhance the application of the relevant technology in our digital freight transportation system. We paid technology service fees to Ant Blockchain Co. for such blockchain technology, which were determined based on the amount of transactions to which such blockchain technology applied plus a market-prevailing mark-up. The logistics supply chain cooperation agreement has expired in April 2022, and our current credit system as of the Latest Practicable Date did not involve the blockchain technology service provided by Ant Blockchain Co.

Our technological strengths in blockchain is evidenced by the intellectual property we have obtained related to blockchain. We ranked the 65th in 2017 and 74th in 2018 on the list of “Global Top 100 Companies with Patents in Blockchain Technologies” released by IPRdaily and incoPat, and was the only logistics company on such list.

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AI and Autonomous Driving

We have also made joint efforts in advancing technologies in AI and autonomous driving, with our business partners. We have collaborated with our research and development partner, CalmCar in multiple cutting-edge technology fields, such as autonomous driving and vehicle-to-everything for trucks. Under such collaboration, we and CalmCar jointly contribute to the research and development in relative fields, and we are able to gain access to data accumulated through such collaboration to improve our own technological strength. Based on the technology data accumulated on our platform, we were able to gain deep insights in the operation of trucks in the transportation process and to achieve breakthroughs in promoting the active safety system of trucks. For example, we collaborated with CalmCar to jointly engage in research and development efforts in promoting active safety system for trucks, including monitoring the driving conditions of truckers and providing alerts for dangerous driving scenarios. Through such collaboration, we were able to gain deep insights in the operation of trucks in the transportation process and to achieve breakthroughs in promoting the active safety system of trucks. For such technology breakthrough, we were granted the Wu Wen Jun AI Science & Technology Award (吳文俊人工智能科學技術獎) by China Association for Artificial Intelligence in 2020.

BRANDING AND MARKETING

We believe that our brand awareness among shippers and truckers has contributed to our business growth and customer acquisition. We have established our brand awareness through high service quality and our online and offline customer acquisition initiatives.

We deploy a mixture of online and offline customer acquisition methods. Our online acquisition methods include customer referral, online advertisement and targeted promotions. For examples, we offer discounts to our existing customers who refer new customers to use the products and services we provide. Our offline customer acquisition methods include door-to-door visit by our sales representatives and participation in trade fairs. For example, we participated in the Asia Biannual Trade Fair for Logistics Industry in 2019, where we were awarded three major prizes and were invited to multiple interviews by major media agencies, which further promoted our brand recognition.

Trucker Community provides additional opportunities for us to build up our brand awareness among truckers. We provide truckers who are active participants in Trucker Community with stickers of our logos and names that can be attached to their trucks, to further enhance our brand recognition in a consistent and effective manner. We also organize an annual event, “I Love Truckers’ Day (52卡友節)”, which is held on May 2nd of the year, for truckers to gather together and socialize with each other. The event has been well-received and influential among truckers and has successfully promoted our brand among truckers as well as other potential customers in the road freight transportation industry.

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We have a professional branding team in charge of various duties related to brand promotion and marketing, such as press release, public relations, organizing activities, preparation of publicity materials and operations of our social media account.

CUSTOMER SERVICES

We are committed to delivering exceptional user experience to our customers.

We engage customer service specialists to handle all kinds of user queries and complaints regarding our services. Customers can make queries and file complaints via various channels. We have established a combination of online and offline measures to provide our customers with after-sales services, which effectively enhanced our customer satisfaction. We have established a customer service hotline, for which we have arranged customer service specialists to address customer questions and complaints. Facilitated by the machine-learning algorithms, we procure from third-party service providers we are able to provide real-time, accurate responses to users’ queries in an efficient manner. We have maintained our connections with a cohort of our customers through online social network, which enable us to understand the needs of our customers and address their concerns in real time. We have also arranged regular on-site visit to our major customers to better understand their experience with the services we provide. In such ways, we strive to maintain good relationship with our customers and to enhance the loyalty of our customers on the services we provide.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any customer complaints about our services or products that would have a material adverse impact on our operations or financial results.

BUSINESS SUSTAINABILITY

During the Track Record Period, we gradually expanded our business operations and increased our revenue. Our revenue grew from RMB3.6 billion in 2019 to RMB4.7 billion in 2020 and further to RMB6.3 billion in 2021, representing a CAGR of 33.0% from 2019 to 2021; and increased from RMB4,676.7 million in the nine months ended September 30, 2021 to RMB4,710.6 million in the nine months ended September 30, 2022. We were able to achieve break-even or become profitable only after our revenue has reached a level that can cover our costs and expenses. Set forth below are certain key factors that may affect our revenue, costs or expenses, which may in turn impact our profitability and business sustainability:

- **Government Grants:** Due to our contribution to the local economy and mutually-beneficial relationship with the local governments, we received a significant amount of government grants during the Track Record Period. The amount of government grants we recognized were based on our contribution to the local economy. During the Track Record Period, government grants related to digital freight business we recognized had approximately been half of our total financial contribution to the local governments, and such percentage had been decreasing slightly over the years during the Track Record Period. See “Financial Information—Government Grants.” We have improved our profitability during the Track Record Period, and recorded

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net profit in 2020, 2021 and the nine months ended September 30, 2022. We believe the improvement in our profitability during the Track Record Period was attributable to (1) the increase in the amount of government grants we received during the Track Record Period, and (2) our ability in effectively leveraging on economy of scale, enhancing profitability through enriched portfolio of service offerings, and improving our operational efficiency, as we grew in size and became more mature in our digital freight business.

The shipping fees we charge shippers have reflected the difficulties for digital freight platforms like us to claim VAT deductions for cash payment of transportation fees to truckers as well as the government grants we expected to receive from local governments related to our digital freight business. The table below sets forth a comparison between our gross profit and the amount of government grants we received during the Track Record Period:

	For the year ended December 31,									For the nine months ended September 30,					
	2019			2020			2021			2021			2022		
	Gross Profit (RMB'000)	Government Grants (RMB'000)	Percentage of Gross Profit (%)	Gross Profit (RMB'000)	Government Grants (RMB'000)	Percentage of Gross Profit (%)	Gross Profit (RMB'000)	Government Grants (RMB'000)	Percentage of Gross Profit (%)	Gross Profit (RMB'000)	Government Grants (RMB'000)	Percentage of Gross Profit (%)	Gross Profit (RMB'000)	Government Grants (RMB'000)	Percentage of Gross Profit (%)
Freight transportation services	35,073	112,341	320	53,512	168,717	315	69,520	236,446	340	52,076	173,497	333	46,423	183,572	395
Freight platform services	168,878	631,627	374	235,321	812,481	345	318,990	1,180,357	370	235,213	876,921	373	205,435	845,879	412
Total ⁽¹⁾⁽²⁾	211,826	743,968	351	300,958	981,198	326	399,861	1,416,803	354	294,208	1,050,418	357	259,083	1,029,451	397

Notes:

- (1) Total gross profit includes gross profit for all types of goods and services we provide, including: (i) freight transportation services; (ii) freight platform services; (iii) sale of goods; and (iv) others.
 - (2) Total government grants related to digital freight business include (i) government grants related to freight transportation services, which are recognized as a reduction of freight cost for freight transportation services; and (ii) government grants related to freight platform services, which are recognized as a reduction of net freight cost for freight platform services and recorded in the line of revenue. Government grants related to digital freight business (for both freight transportation services and freight platform services) that are recorded as a deduction of taxes and surcharges are not included in this table as they do not affect our gross profit.
- **COVID-19:** When analyzing our business sustainability, we have also taken into consideration the adverse impact of COVID-19 resurgence in 2022, and the time it will take us, our customers and the digital freight industry to gradually recover from the lingering effects of the COVID-19 resurgence. See “Financial Information—Impact of the COVID-19 Outbreak.” During the nine months ended September 30, 2022, the COVID-19 resurgence resulted in a year-over-year decrease in our Online GTV and net profit. We have been gradually recovering from the lingering effects of the COVID-19 resurgence and our operations resumed normal in August 2022. See “Financial Information—Recent Development.” Considering such recovery, we do not expect the COVID-19 resurgence to materially and adversely affect our sustainability in the long term.

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- **Staff Costs:** Staff costs account for a substantial portion of our sales and marketing expenses, administrative expenses and research and development expenses. Our staff costs hinge on the number of our employees and the level of average remuneration paid to our employees. The number of our employees generally grew as we expanded our scale of business during the Track Record Period. From January 1, 2019 to September 30, 2022, the number of our employees increased from 628 to 1,019. The average remuneration per employee per month also generally increased during the same period. As we expand our scale of business and as we continue to attract and retain talent, we expect our staff costs to continue to increase, leading to an increase in each of our sales and marketing expenses, administrative expenses and research and development expenses. However, as the rise in staff costs is commensurate with our expected business growth, we do not expect it to affect our business sustainability.

We expect to further improve our profitability and maintain our business sustainability through (i) continued revenue growth; (ii) improving our operational leverage; and (iii) increasing monetization. See “—Strategies.”

Continued Revenue Growth

We operate in a fast-growing market. According to CIC, due to favorable market condition and government policies, the number of digital freight platforms increased significantly from less than 300 in 2016, when the Ministry of Transportation began to officially promote the first batch of pilot enterprises that operate digital freight platforms, to more than 2,200 as of June 30, 2022. According to CIC, the market of digital freight business in China is expected to reach RMB759.0 billion in 2026, growing at a CAGR of 12.0% from 2021. In the meantime, the current low penetration rate of digital freight platform in the freight transportation industry in China suggests significant headroom for growth of digital freight business in China. According to CIC, the penetration rate of digital freight platform in the FTL market in China was 10.7% in 2021, and is expected to grow to 16.8% in 2026. As the penetration rate of digital freight platform in freight transportation industry in China continues to grow in the future, due to the increasing adoption of digital freight platform by more industry players and the support of favorable regulatory policies, we face immense market opportunities to further expand our business and continue to realize sustainable growth in revenue. In addition, the digital freight industry is highly fragmented. The top five market players accounted for approximately 36.0% and the top ten market players accounted for approximately 50.0% of the total market share in terms of Online GTV in 2021, followed by a large number of small players in the market, according to CIC. Since these small players are not able to compete with the leading players in terms of the ability to leverage economies of scale, obtain government support, stay compliant with regulations, build up reputation and win customer trust, it is expected that such small players will soon fall out of the market. As a result, there is substantial room for us to consolidate the market, take up the market share of the small players and achieve further growth. As one of the industry leaders, we are well-positioned to take advantage of the expansion of the market and maintain high growth in the future, driven by our expansion in customer base and service offerings.

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Customer expansion: We expect to improve our customer acquisition by deploying multiple customer acquisition methods such as online marketing and on-site promotion. We also expect to further expand our customer base into new geographic areas and new industry segments with promising growth potential, to achieve steady growth in revenue. For example, while revenue from Inner Mongolia, Xinjiang and Shaanxi accounted for approximately 56% of our revenue in each of 2019, 2020, 2021 and in the nine months ended September 30, 2022, we plan to increase our customer acquisition in other regions in China to further sustain our expansion. To achieve this goal, we had been dedicated to refining our operations within major geographic regions in China, enhancing the accessibility of our operational staff to our customers, and deepening our penetration into regional markets. During the Track Record Period, we decided to exploit the market opportunities for road freight transportation in Xinjiang due to strong demand for freight transportation services from shippers in Xinjiang for bulk cargo products such as coal, and we formed a team dedicated to organizing selling and marketing initiatives targeted at shippers in Xinjiang to enhance our customer acquisition in the region. From March to July 2022, we established regional operational and customer engagement centers in Guangzhou, Wuhan, Chengdu and Nanjing, to enhance our operations and customer acquisition in Southern China, Central China, Southwest China and Eastern China, respectively, and we plan to establish additional operation and customer engagement centers in other regions in China as needed to facilitate our further penetration into regional markets. We did not set up new subsidiaries or enter into new government grant agreements in Guangzhou, Wuhan, Chengdu or Nanjing when we established such regional operational and customer engagement centers. We entered into agreements with customers covered by these centers under our existing subsidiaries, and we paid value-added tax to, and received government grants from, local financial bureaus of our existing subsidiaries. In the future, if the local financial bureaus in cities where we established regional operational and customer engagement centers are willing to make favorable government grant arrangements, we may also consider establishing new subsidiaries in such cities. At each of these regional operational and customer engagement centers, we kept a small number of employees who assisted with selling and marketing and customer services in the region to help us expand our reach to local customers and enhance customer engagement. The main responsibilities of such employees included (1) hosting business development meetings among certain existing and potential customers in the region to promote the understanding of our business and service offerings among customers; (2) following up with potential customers that have demonstrated interests in our service offerings through telephone communication and on-site visits to facilitate their subscription of our service offerings; (3) providing on-site trainings to employees of our customers to familiarize them with various functionalities of our services; and (4) maintaining business relationship with, and collecting feedback from, existing customers through telephone communication and on-site visits. In addition, we also expect to leverage our experience in the FTL market to expand the scope of customers we serve into the LTL market.

During the COVID-19 outbreak, although our business and customer expansion plan were affected by the travel restrictions and the resulted decrease in demand for digital freight services in China, we implemented various measures to mitigate the impact of the COVID-19 outbreak on our customer expansion plan. For example, we maintained active communication with our existing and new customers during the COVID-19 outbreak, and we conducted customer acquisition activities by taking advantage of channels that had been relatively less affected by the COVID-19 outbreak.

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We also expect to further increase our revenue and improve profitability by diversifying our customer mix. We historically focused on acquiring a higher proportion of sizable customers in order to establish our reputation and brand image within the industry and to quickly scale up our business. We adopted a competitive pricing strategy to successfully acquire such customers. As we have achieved a considerable business scale, we seek to diversify our customer mix to increase the percentage of small to medium-sized customers, which tend to value our services and are willing to pay higher prices. During the Track Record Period, the Online GTV contribution from customers with annual Online GTV of less than RMB10 million increased from 21.8% in 2019 to 23.2% in 2020, and further to 24.6% 2021, and while we expect to grow the volume of our services provided to sizeable customers, we also expect to continue expanding our penetration into small and medium-sized customers through online and offline marketing measures to enhance our profitability.

Service expansion: To better serve our customers, we intend to diversify our scope of services to shippers and provide more tailor-made services to shippers such as helping them upgrade their system for better management of their road freight transportation process. We plan to explore new possibilities in expanding into services that generate synergies with our current service offerings to provide better experience to our customers. By expanding our service offerings, we plan to deepen our business relationship with our existing customers and increase our revenue per customer.

With such market opportunities and our expected growth supported by our plans for customer and service expansions, we plan to maintain active communication with local government authorities regarding the government grants related to digital freight business provided to us pursuant to our agreements with local financial bureaus, and we believe we will be capable of substantially satisfying and meeting relevant conditions for receiving such government grants, as we did during the Track Record Period, so that we can maintain the profitability of our operations.

Improving Operational Leverage

During the Track Record Period, we incurred significant selling and marketing expenses, administrative expenses and research and development expenses. In the near future, we expect to continue to invest in our branding and marketing activities, administrative activities, and research and product development activities. We plan to drive our business sustainability by improving our operational leverage, as we expect to decrease the level of such expenses as a percentage of our revenue. To achieve this goal, we expect to enhance the economy of scale of our operations, increase our bargaining power and take advantage of technology advancement.

Economy of scale: As our business continues to grow, we expect that certain expenses such as staff costs, advertising costs and research expenses will not grow proportionally with revenue. As such, we expect to benefit from economy of scale and achieve a decrease in operating expenses as a percentage of revenue in the long run.

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The following table sets forth our selling and marketing expenses, administrative expenses and research and development expenses in absolute amounts and as a percentage of our revenue for the periods presented:

	For the year ended December 31,						For the nine months ended September 30,			
	2019		2020		2021		2021		2022	
	<i>% of</i>		<i>% of</i>		<i>% of</i>		<i>% of</i>		<i>% of</i>	
	<i>RMB'000</i>	<i>Revenue</i>	<i>RMB'000</i>	<i>Revenue</i>	<i>RMB'000</i>	<i>Revenue</i>	<i>RMB'000</i>	<i>Revenue</i>	<i>RMB'000</i>	<i>Revenue</i>
	<i>(Unaudited)</i>									
Selling and marketing expenses	109,006	3.1	129,575	2.8	153,602	2.4	114,727	2.5	109,489	2.3
Administrative expenses	48,510	1.4	53,907	1.2	86,718	1.4	56,407	1.2	73,584	1.6
Research and development expenses	29,872	0.8	46,741	1.0	72,821	1.2	48,209	1.0	58,221	1.2

Our selling and marketing expenses amounted to RMB109.0 million, RMB129.6 million, RMB153.6 million, RMB114.7 million and RMB109.5 million in 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, respectively, accounting for 3.1%, 2.8%, 2.4%, 2.5% and 2.3% of our revenue during the corresponding year/period, respectively. Our selling and marketing expense primarily consisted of staff costs, advertising and promotion expenses, travel expenses and office expenses, among others. During the Track Record Period, our selling and marketing expenses decreased as a percentage of our revenue as we were able to improve our efficiency in marketing and adopt diversified measures for customer acquisition. In particular, we enhanced our brand awareness among our customers through both online and offline initiatives. Besides traditional costly methods such as trade fairs and offline advertisements, we also hosted multiple online conferences as alternative means for marketing since the COVID-19 outbreak. We aligned the bonus paid to each member of our selling and marketing team with the Online GTV contributed by the customers introduced by such member, to more effectively motivate our selling and marketing personnel and enhance their performance. Members of our selling and marketing team also kept exploring means to establish long-lasting relationship with existing customers while acquiring new customers, so that each member can maintain the Online GTV contributed by existing customers while obtaining the Online GTV contributed by new customers. While the size of our selling and marketing team did not increase significantly during the Track Record Period, with 538, 557, 630, 592 and 574 members as of December 31, 2019, 2020 and 2021 and September 30, 2021 and 2022, the ratio of our revenue to the size of our selling and marketing team increased from RMB6.6 million per person in 2019 to RMB8.4 million per person in 2020, and further to RMB10.0 million per person in 2021; such ratio also increased from RMB7.9 million per person in the nine months ended September 30, 2021 to RMB8.2 million per person in the nine months ended September 30, 2022. We expect our selling and marketing expenses to increase in the absolute amount alongside our business expansion in the future but to decrease as a percentage of revenue, as the staff costs for selling and advertising personnel and advertising and promotion expenses are not expected to grow proportionally with revenue. In particular, we believe the following measures will help improve the efficiency of our selling and

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marketing expenses: (i) reducing selling and marketing expense per customer through cost-effective promotion measures, such as regional offline campaigns; (ii) enhancing the per person operational efficiency of our selling and marketing personnel by continuing to increase the average Online GTV contribution per selling and marketing staff member through performance-driven compensation mechanisms; (iii) sales ramp-up in our existing customers by developing effective means to maintain business relationship with our customers and continuing to optimize and promote our upgraded services; and (iv) improving brand awareness by driving word-of-mouth marketing through our ecosystem participants.

Our administrative expenses amounted to RMB48.5 million, RMB53.9 million, RMB86.7 million, RMB56.4 million and RMB73.6 million in 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, respectively, accounting for 1.4%, 1.2%, 1.4%, 1.2% and 1.6% of our revenue during the corresponding year/period, respectively. Our administrative expenses primarily consisted of staff costs, share-based payments, depreciation and amortization and office expenses, among others. After deducting non-recurring items including share-based payments and expenses related to the [REDACTED], our administrative expenses as a percentage of our revenue accounted for 1.4%, 1.1%, 0.9%, 1.0% and 1.0% of our revenue in 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, respectively, as we were able to control our administrative expenses through effective management and streamlined internal coordination. We expect our administrative expenses in the absolute amount to increase alongside our business expansion in the future but to decrease as a percentage of our revenue, as the staff costs for administrative personnel are not expected to grow proportionally with our revenue.

Our research and development expenses amounted to RMB29.9 million, RMB46.7 million, RMB72.8 million, RMB48.2 million and RMB58.2 million in 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, respectively, accounting for 0.8%, 1.0%, 1.2%, 1.0% and 1.2% of our revenue during the corresponding year/period, respectively. During the Track Record Period, we capitalized on our product development model to drive up our efficiency in research and development activities. Looking forward, we expect our research and development expenses to continue to grow alongside the expansion of our business as we believe that research and development are essential for us to maintain competitive edge in digitalization, enhance overall operating efficiency, and improve our profitability in the long run. As we expect to continue implementing our product development model to enhance our research and development efficiency, and considering that the staff costs for research and development personnel are not expected to grow proportionally with our revenue, we expect to keep the level of our research and development expenses as a percentage of our revenue within a relatively stable and reasonable range.

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Stronger bargaining power: As we grow in size and strengthen our competitive stance in the road freight transportation industry, we expect to enhance our bargaining power in negotiating with customers and suppliers. As a result, we expect to enter into shipping agreements with more favorable terms, such as credit period arrangements that are more favorable to us, to improve efficiency of our use of working capital and to enhance operational leverage.

Technology: We expect to rely on our technological capabilities to enhance our operational leverage. During the Track Record Period, we took advantage of technology to improve our operational efficiency and reduce costs:

- In 2019, our research and development team launched an integrated license review system, which enabled our operational staff to examine a new trucker’s personal ID, driver’s license, vehicle license, professional qualification certificate and business license in a smoother process. With such system, the number of employees that are needed to maintain the review system was reduced by approximately 60%.
- In 2021, our *Kuailubao* app launched a new function, allowing our customers to submit waybills to the app by scanning their paper waybills instead of manually inputting waybills into the app. This new function improved customers’ efficiency in order creation and enhanced user experience. Meanwhile, with such function, our operations staffs were allowed to serve multiple clients at the same time, which also improved our operating efficiency in customer service. In the nine months ended September 30, 2022, the number of staffs in our customer operating team was reduced by 50%, as compared to 2019, while the average number of customers served per staff increased by six times.
- In 2019, our Trucker Community was connected to the community content management system. The original manual review was upgraded to automated review supplemented by manual review. The original content management team for our Trucker Community was composed of 15 employees, while only two employees were needed after introducing the automated review system. This helps us save approximately 86.7% of the management team’s labor costs.
- In July 2022, a store management software was launched for our Truck Plus business. In the backend of the software, management team of our Truck Plus business can see the order volume, business volume, and inventory of each store in real time. The store management software shows the real-time operating status of each store and helps us save approximately 12.3% of the Truck Plus team’s labor costs.

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We plan to continue to increase the level of automation in our service offerings by exploring the existing technology and developing new technology, in order to reduce cost and enhance our operational efficiency. We plan to develop (i) intelligent dispatch algorithm, which aims to automatically assign the most suitable truckers to our customers based on intelligent scheduling algorithms, (ii) intelligent risk management algorithm, which aims to build an intelligent risk management system based on big data, with the goal of identifying potentially risky data within a large amount of data anywhere, anytime; and (iii) intelligent analysis and recommendation algorithm, which aims to leverage big data and deep learning algorithms to improve data-drive user profile for intelligent recommendation and targeted marketing. We believe that these algorithms will help us improve our close rate, reduce costs and enhance our marketing efficiency.

Increasing Monetization

We plan to enhance our monetization capabilities by diversifying our revenue streams and expanding our ecosystem. See “—Strategies—Strengthen our efforts in Truck Plus solutions and further diversify our revenue streams.”

Further diversifying the sources of revenue: We expect to diversify our revenue stream by further expanding our Truck Plus business. The market for truck sales and aftermarket services has promising market potential, and its market size is expected to grow from RMB3.8 trillion in 2021 to RMB5.3 trillion in 2026. Leveraging our sound relationship with truckers, we believe that we are well positioned to seize the substantial market opportunities by providing truck aftermarket services to truckers nationwide to satisfy their various demand ranging from truck purchase to maintenance. We expect to expand our offline service network and increase collaboration with business partners in the truck aftermarket sector. For instance, we seek to collaborate with business partners to open up more authorized stores and increase the coverage of our offline service network. We also plan to lease additional warehouses to facilitate the provision of truck aftermarket supplies to authorized stores, so as to improve the quality control and operating efficiency of the supply chain. Starting from August 2022, we established more in-depth collaboration with certain authorized stores for Truck Maintenance solutions to upgrade such stores into “premium stores.” We plan to devote more managerial resources to such premium stores to enhance their supply chain management and quality control. In return, we plan to charge such stores (1) annual fee; (2) software fee for using software developed by us to manage their aftermarket business; and (3) commissions for purchases made by truckers that we refer to such stores. As of the Latest Practicable Date, we had entered into business collaboration contracts with 16 premium stores for Truck Maintenance solutions. We have not yet generated revenue from premium stores during the Track Record Period due to the relatively short operating history of premium stores. Nevertheless, we expect to generate higher revenue and gross profit from such premium stores than from other authorized stores considering that (1) the annual fee, software fee and commission we charge for premium stores provide us with additional means of monetization; and (2) we plan to introduce certain truck supply products, such as truck-based air-conditioners, to such premium stores, which are expected to generate relatively higher gross profit margin than other truck supply products. We expect to open 150, 200, 300 and 500 new

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authorized stores for our Truck Maintenance solutions, respectively, in each of the four years from 2023 to 2026, and a total of 2,000 new authorized stores for our Truck Maintenance solutions in the period from 2027 to 2031, and we also expect to upgrade such authorized stores to premium stores to increase the revenue and gross profit generated from them. See “Future Plans and [REDACTED].” In addition, we also seek to further diversify the product mix of the truck aftermarket products we provide to truckers. For example, in 2022, we started to provide vehicle-based air-conditioners, tires and truck supplies for engine maintenance.

Expanding our ecosystem: We plan to expand our ecosystem by attracting more participants into our ecosystem in order to create strong synergy among our ecosystem participants and explore additional monetization opportunities. For example, we plan to enhance the engagement and involvement of freight brokers, who generally have access to abundant trucker resources. They can introduce their trucker resources to our platform, enrich the trucker pool on our platform and provide shippers with a wider selection of truckers. Since freight brokers help increase the number of truckers available to fulfill shipping orders on our digital freight platform, more shippers will be attracted to place shipping orders on our platform so that we can expand our business scale and increase our revenue. The additional truckers that such freight brokers introduce to our platform may also become potential customers of our Truck Plus solutions and enhance our monetization capabilities. In addition, as disclosed in the paragraph above, we also plan to expand our ecosystem by attracting more business partners to our ecosystem to set up additional authorized stores and expand our offline network.

OUR CUSTOMERS

Our customers primarily include third-party logistics companies, and to a lesser extent, cargo owners with needs for road freight transportation services. In particular, our customers are primarily engaged in the FTL shipping business. The FTL market accounted for approximately 60% of the overall market size of the road freight transportation market in China in 2021, and the digital freight platform had a penetration rate of 10.7% in the FTL market in 2021, according to CIC. We generally maintain stable relationships with our customers, and we provide customer services to enhance the loyalty of our customers. See “—Customer Services.”

Under our agreements with our customers, we are responsible for providing the freight transportation services or freight platform services, in each case for the freight and route designated by the customers, subject to certain quality standard. Our customers generally have right to supervise and monitor the transportation process and we are obligated to report to our customers if emergencies or unexpected adverse events happen during the transportation process. Our customers are responsible for payment of the fees for such services as stipulated in the agreement. The term of such agreements may range from several months to one year, depending on the business needs of the customers and their business relationship with us.

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During the Track Record Period, we did not have any substantial reliance on any single customer. In 2019, 2020, 2021 and the nine months ended September 30, 2022, revenue generated from our top five customers in each year or period amounted to RMB909.5 million, RMB848.8 million, RMB1,218.4 million and RMB1,232.4 million, representing 25.5%, 18.2%, 19.4% and 26.2% of our total revenue for the respective year or period. Our customers operate in a broad range of industry sectors, and during the Track Record Period, shipping orders from each of the industry sectors where our customers operate generally accounted for less than 20% of our total Online GTV during the same period. As such, we believe that the concentration risk of our customers in terms of industry sectors is low.

As of the Latest Practicable Date, none of our Directors, their close associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers.

The tables below set out the details of our top five customers during the Track Record Period:

<u>Customers</u>	<u>Length of relationship</u>	<u>For the year ended December 31, 2019</u>	
		<u>Revenue</u> <i>(RMB million)</i>	<u>% of total revenue</u> <i>(%)</i>
Customer G, a logistics company in Inner Mongolia	since 2018	355.7	10.0
Customer C, a logistics company in Shanxi	since 2018	155.3	4.4
Customer F, a logistics company in Xinjiang	since 2018	136.2	3.8
Customer H, a logistics company in Shaanxi	since 2018	134.6	3.8
Customer I, a logistics company in Tianjin	2019 – 2021	127.7	3.6
Total		909.5	25.5

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Customers	Length of relationship	For the year ended December 31, 2020	
		Revenue	% of total revenue
		<i>(RMB million)</i>	<i>(%)</i>
Customer F, a logistics company in Xinjiang	since 2018	207.1	4.4
Customer C, a logistics company in Shanxi	since 2018	178.6	3.8
Customer H, a logistics company in Shaanxi	since 2018	165.4	3.6
Customer J, a freight owner in Shaanxi	since 2018	160.9	3.5
Customer G, a logistics company in Inner Mongolia	since 2018	136.8	2.9
Total		848.8	18.2

Customers	Length of relationship	For the year ended December 31, 2021	
		Revenue	% of total revenue
		<i>(RMB million)</i>	<i>(%)</i>
Customer K, a logistics company in Beijing	since 2018	416.0	6.6
Customer L, a logistics company in Shanghai	since 2018	220.2	3.5
Customer J, a freight owner in Shaanxi	since 2018	208.5	3.3
Customer F, a logistics company in Xinjiang	since 2018	194.9	3.1
Customer M, a logistics company in Inner Mongolia	since 2017	178.9	2.8
Total		1,218.4	19.4

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Customers	Length of relationship	For the nine months ended September 30, 2022	
		Revenue <i>(RMB million)</i>	% of total revenue <i>(%)</i>
Customer K, a logistics company in Beijing	since 2018	465.5	9.9
Customer M, a logistics company in Inner Mongolia	since 2017	410.1	8.7
Customer N, a logistics company in China (Shanghai) Pilot Free Trade Zone	since 2021	173.3	3.7
Customer J, a freight owner in Shaanxi	since 2018	106.3	2.3
Customer O, a freight owner in Shaanxi	since 2021	77.2	1.6
Total		1,232.4	26.2

To the best knowledge and belief of our Directors, Customer K, one of our top five customers in 2021 and the nine months ended September 30, 2022, was also a supplier to us in the same period. During the Track Record Period, we provided digital freight services to Customer K; during the same period, Customer K also served as a logistics cooperation partner. To facilitate the integration of our system with that of Customer K and for better coordination with Customer K, we procured from an affiliate of Customer K certain services in relation to Customer K’s shipping orders, such as system integration and loading and unloading of the freight during the transportation process, for which we incurred cost of assistance from logistics cooperation partners. In 2019, 2020, 2021 and the nine months ended September 30, 2022, our revenue attributable to Customer K amounted to RMB0.2 million, RMB0.2 million, RMB416.0 million and RMB465.5 million, respectively, representing 0.006%, 0.004%, 6.6% and 9.9% of our total revenue during the corresponding period, respectively. We did not incur any purchase costs attributable to Customer K in 2019 and 2020. We incurred cost of assistance from logistics cooperation partners attributable to Customer K in 2021 of RMB3.5 million, representing 0.04% of our total purchase costs in 2021. In the nine months ended September 30, 2022, we incurred cost of assistance from logistics cooperation partners attributable to Customer K of RMB3.9 million, representing 0.09% of our total purchase costs in such period, as our demand for the logistics cooperation services provided by Customer K increased; in comparison, in the nine months ended September 30, 2021, we incurred cost of assistance from logistics cooperation partners attributable to Customer K of RMB0.5 million, representing 0.01% of our total purchase costs in such period. Our Directors are of the view that such arrangements are mutually beneficial, given that we negotiated with Customer K on an

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arm’s-length basis. In addition, the terms of transactions with Customer K are in line with market practice and similar to those with our other customers and suppliers. To the best knowledge and belief of our Directors, Customer K is an Independent Third Party. None of our Directors, their respective close associates, or any Shareholder who, to the best knowledge of our Directors, owns more than 5% of our issued capital, have any interest in the Customer K during the Track Record Period. Save as disclosed above, to the best knowledge of our Directors, we did not have any other overlap between our top five customers and suppliers during the Track Record Period.

OUR SUPPLIERS

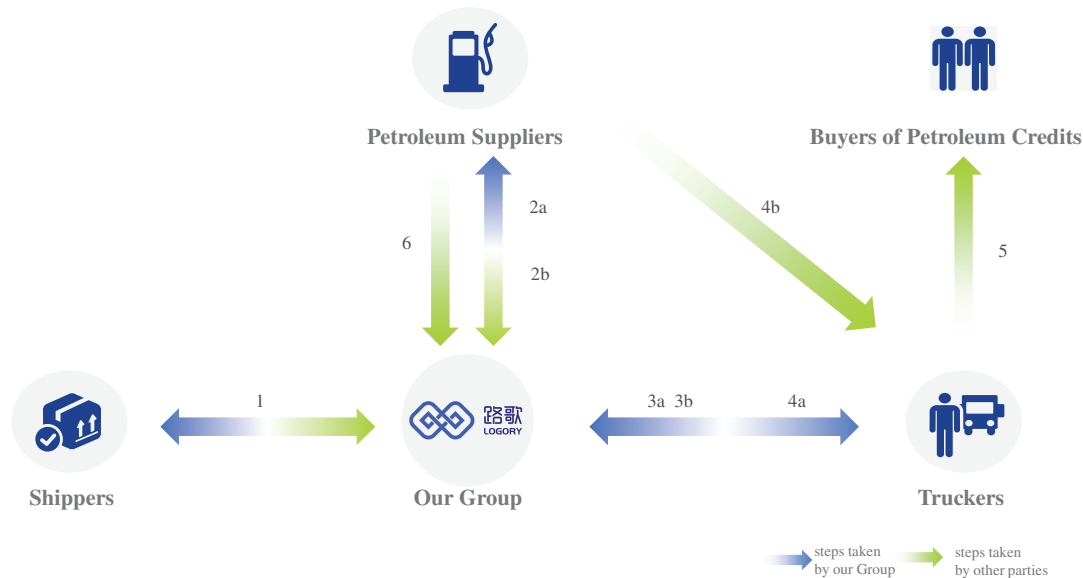
Our suppliers primarily include truckers and petroleum suppliers. We select our suppliers based on a series of factors, such as the quality of products and services they provide, credit history, reputation, and professional experience. We have generally maintained stable and long-term relationships with our suppliers. During the Track Record Period, we have not experienced any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or delay in the provision of the products or services we procured from our suppliers. During the Track Record Period, we did not have any substantial reliance on any single suppliers. In 2019, 2020 and 2021 and the nine months ended September 30, 2022, our purchase amount from our five largest suppliers in each year or period amounted to RMB511.6 million, RMB309.0 million, RMB105.0 million and RMB37.9 million, representing 15.3%, 7.1%, 1.8% and 0.9% of our total cost of revenue for the respective year or period. We have identified readily available alternative suppliers that can offer services and products, at comparable terms, price and quality, in the case of any material disruption to the supply of our current major suppliers. As such, we believe that we will be able to procure products and services we need from alternative suppliers without any significant difficulties.

Although the procurement cost for transportation services provided by truckers takes up a substantial share of our total procurement cost during the Track Record Period, our top suppliers are generally petroleum suppliers due to their relatively large size in comparison with the small amount of procurement cost we pay for each individual trucker. Our purchase from such petroleum suppliers during the Track Record Period consisted of procurement of petroleum credits, in bulk at a discount, and we did not procure products other than petroleum credits from such petroleum suppliers during the Track Record Period. Under our procurement agreements with our petroleum suppliers, our petroleum suppliers are generally required to provide us with petroleum credits, which we are able to grant to truckers on our platform under both freight transportation services and freight platform services so truckers can use such petroleum credits in their transportation process, and we are responsible for the payment of such petroleum credits. We reached agreements with truckers on our platform that, in addition to paying the transportation fee in cash, we could also provide the truckers with petroleum credits that can be used by the truckers during their transportation process, and we principally purchased petroleum credits from such petroleum suppliers for such purpose. The petroleum credits we provided to truckers were in the form of monetary amounts for truckers to redeem petroleum of equivalent value. The proportion of cash payment and petroleum credits is stipulated in the shipping order acceptance interface for truckers on our platform, based on

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bilateral discussion between the truckers and us before the truckers accept the shipping order. Although we generally prefer a higher proportion of petroleum credits in relation to cash payment for the payment to truckers, considering that we are able to claim input VAT deduction based on the value of the petroleum credits consumed by truckers, we take multiple factors into consideration when setting up such proportion, including the amount of petroleum needed for the fulfillment of such shipping order, the proportion that were provided to truckers who fulfilled prior shipping orders with the same or similar transportation route, and truckers’ preferences for remuneration in cash given their needs for liquidity. For each shipping order, we may also adjust such proportion depending on market demand and number of truckers available to fulfill shipping orders. During the Track Record Period, we had not offered any particular incentives to truckers in order to achieve a higher proportion of settlement by petroleum credits than by cash.

The following diagram illustrates key steps in transactions involving petroleum credits:



Step 1: Shippers place shipping orders on our digital freight platform for our digital freight services.

Step 2a: We purchase petroleum credits from our petroleum suppliers and such petroleum credits are recorded in the petroleum suppliers’ systems under accounts designated to us. The monetary value of the petroleum credits paid by us is recognized as prepayments to petroleum suppliers.

Step 2b: After we purchase petroleum credits, petroleum suppliers deliver petroleum cards with zero initial balance to us.

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Step 3a: We engage truckers for shipping orders placed by shippers and negotiate with truckers regarding the proportion of cash remuneration to be paid to truckers and petroleum credits that truckers can use in their transportation process. We propose a proportion when a shipping order is initially posted on our digital freight platform, and we may adjust such proportion depending on market demand and number of truckers available to fulfill shipping orders. Once a trucker is satisfied with the proposed proportion, such trucker may accept such proportion and enter into agreement with us for the fulfillment of such shipping order.

Step 3b: Truckers fulfill the shipping orders. During this process, payables to truckers are recognized on our balance sheet. At such time, petroleum credits paid to truckers are recognized either as cost under freight transportation services on a gross basis or as reduction of revenue under freight platform services on a net basis. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, the amount of petroleum credits we paid to truckers as costs of revenue for freight transportation services amounted to RMB456.0 million, RMB314.6 million, RMB120.9 million, RMB105.3 million and RMB33.1 million, respectively, and the amount of petroleum credits we paid to truckers netted of against revenue for freight platform services amounted to RMB2,552.1 million, RMB1,528.2 million, RMB589.9 million, RMB515.7 million and RMB259.0 million, respectively.

Step 4a: After the shipping orders are fulfilled, we pay the cash remuneration to truckers, and deliver to truckers the petroleum cards with zero initial balance (if the truckers have not received one from us before).

Step 4b: We transfer petroleum credits to truckers' petroleum cards from the account designated to us under the petroleum suppliers' systems. Thus, the prepayments to petroleum suppliers decrease in the same amount of the petroleum credits granted to truckers.

Step 5: Truckers generally consume the petroleum credits by themselves by purchasing the petroleum used in their transportation, while under certain limited circumstances, truckers may resell the petroleum cards with remaining balance to the buyers of petroleum credits.

Step 6: In the month following the consumption of the petroleum credits by the truckers, we receive certain rebates from the petroleum suppliers, in the form of petroleum credits, with value determined based on the amount of petroleum credits consumed by the truckers in the prior month. We record such rebates as an increase in prepayments to petroleum suppliers on our balance sheet.

- For freight transportation services, for which revenue is recognized on a gross basis, we record such rebates as a decrease in cost of revenue in the prior month in our income statement, because the rebates are considered as a compensation to the costs paid by us to truckers in the form of petroleum credits.
- For freight platform services, for which revenue is recognized on a net basis, such rebates are presented in the line of revenue in the prior month in our income statement because the rebates are considered as a compensation to the transportation fees paid by us to truckers in the form of petroleum credits.

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We provide petroleum credits to truckers to make it more convenient for truckers to purchase petroleum en route. On the other hand, provision of petroleum credits is also beneficial to us as we are entitled to claim input VAT deduction based on the value of the petroleum credits consumed by truckers, which can reduce our costs under freight transportation services and increase our revenue under freight platform services, and consequently enhance our profit margin. In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, we claimed input VAT deduction relating to petroleum credits of RMB364.1 million, RMB273.5 million, RMB92.7 million, RMB86.0 million and RMB33.7 million, respectively. As advised by our Industry Consultant, CIC, such provision of petroleum credits to truckers is in line with industry practices and conventions. As confirmed by M&T Lawyers, an independent third-party tax consultant we engaged (the “Tax Consultant”), such provision of petroleum credits to truckers is also recognized by the key competent tax authorities. Based on (i) the aforementioned confirmations by our Industry Consultant, CIC, and by key competent tax authorities; and (ii) the fact that the percentage of our fuel cost out of total transportation cost during the Track Record Period was significantly lower than 40% (being the upper limit on percentage of fuel cost out of total transportation costs generally acceptable to tax authorities for tax deduction purposes), our Tax Consultant is of the view that our provision of petroleum credits to truckers had been in compliance with relevant PRC tax laws and regulations during the Track Record Period and up to the Latest Practicable Date. On the same basis as the Tax Consultant’s view, and taking further into account that we had not been subject to administrative penalties by competent authorities for violating PRC laws and regulations regarding our business activities related to petroleum credits, our PRC Legal Advisers are of the view that our business activities related to petroleum credits complied with the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date.

In 2019, 2020, 2021 and the nine months ended September 30, 2021 and 2022, the total amount of petroleum credits that we recognized as costs of revenue for freight transportation services amounted to RMB456.0 million, RMB314.6 million, RMB120.9 million, RMB105.3 million and RMB33.1 million, respectively, accounting for 14.2%, 7.3%, 2.1%, 2.4% and 0.8% of the costs of revenue for freight transportation services in the corresponding year/period, respectively. The amount of petroleum credits we provided to the truckers decreased both in absolute amount and as a proportion of the costs of revenue for freight transportation services during the Track Record Period, as truckers generally expressed stronger preference for remuneration in cash due to their stronger needs for liquidity as their cash flow had become relatively more constrained since the outbreak of COVID-19. As we remain dedicated to maintaining good relationships with truckers who fulfill shipping orders on our digital freight platform, we adjusted the composition of their remuneration to cater to such preference. During the Track Record Period and up to the Latest Practicable Date, we had not been engaged in any disputes with truckers with regard to the proportion of remuneration to be paid in cash or in kind to the truckers that were material to our business, results of operations or financial condition.

As of the Latest Practicable Date, none of our Directors, their close associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers.

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The tables below set out the details of our top five suppliers during the Track Record Period:

Suppliers	Length of relationship	For the year ended December 31, 2019	
		cost of revenue	% of total cost of revenue
		<i>(RMB million)</i>	<i>(%)</i>
Supplier X, a petroleum supplier in Beijing	since 2016	320.0	9.6
Supplier W, a petroleum supplier in Sichuan	since 2017	157.6	4.7
Supplier U, a petroleum supplier in Beijing	since 2016	18.6	0.6
Supplier Y, a petroleum supplier in Shanghai	since 2017	9.4	0.3
Supplier T, a petroleum supplier in Sichuan	since 2017	6.0	0.2
Total		511.6	15.3

Suppliers	Length of relationship	For the year ended December 31, 2020	
		cost of revenue	% of total cost of revenue
		<i>(RMB million)</i>	<i>(%)</i>
Supplier X, a petroleum supplier in Beijing	since 2016	148.2	3.4
Supplier W, a petroleum supplier in Sichuan	since 2017	105.9	2.4
Supplier S, a petroleum supplier in Beijing	since 2020	22.7	0.5
Supplier R, a petroleum supplier in Shandong	since 2020	19.3	0.4
Supplier T, a petroleum supplier in Sichuan	since 2017	12.9	0.3
Total		309.0	7.1

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Suppliers	Length of relationship	For the year ended December 31, 2021	
		cost of revenue	% of total cost of revenue
		<i>(RMB million)</i>	<i>(%)</i>
Supplier R, a petroleum supplier in Shandong	since 2020	61.9	1.1
Supplier P, a petroleum supplier in Xinjiang	since 2019	11.7	0.2
Supplier T, a petroleum supplier in Sichuan	since 2017	10.8	0.2
Supplier S, a petroleum supplier in Beijing	since 2020	10.5	0.2
Supplier X, a petroleum supplier in Beijing	since 2016	10.0	0.2
Total		105.0	1.8

Suppliers	Length of relationship	For the nine months ended September 30, 2022	
		cost of revenue	% of total cost of revenue
		<i>(RMB million)</i>	<i>(%)</i>
Supplier R, a petroleum supplier in Shandong	since 2020	12.7	0.3
Supplier P, a petroleum supplier in Xinjiang	since 2019	7.6	0.2
Supplier U, a petroleum supplier in Beijing	Since 2016	6.5	0.2
Supplier W, a petroleum supplier in Sichuan	Since 2017	5.9	0.1
Supplier Q, a petroleum supplier in Shandong	Since 2021	5.2	0.1
Total		37.9	0.9

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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 payers (such payer(s), the “**Third-Party Payer(s)**”, and such arrangement(s), the “**Third-Party Payment Arrangement(s)**”). In 2019, 2020, 2021 and the nine months ended September 30, 2022, the aggregate amount of third-party payments (the “**Third-Party Payments**”) we received from Third-Party Payers was approximately RMB132.3 million, RMB59.6 million, RMB63.8 million and RMB0.6 million, which accounted for approximately 3.7%, 1.3%, 1.0% and 0.01% of our Group’s total revenue during the corresponding periods, respectively. The revenue related to Third-Party Payment generated from the Relevant Customers was approximately RMB25.6 million, RMB17.0 million, RMB13.1 million and RMB0.3 million, which accounted for approximately 0.7%, 0.4%, 0.2% and 0.01% of our Group’s total revenue during the corresponding periods, respectively. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period. By late October 2021, we have ceased all Third-Party Payment Arrangements without executed Third-Party Confirmations, and we have ceased all Third-Party Payment Arrangements by June 27, 2022.

The table below sets forth (i) the amounts of Third-Party Payments received from the Third-Party Payers; and (ii) the total revenue related to Third-Party Payments generated from the Relevant Customers during the Track Record Period:

		2019		2020		2021		The nine months ended September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
		(RMB'000)		(RMB'000)		(RMB'000)		(RMB'000)	
Freight Transportation Service	Alliance Members	5,990	4.5%	8,477	14.2%	1,362	2.1%	-	-
	DSM	1,000	0.8%	393	0.7%	226	0.4%	-	-
	Other Third-Party Payers	11,533	8.7%	4,461	7.5%	5,845	9.2%	-	-
	Corporate Related Parties	4,788	3.6%	337	0.6%	4,294	6.7%	-	-
	Corporate Business								
	Associates	672	0.5%	2,811	4.7%	803	1.3%	256	43.0%
	Subtotal	23,982	18.1%	16,480	27.7%	12,530	19.6%	256	43.0%
Freight Platform Service	Alliance Members	35,796	27.1%	9,554	16.0%	1,943	3.0%	-	-
	DSM	31,590	23.9%	5,505	9.2%	12,592	19.7%	-	-
	Other Third-Party Payers	30,445	23.0%	12,113	20.3%	13,877	21.8%	-	-
	Corporate Related Parties	5,740	4.3%	4,451	7.5%	9,716	15.2%	-	-
	Corporate Business								
	Associates	4,700	3.6%	11,497	19.3%	13,121	20.6%	340	57.0%
	Subtotal	108,271	81.9%	43,120	72.3%	51,249	80.4%	340	57.0%
	Total	132,253	100.0%	59,600	100.0%	63,780	100.0%	596	100.0%

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		2019		2020		2021		The nine months ended September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
		(RMB'000)		(RMB'000)		(RMB'000)		(RMB'000)	
Freight Transportation Service	Alliance Members	5,990	23.4%	8,477	49.9%	1,362	10.4%	-	-
	DSM	1,000	3.9%	393	2.3%	226	1.7%	-	-
	Other Third-Party Payers	11,533	45.1%	4,461	26.2%	5,845	44.5%	-	-
	Corporate Related Parties	4,788	18.7%	337	2.0%	4,294	32.7%	-	-
	Corporate Business								
	Associates	672	2.6%	2,811	16.5%	803	6.1%	256	98.8%
	Subtotal	23,982	93.8%	16,480	97.0%	12,530	95.4%	256	98.8%
Freight Platform Service	Alliance Members	523	2.0%	115	0.7%	23	0.2%	-	-
	DSM	461	1.8%	66	0.4%	147	1.1%	-	-
	Other Third-Party Payers	444	1.7%	145	0.9%	162	1.2%	-	-
	Corporate Related Parties	84	0.3%	53	0.3%	114	0.9%	-	-
	Corporate Business								
	Associates	68	0.3%	138	0.8%	154	1.2%	3	1.2%
	Subtotal	1,581	6.2%	517	3.0%	600	4.6%	3	1.2%
Total		25,563	100.0%	16,997	100.0%	13,130	100.0%	259	100.0%

During the Track Record Period and up to the Latest Practicable Date, we have not been imposed any penalties, fines, and have not been involved in any disputes or litigation in relation to the Third-Party Payment Arrangements. During the Track Record Period, there were no payment offset arrangements between our customers and suppliers.

Third-Party Payers

Set forth below are the major types of individual and corporate Third-Party Payers under the Third-Party Payment Arrangements:

Individuals

Alliance Members: During the Track Record Period, our Group cooperated with certain individuals who had existing business relationship with, or were otherwise acquainted with, customers in the road freight transportation industry due to their knowledge, experience and business connection within the industry (the “Alliance Members”). In such cooperations, the Alliance Members assisted our Group in gaining access to new customers, or in the provision and coordination of logistics services for customers of our digital freight platform. Such Alliance Members generally have an incentive to introduce us to customers in the freight transportation industry that demand the digital freight services provided by us, as in this way they could help such customers address business needs for digital freight services, which cannot be provided by Alliance Member due to the lack of the relevant road transportation qualification, and consequently enhance their relationships with such customers. The Alliance

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Members include those individuals who signed up for the “Logory Integrity Logistics Alliance” (路歌誠信物流聯盟) membership scheme which started from 2017, as well as those individual logistics service providers who were registered in our system for the provision of logistics services to customers.

In transactions involving Alliance Members, our Group generally enters into certain agreement with the Alliance Members, the Relevant Customers and the truckers who fulfill the shipping orders, as applicable, including:

- **Membership Agreement:** The Alliance Members who cooperate with us through the Logory Integrity Logistics Alliance would enter into membership agreements with our Group. Pursuant to the terms of the Membership Agreement and the negotiation between our Group and Alliance Members, the Alliance Members would introduce new customers to our platform or assist our Group to provide freight services to the Relevant Customers.
- **Logistics Cooperation Agreement:** Our Group and certain of our Alliance Members would enter into logistics cooperation agreements in relation to such Alliance Members’ assistance in providing specific freight services and solutions to our Group’s customers, including but not limited to scheduling of pick-up and delivery time with the Relevant Customers and truckers, collection of delivery receipts from the Relevant Customers, and assistance in parking of trucks, acceptance of goods, and loading and unloading of goods upon arrival at destination. Based on such agreements, our Group is the principal and the relevant Alliance Member is the agent, and such Alliance Member is responsible for assisting our Group to fulfill our obligations under the relevant Customer Transportation Agreement. Pursuant to customary arrangements as negotiated amongst our Group, the Relevant Customers and the Alliance Members, (a) a portion of the shipping fees received by our Group from the Relevant Customers would be paid to truckers as their compensation, (b) a portion of such fees would be retained by our Group as profits from the freight services and solutions, and (c) the remaining balance would be transferred to the relevant Alliance Members as compensation for their assistance. The fees paid to the Alliance Members are directly related to the freight transportation and freight platform services provided by our Group, and are recognized as our Group’s cost of revenue when the services are completed. The logistics cooperation agreement also provides that certain Alliance Members shall pay shipping fees in advance to our Group on behalf of the Relevant Customers for settlement of fees charged by the truckers. Such payment made by the Alliance Members on behalf of the Relevant Customers to our Group is recognized as our revenue generated from digital freight business, which, in terms of accounting treatment, is similar to the revenue we generate from digital freight business in the cases that do not involve Third-Party Payment Arrangements.
- **Customer Transportation Agreement:** Our Group (as carrier) would enter into engagement agreements with the Relevant Customers (as shippers) in relation to the provision of freight services and solutions by our Group.

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- **Actual Carrier Transportation Agreement:** Our Group would enter into transportation agreements with truckers, who serve as the actual carriers in the transportation process, in relation to the shipping services provided by the truckers.

Our Group assumes similar responsibilities in transactions involving the Alliance Members as it does in those transactions without the Alliance Members. In both instances, we are obligated to ensure timely transportation and delivery of freight in good condition, while the shippers are obligated to make timely payments for the shipping services. In transactions involving the Alliance Members, some of the Alliance Members may refer shippers to our Group; and the Alliance Members may make timely payment to our Group on behalf of the shippers, if the shippers cannot pay on time. In 2019, 2020, 2021 and the nine months ended September 30, 2022, the aggregate amount of revenue generated through Alliance Members was RMB763.5 million, RMB431.4 million, RMB203.3 million and RMB30.9 million, respectively, and the aggregate amount of gross profit generated through Alliance Members was RMB33.1 million, RMB24.0 million, RMB12.3 million and RMB1.5 million, respectively. The aggregate amount paid to Alliance Members and their associates who assisted in the provision of logistics cooperation service was RMB83.4 million, RMB6.1 million, RMB2.1 million and RMB0.1 million in 2019, 2020, 2021 and the nine months ended September 30, 2022, respectively. The decrease in such payment was mainly due to the reduction in the volume of freight services and solutions provided by the Alliance Members to the Relevant Customers through our platform and the increase in the volume of freight services and solutions directly provided by the Alliance Members to the Relevant Customers.

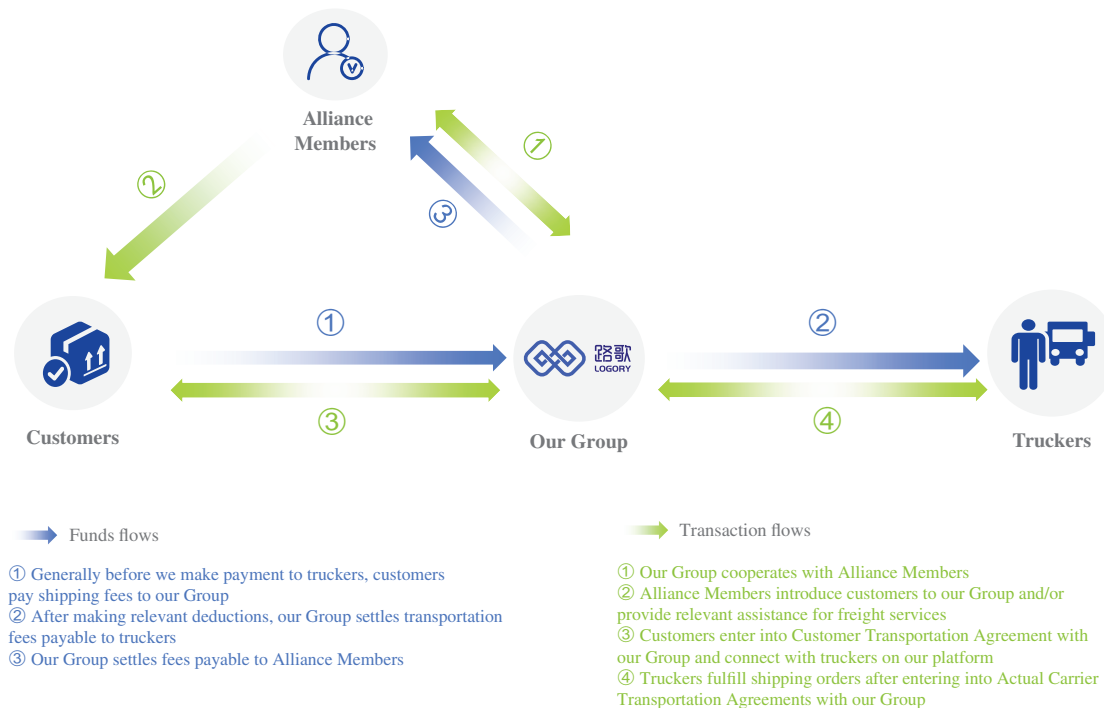
As the Relevant Customers mainly comprise small to medium-scale logistics companies which may not maintain substantial cash resource at all times, during the Track Record Period, there had been circumstances where certain Alliance Members (“**Relevant Alliance Members**”) had paid shipping fees in advance to our Group on behalf of the Relevant Customers for settlement of fees charged by the truckers. Such Relevant Alliance Members generally make payments on behalf of the Relevant Customers due to the limited cash availability of the Relevant Customers, and due to the need to settle fees with the truckers upon delivery of goods, which has been a customary market practice of the PRC road freight transportation industry. It is important for shippers to settle fees with truckers within such time frame, as failure to do so may hurt reputation of the shippers among truckers, worsen business relationship, and cause potential disputes. Such Relevant Alliance Members generally use their own funds for such advance payment of shipping fees on behalf of the Relevant Customers, and are generally willing to bear the risk of default by the Relevant Customers as (i) such Relevant Alliance Members generally have a long-term business relationship with the Relevant Customers; and (ii) the Relevant Alliance Members are incentivized to facilitate the completion of the shipping and settlement process as they derive certain economic interest from such process. Such advance payment made by the Relevant Alliance Members to our Group would generally be subsequently settled directly between the Relevant Customers and the Relevant Alliance Members without the involvement of our Group. Such arrangements are mutually beneficial for our Group as well as for the Relevant Alliance Members. Based on such arrangements, our Group is able to take advantage of the business connection of the Relevant Alliance Members to expand the reach of our business and facilitate our business development,

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while the Relevant Alliance Members are able to monetize such connections based on the platform and the services provided by our Group. According to CIC, such arrangements are common in the digital freight industry and are in line with general market practice. As a result of the historical arrangements set out above, the advance payments made by the Relevant Alliance Members were treated as shipping fees paid to our Group on behalf of the Relevant Customers, and thus constituted Third-Party Payments. In 2019, 2020, 2021 and the nine months ended September 30, 2022, the aggregate amount of Third-Party Payments we received from the Relevant Alliance Members was approximately RMB41.8 million, RMB18.0 million, RMB3.3 million and nil, respectively.

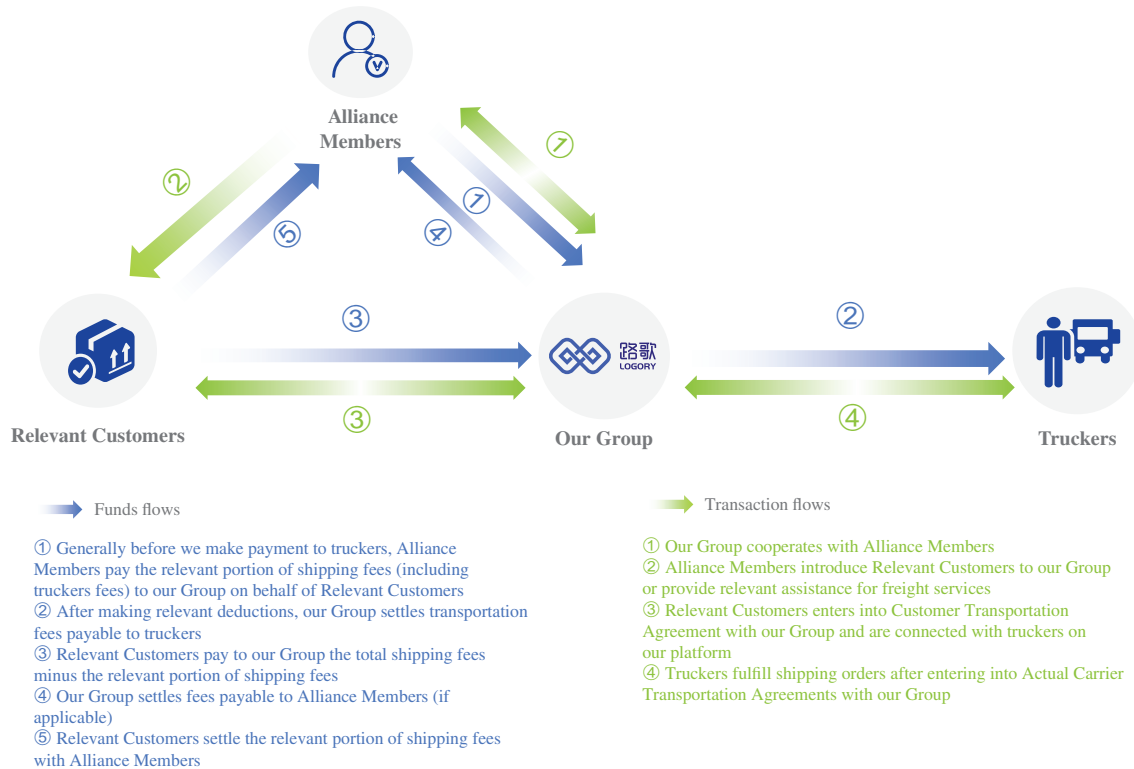
The following diagrams illustrate the funds flows and transaction flows in digital freight transactions involving Alliance Members, with and without Third-Party Payment Arrangements, respectively.

Funds flows and transaction flows – for transactions involving Alliance Members, without Third-Party Payment Arrangements



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Funds flows and transaction flows – for transactions involving Alliance Members, with Third-Party Payment Arrangements



Directors, Supervisors and senior management: Certain Relevant Customers had settled payments with our Group through such customers’ shareholders, legal representatives (法定代表), directors, supervisors and senior management (“DSM”) due to operational needs and requirements. For further details of the reasons for such Relevant Customers to adopt Third-Party Payment Arrangements, please refer to the section headed “Reasons for Utilizing Third-Party Payment Arrangements” as set out below.

Other Third-Party Payers: Other Third-Party Payers include (i) individuals with whom such Relevant Customers have an existing business relationship (the “**Individual Business Associates**”); (ii) employees of Relevant Customers (the “**Relevant Customer Employees**”); and (iii) immediate family members of the DSM (the “**DSM Family Members**”) due to operational needs and requirements. For further details of the reasons for such Relevant Customers to adopt Third-Party Payment Arrangements, please refer to the section headed “Reasons for Utilizing Third-Party Payment Arrangements” as set out below.

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Corporates

Corporate related parties: Certain Relevant Customers had settled payments with our Group through (a) companies with a common shareholder as the Relevant Customers; or (b) companies with a common legal representative as the Relevant Customers (together, the “**Corporate Related Parties**”) due to operational needs and requirements. For further details of the reasons for such Relevant Customers to adopt Third-Party Payment Arrangements, please refer to the section headed “Reasons for Utilizing Third-Party Payment Arrangements” as set out below.

Corporate business associates: Certain companies with whom Relevant Customers have existing business relationships, such as logistics services suppliers of Relevant Customers (“**Corporate Business Associates**”), may engage our Group for logistics services in circumstances where they do not have sufficient logistics capacity to accommodate logistics services requests from the Relevant Customers, and as such the Corporate Business Associates would settle shipping fees with our Group on behalf of the Relevant Customers first. For further details of the reasons for such Relevant Customers to adopt Third-Party Payment Arrangements, please refer to the section headed “Reasons for Utilizing Third-Party Payment Arrangements” as set out below.

Reasons for Utilizing Third-Party Payment Arrangements

As confirmed by CIC, the practice of Third-Party Payment Arrangements is commonly adopted in the PRC road freight transportation industry. According to CIC, among the top 10 digital freight platforms in terms of total Online GTV in 2021, at least 8 platforms have adopted similar Third-Party Payment Arrangements in their past and current operations in providing digital freight services. Such common adoption of Third-Party Payment Arrangements is due to the following reasons:

- certain Relevant Customers might not be able to arrange payments in time (a) due to limited bank service for their PRC corporate accounts over the weekend and during non-business hours; or (b) due to internal control protocols and approval procedures of such Relevant Customers, and as such they would arrange for the DSM and DSM Family Members to pay shipping fees to our Group first, such that the relevant digital freight transaction could be completed on time; and
- in the case of Corporate Related Parties (i.e., companies with whom certain Relevant Customers share common shareholders or legal representatives), such common shareholders or legal representatives may arrange for Corporate Related Parties to pay on behalf of the Relevant Customers due to internal fund allocation and management arrangements.

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The Third-Party Payment Arrangements were primarily effected as a result of operational needs of our Group and Relevant Customers. 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 Payers to facilitate or incentivize the Third-Party Payment Arrangements over the Track Record Period.

Internal Control Measures for Third-Party Payment Arrangements

To safeguard our Group’s interest against risks associated with Third-Party Payment Arrangements, the following internal control measures have been adopted by our Group:

- To formalize the Third-Party Payment Arrangements, commencing from late October 2021, our Group required the Relevant Customers and Third-Party Payers to execute written confirmations (“**Third-Party Confirmations**”), which set out and confirm, among other matters, the relationship between the Relevant Customers and the relevant Third-Party Payers, and the reason(s) for adopting such Third-Party Payment Arrangements. The Third-Party Confirmations also provide that the Relevant Customers may assign their payment obligations under the terms of their original Customer Transportation Agreements with our Group to the relevant Third-Party Payers, and that the Relevant Customers are liable for such Third-Party Payers’ payment obligations. Such Relevant Customers and/or the relevant Third-Party Payers also make various representations to our Group, including confirmation that the source of funding for payments made to our Group is legal and does not involve any money laundering activities or otherwise contravenes applicable laws and regulations. During 2019, 2020, 2021 and the nine months ended September 30, 2022, the aggregate amount of Third-Party Payments subject to executed Third-Party Confirmations covered approximately 27.6%, 33.8%, 58.8% and 100.0% of all Third-Party Payments, respectively;
- Since late October 2021, our Group has ceased all Third-Party Payment Arrangements other than the ones for which Third-Party Confirmations had been obtained. Our online payment system only accepts payments from Third-Party Payers who/which have executed the Third-Party Confirmations. If we identify any payment from the account of a Relevant Customer who has not executed Third-Party Confirmations, we will return all relevant payments made by such Third-Party Payers accordingly; and
- Our Group verifies the names and identities of Third-Party Payers against our Group’s internal records to ensure that such payments are settled through the Relevant Customer’s bank account(s) or such bank account(s) as identified in the Third-Party Confirmations. Our Group also verifies the relationship between the Relevant Customers and Corporate Related Parties; for instance, our Group would conduct public searches to verify the shareholding information of the Corporate Related Parties and such Relevant Customers.

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Our Company and all of our subsidiaries had ceased all Third-Party Payment Arrangements by June 27, 2022. Specifically, we have issued an internal notice within the Group to prohibit the acceptance of all Third-Party Payments. For all payments made by the Third-Party Payers that we identify, we shall initiate refund to such Third-Party Payers and ask the Relevant Customers to re-arrange payment to us. Considering that our revenue generated from these Third-Party Payment Arrangements as a percentage of our total revenue was immaterial and has been decreasing on an overall basis during the Track Record Period, our Directors confirm that the cessation of the Third-Party Payment Arrangements does not have a material adverse impact on our business, financial conditions or results of operations.

Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our internal control system. In preparation for the [REDACTED], we have engaged an independent third-party consultant (the “**Internal Control Consultant**”) and an independent professional party to perform a review over selected areas of our internal controls over financial reporting in November 2021 (the “**Internal Control Review**”). The scope of the Internal Control Review performed by the Internal Control Consultant and the independent professional party covered, among others, the Third-Party Payment Arrangements. Pursuant to the Internal Control Review undertaken for [REDACTED] purposes, the Internal Control Consultant and the independent professional party reviewed the above internal control measures in relation to Third-Party Payment Arrangements adopted by us and did not identify any material deficiencies.

In addition, our PRC Legal Advisers are of the view that the risk that our past practice of accepting Third-Party Payments would be deemed as constituting the crime of money laundering and subject to relevant criminal liability is low, on the basis that (i) we have obtained confirmations from certain number of relevant Third-Party Payers on the legitimacy of the relevant payment source and that such payers are not involved in any money laundering activities or violations; (ii) according to Article 191 of the Criminal Law of the PRC (中華人民共和國刑法), the crime of money laundering is deemed as committed only if we (a) have actual knowledge of any Third-Party Payments being proceeds and/or gains obtained from drug-related crimes, crimes committed by criminal organizations, crimes of terrorism, smuggling, bribery or corruption, crimes undermining the financial order of the society, or financial fraud, and (b) committed certain acts as stipulated under Article 191 of the Criminal Law of the PRC for the purpose of covering up or concealing the source and nature of such proceeds or gains. As a service provider, we confirm that all Third-Party Payments are based on actual transaction grounds and we have no intention nor incentive to cover up or conceal the source and nature of relevant Third-Party Payments; (iii) all Third-Party Payments were paid to us through our bank accounts, and all of the relevant banks are required to conduct anti-money laundering checks on such bank accounts. As of the Latest Practicable Date, we are not aware of any breach of anti-money laundering policies or mechanisms of any of the banks where we hold our bank accounts, which resulted in any warning or inquiry related to money laundering from such banks; (iv) we have implemented “know your customer” procedures to collect business licenses and corporate information in order to verify the due incorporation and business nature of our customers; and (v) as of the Latest Practicable Date, we have not been subject to any settled or ongoing criminal sanctions, public security investigations or administrative penalties by any competent authorities in relation to money laundering.

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On the basis that (i) certain Relevant Customers may assign their payment obligations to the relevant Third-Party Payers pursuant to the terms of the Customer Transportation Agreements with our Group or through Third-Party Confirmations or other relevant agreements or authorizations; (ii) we had not been subject to any litigation, claim or dispute brought by any Third-Party Payer against us during the Track Record Period; and (iii) public searches carried out by the Company’s PRC Legal Advisers via China Judgements Online (中國裁判文書網) showed that we had not been subject to any litigation, claim or dispute brought by any Third-Party Payer against us relating to any payment refund or return during the Track Record Period, our PRC Legal Advisers are of the view that our Third-Party Payment Arrangements have not breached or contravened any prohibitive provisions under any existing laws and administrative regulations of the PRC. Our Directors are of the view that sufficient internal control measures have been adopted and implemented to effectively monitor the Third-Party Payment Arrangements going forward and to effectively mitigate money laundering and other risks associated with the Third-Party Payment Arrangements.

Furthermore, as advised by our PRC Legal Advisers, the potential risk for the creditors or liquidators of the Third-Party Payers to claim for refund from us is low, on the following basis:

- (i) Under the Third-Party Payment Arrangements, the Third-Party Payers were entrusted by our actual customers (“**Actual Customers**”) to settle payments with us on such customers’ behalf. As such, there is no debtor-creditor relationship between the Third Party Payers and us under the Third-Party Payment Arrangements. Therefore, the Third Party Payers and their creditors / liquidators can only claim for refund from the Actual Customers but not from us;
- (ii) According to the Civil Code of the People’s Republic of China (《中華人民共和國民法典》), creditors and liquidators of the Third-Party Payers generally do not have the right to request any People’s Court to invalidate a Third-Party Payment unless the court finds that the Third-Party Payer made such payment to us for the purpose of evading its debt, which severely affected the assertion of rights by its creditors or liquidators. We have not entered into arrangements with, nor have had any intention to assist, the Third Party Payers to evade the right of its creditors or liquidators; and
- (iii) We had not been subject to any litigation, claim or dispute brought by any creditor or liquidator of the Third-Party Payers relating to any Third-Party Payment refund during the Track Record Period and up to the Latest Practicable Date.

In addition, our PRC Legal Advisers are of the view that, since the Third-Party Payers were entrusted by the Actual Customers to settle payments with us on such customers’ behalf, even if the People’s Court rules in favor of the claim by any creditor or liquidator of the Third-Party Payers for refund of Third-Party Payments, we would still have a right of recourse against the Actual Customers for the refunded amount.

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Based on the due diligence work performed by the Sole Sponsor, including (i) the discussion with the Company in relation to internal control measures adopted in respect of the Third-Party Payment Arrangements and the review of relevant internal control policies, such as the assignment of separate bank accounts for each customer for the payment of shipping fees as of the Latest Practicable Date; (ii) the review of Third-Party Confirmations executed by Relevant Customers and Third-Party Payers confirming, amongst other matters, that the source of funding for Third-Party Payments made to the Group is legal and does not involve any money laundering activities; (iii) the review of the agreed-upon procedure report prepared by an independent professional party which states that (a) no material deficiencies in relation to the Third-Party Payment Arrangements were noticed after reviewing the Group’s enhanced internal control procedures which have been adopted since 31 October 2021 and (b) the sample checks by such independent professional party conducted after 31 October 2021 showed that there had not been any deviation from the enhanced internal control procedures; (iv) discussed with the industry expert and understand that Third-Party Payment Arrangements are commonly adopted in the PRC road freight transportation industry; and (v) discussed with the PRC Legal Advisers regarding the basis of their view as set out above, nothing has come to the attention of the Sole Sponsor that would cause them to question the Directors’ view above that the Company’s internal control measures to mitigate risks associated with the Third-Party Payment Arrangements are sufficient and effective.

RECENT REGULATORY DEVELOPMENT

The Cybersecurity Review Measures

On July 10, 2021, the Cyberspace Administration of China (國家互聯網信息辦公室) (the “CAC”) published the Measures for Cybersecurity Review (Revised Draft for Comments) (《網絡安全審查辦法(修訂草案徵求意見稿)》) (the “**Revised Draft**”), which stipulates that data processors which possess personal information of over one million users and intend for a “foreign” listing must apply for a cybersecurity review. On November 14, 2021, the CAC published the Regulations on the Administration of Network Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Regulations**”) to further expand the scope of application of cybersecurity review, which stipulate that data processing entities seeking a listing in Hong Kong that will influence or may influence national security must apply for a cybersecurity review. On December 28, 2021, the CAC promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Cybersecurity Review Measures**”), which came into effect on February 15, 2022. According to the **Cybersecurity Review Measures**, there are two mechanisms to trigger cybersecurity review:

- (1) **Review of voluntary declaration by enterprises:** (i) critical information infrastructure operators that intend to purchase network products and services; (ii) a network platform operator that processes the personal information of more than one million people intends to be listed overseas (國外上市).

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- (2) **Initiation of review by regulatory authorities:** if any member of the cybersecurity review working mechanism believes that any network product or service or data processing activity affects or is likely to affect national security. In this case, the Office of Cybersecurity Review shall report this circumstance to the Central Cyberspace Affairs Commission for approval, and conduct a review after approval.

Set forth below is an analysis of the key definitions in the Cybersecurity Review Measures:

Critical information infrastructure operators: on July 30, 2021, the State Council of the PRC (國務院) published the Security Protection Regulations on the Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Regulations**”), which took effect on September 1, 2021. Pursuant to Article 2 of the CII Regulations, critical information infrastructure refers to the important network facilities and information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the national economy and the people’s livelihood and public interests. Pursuant to Article 10 of the CII Regulations, the identity of the critical information infrastructure operator shall be determined by the PRC government authorities responsible for critical information infrastructure protection, and the identified critical information infrastructure operator shall be notified by the competent PRC government authority. As of the Latest Practicable Date, we had not received any notice or determination from competent PRC government authorities identifying us as a critical information infrastructure operator.

Listed overseas: according to mainstream opinions, “listed overseas” does not include “listed in Hong Kong”, so the Group is not obliged to proactively declare cybersecurity review.

Pursuant to Article 16 of the Cybersecurity Review Measures, the competent PRC government authority shall initiate cybersecurity review on any network product or service or data processing activity that affects or may affect national security. This involves the understanding of “network platform operators”, “data processing activities” and “affect or may affect national security”.

Network platform operators and data processing activities: according to the Draft Regulations, “Internet platform operators” (互聯網平台運營者) refer to data processors who provide users with internet platform services such as information release, social networking, transactions, payment, and audiovisual. With reference to this definition, “platform operators” have the attributes of “platforms” and “provide specific services”. According to the Guidelines for the Classification and Grade of Network Platforms (Draft for Comment) (《互聯網平台分類分級指南(徵求意見稿)》) promulgated by the State Administration for Market Regulation (國家市場監督管理總局), “internet platforms” (互聯網平台) provide the connection of people, goods, services, information, entertainment, capital, and computing power through network technology. This connection enables the platform to have various functions such as trading,

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social interaction, entertainment, information, financing, and calculation. With reference to the Draft Regulations and the Guidelines for the Classification and Grade of Network Platforms (Draft for Comment), since the Group conducts data processing activities and provides online platform services during its business, the Group shall be defined as a network platform operator, and the Cybersecurity Review Measures shall be applied to the Group.

National security: according to National Security Law of the PRC (《中華人民共和國國家安全法》) issued on 1 July 2015 and became effective on the same date, national security refers to a status in which the regime, sovereignty, unity, territorial integrity, welfare of the people, sustainable economic and social development, and other major interests of the state are relatively not faced with any danger and not threatened internally or externally and the capability to maintain a sustained security status.

Based on (i) relevant due diligence work conducted by our PRC Legal Advisers, in accordance with the relevant provisions of the Cybersecurity Review Measures, (ii) the response from the phone consultation with the CCRC, an institution authorized by CAC to conduct cybersecurity review, by our PRC Legal Advisers on January 11, 2022, and (iii) the fact that we had not received any notice or determination from competent PRC government authorities identifying us as a critical information infrastructure operator, nor as a situation of foreign listing, our PRC Legal Advisers are of the view that we are not required to apply to the regulatory authorities for cybersecurity review. Based on the facts that (i) the types of data processed by us are mainly freight data and user data, which have not been recognized as “essential data” or “national core data” by the competent PRC government authorities, (ii) the purpose of our data processing activities is to carry out digital freight and other commercial services, and (iii) the relevant business data provided by us in preparation of the [REDACTED] do not cover data with personal information of our users, our PRC Legal Advisers are of the view that our data processing activities have not been found to affect national security and, consequently, the probability that competent PRC government authorities initiate cybersecurity reviews on us at the present stage is low. In light of the above and the fact that the Group has not been involved in any investigation on cybersecurity review made by the PRC government authorities or received any inquiry, warning or sanctions from the PRC government authorities on such basis, our PRC Legal Advisers are of the view that we had complied with the relevant requirements of the Cybersecurity Review Measures.

The Draft Regulations

On November 14, 2021, the CAC published the Regulations on the Administration of Network Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the “**Draft Regulations**”), which cover a wide range of cyber data security issues and apply to the use of networks to carry out data processing activities, as well as the supervision and management of data security in the PRC. Besides cybersecurity review, it sets out general guidelines, protection of personal information, security of important data, security management of cross-border data transfer, obligations of network platform operators, supervision and management, and legal liabilities. Most of the regulatory details under the Draft Regulations have already been embodied in the now-effective texts of the Cybersecurity

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Law of the People’s Republic of China (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》) (the “**Data Security Law**”) and the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) (the “**PIPL**”).

Pursuant to Article 2 of the Draft Regulations, the Draft Regulations apply to: (i) data processing activities carried out by using the network in the PRC; and (ii) supervision and management of network data security in the PRC. The Group operates online products and services, so the Group uses the network to carry out data processing activities in the PRC. Therefore, the Draft Regulations shall be applied to the Group.

Pursuant to Article 13 of the Draft Regulations, data processors shall, in accordance with relevant state provisions, apply for cybersecurity review when carrying out the following activities: (i) the merger, restructuring or separation of network platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or could affect national security; (ii) data processors that handle the personal information of more than one million people intend to be listed overseas; (iii) data processors seeking to be listed in Hong Kong that affect or may affect national security; or (iv) other data processing activities that affect or may affect national security.

As advised by our PRC Legal Advisers, we will be able to comply with the Draft Regulations, if implemented in their current form, in all material aspects on the basis that: (i) we are in compliance with the superordinate laws of the Draft Regulations in all material respects, including the Cybersecurity Law, the Data Security Law, and the PIPL; (ii) we have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to maintain and protect important data and users’ personal information as well as the integrity, continuous operation and security of all IT systems in connection with our businesses; and (iii) there have been no major breaches, violations, outages or unauthorized uses of or accesses to our IT systems. Based on the view of our PRC Legal Advisers and our cybersecurity and data compliance status, our Directors are of the view that that there is no material impediment for the Group to comply with the relevant requirements of the Draft Regulations, if implemented in their current form. Having taken into account the views of our PRC Legal Advisers and our Directors and the respective bases set out above, the Sole Sponsor concurs with our Directors’ view that there is no material impediment for the Group to comply with the relevant requirements of the Draft Regulations, if implemented in their current form.

Automobile Data Security Provisions

We are also required to comply with relevant requirements under the Automobile Data Security Provisions. Pursuant to the Automobile Data Security Provisions, automobile data operators shall conduct risk assessment for its essential data operating activity, and report it to relevant government authorities. See “Regulatory Overview – Regulations related to Cyber Security and Privacy Protection – Regulations on Data and Privacy Protection.” As our business and the services we provide involve the processing of vehicle data, logistics analysis data and personal information of more than 100,000 individuals, which may be deemed as

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“essential data” by regulators under the Automobile Data Security Provisions, we have conducted the risk assessment as required by the Automobile Data Security Provisions and have prepared for relevant submission to the government authorities. However, based on our telephone consultation with the Cyberspace Administration of Anhui, we were informed that the relevant competent authorities in Anhui were still in the process of specifying the detailed rules for the evaluation, and the procedure of submissions, regarding the risk assessment of automobile data operators that engage in the operation of essential data, and therefore had not yet started accepting such submissions. As such, our PRC Legal Advisers are of the view that the risk of us being subject to any administrative penalties for failing to conduct risk assessment regarding the processing of essential data or failing to report to relevant government authorities is remote. Furthermore, pursuant to the Automobile Data Security Provisions, when an automobile data operator needs to make a cross-border transferring of essential data for business purpose, such operator needs to pass the security assessment organized by CAC and other relevant government authorities. See “Regulatory Overview – Regulations related to Cyber Security and Privacy Protection – Regulations on Data and Privacy Protection.” According to our PRC Legal Advisers, although our business and the services we provide may be deemed as involving the processing of “essential data” by regulators under the Automobile Data Security Provisions, we do not conduct a cross-border transfer of such “essential data”, so we are not subject to the security assessment related to the cross-border transfer of “essential data” under the Automobile Data Security Provisions. Based on the foregoing, our PRC Legal Advisers are of the view that we are not subject to substantial legal risks under the Automobile Data Security Provisions.

Impact on Our Business

Since the promulgation of the Cybersecurity Review Measures and the Draft Regulations, we have been engaged in the process of evaluating the applicability of the various requirements under the Cybersecurity Review Measures and the Draft Regulations on our business. As of the date of this document, we have not been involved in any investigations on cybersecurity review made by the CAC or received any inquiry, warning, or sanctions in respect of cybersecurity. See “Risk Factors – Risks Relating to Our Business and Industry – Our business generates and processes a large quantity of data, and improper handling of or unauthorized access to such data may adversely affect our business. Complying with evolving laws and regulations regarding cybersecurity, information security, privacy and data protection and other related laws and requirements may be expensive and force us to make adverse changes to our business.”

On the basis of the facts and analysis mentioned above, our PRC Legal Advisers are of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant requirements of the Cybersecurity Review Measures and the Draft Regulations in their current form in all material respects. Therefore, our PRC Legal Advisers are of the view that the Cybersecurity Review Measures and the Draft Regulations are not expected to have any material adverse impact on our business, results of operations or financial conditions, or on the proposed [REDACTED].

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We are of the view that, as of the date of this document, the Cybersecurity Review Measures and the Draft Regulations, if implemented in their current form, have not had, and are not expected to have, any material adverse effect on our business, results of operations or financial conditions, or on the proposed [REDACTED], on the basis that (i) we have implemented comprehensive measures, including internal policies and system settings, to ensure secured collection, processing, storage, use, transmission and elimination of data, to prevent any unauthorized access or use of data, and to enhance our compliance with the Cybersecurity Review Measures and the Draft Regulations and other relevant laws and regulations; (ii) as of the date of this document, there had been no material leakage of data or personal information or violation of data protection and privacy laws and regulations by us which will have a material adverse impact on our business operations, (iii) as of the date of this document, we had not been subject to material fines or administrative penalties imposed by any government authorities in relation to infringement of data security laws and regulations, (iv) we obtained relevant written confirmations from the Cybersecurity Administrative Office of Hefei, the competent local government authority regulating cybersecurity-related issues, which confirmed that the Company had not been penalized for violating the relevant laws and regulations in relation to data security; and (v) we will closely monitor the legislative and regulatory developments in connection with cybersecurity and data protection, including the Draft Regulations and the interpretation or implementation rules of laws and regulations, and adjust and enhance our data protection measures as appropriate.

Based on the due diligence work performed by the Sole Sponsor, including (i) the review of the legal opinion of the PRC Legal Advisers and discussions with the PRC Legal Advisers regarding the recent regulatory developments in light of the Cybersecurity Review Measures and the Draft Regulations and the basis of their view as set out above; (ii) the Company’s confirmation that the Group has not been involved in any investigation on cybersecurity review made by the PRC government authorities or received any inquiry, warning or sanctions from the PRC government authorities as at the Latest Practicable Date; (iii) discussions with the Company regarding its historical compliance with regulations and measures of the CAC and internal control measures adopted by the Company in relation to cybersecurity; and (iv) the review of the Group’s internal control policies with regards to cybersecurity and the confirmation from the PRC Legal Advisers that relevant policies have been adopted, nothing has come to the attention of the Sole Sponsor that would cause them to question the Directors’ view as set out above that the Cybersecurity Review Measures and the Draft Regulations have not had a material adverse effect on the Company’s business, results of operations or financial conditions, or on the Company’s compliance status with relevant laws and regulation.

COMPETITION

The road freight transportation industry in China is competitive. We compete with other major digital freight platforms, communities for truckers and platforms for truck sales and aftermarket services. The areas in which we compete with our current or future competitors primarily include technological capabilities, industry know-hows and operational experiences. See “Industry Overview—Overview of China’s Digital Freight Market—Competitive Landscape of the Digital Freight Market” and “Industry Overview—Overview of the Market for Communities for Truckers—Competitive Landscape of the Market of Communities for Truckers.”

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Some of the companies against which we are competing or against which we may compete in the future may have greater financial resources. Mergers and acquisitions in the road freight transportation industry may result in even more resources being concentrated among a smaller number of our competitors. There can be no assurance that we will be able to compete successfully against our current or future competitors or that competition will not have a material adverse effect on our business, results of operations and financial condition. See “Risk Factors—Risks Relating to Our Business and Industry—We operate in a competitive industry, and if we fail to compete effectively, our business and prospect could suffer.”

SEASONALITY

We experience seasonality in our business, mainly correlating to the seasonality pattern associated with the road freight transportation industry in China. We generally have a lower volume of business around the Chinese New Year holiday in the first quarter of each year. Correspondingly, we generally observe a surge in business in the fourth quarter and early first quarter of each year, before the Chinese New Year holiday. As a result, our financial condition and results of operations for future periods may continue to fluctuate from time to time due to seasonality. See “Risk Factors—Risks Relating to Our Business and Industry—Our financial results may vary significantly from period to period due to the seasonality of our business.”

INTELLECTUAL PROPERTIES

Intellectual property rights are fundamental to our business operations, and we devote significant time and resources to their development and protection. We protect our intellectual property rights, including trademarks, patents, copyrights and domain names, strictly in accordance with the relevant laws and regulations, and we regularly improve and update our intellectual property management system in line with business development.

We rely on a combination of intellectual property registrations and contractual restrictions regarding confidentiality to safeguard our intellectual property rights. We seek to maintain registration of intellectual property rights that are material to our business under appropriate categories and in appropriate jurisdictions. As of the Latest Practicable date, we had registered 1,041 trademarks, five patents, 259 copyrights (including 221 software copyrights) and 41 domain names in China. See “Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Right of the Group” in Appendix VII to this document.

On the other hand, proprietary know-how that is not patentable and processes for which patents are difficult to enforce are also important for us. We expect to rely on business confidentiality agreements to safeguard our interests in this respect. We have entered into confidentiality agreements, or employment agreements with confidentiality terms, with our employees, requiring them to strictly comply with our confidentiality requirements. Such confidentiality agreements, or confidentiality provisions in the employment agreements with our employees, generally contain no definite termination date, and such confidentiality obligations generally survive the termination of the employment relationship. Such agreements

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are usually entered upon the start of employment of each of our employees, and the provisions stipulates clear rules, requirements and guidelines for our employees to observe so that our intellectual property can be properly protected. Such confidentiality agreements, or employment agreements with confidentiality terms, also generally include penalties and remedial measures for circumstances that any of our employees violate such terms, and we expect to take various legal and commercial measures to uphold and strictly enforce such provisions, including but not limited to litigations, if our intellectual property is harmed due to the breach of such provisions by our employees. In addition, we also emphasize the importance of such confidentiality requirements in our internal meetings and training sessions. In particular, we enter into detailed confidentiality agreements with our research and development staff members to ensure our intellectual properties derived from our research and development activities are adequately protected.

We have established a comprehensive system safeguarding our intellectual property rights, while mitigating the risks for us to infringe on the intellectual property rights of others. We regularly maintain our own portfolio of intellectual properties, and have constructed a management system to categorize, file and keep track of our intellectual properties. We incorporate the monitoring, assessment and mitigation of risk management into our overall risk management schemes, as we closely monitor scenarios in which our intellectual property rights may be harmed by other, and scenarios in which we may infringe on the intellectual property rights of others. For such risks, we carefully evaluate the potential consequences on our business operations and financial condition, propose solutions, including legal measures such as arbitrations and litigations, to mitigate the impacts of such risks. See “- Risk Management and Internal Control.”

As of the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. Despite our efforts, third parties may still obtain and misappropriate our intellectual property without authorization in the future. Such unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights may adversely affect our business and results of operations. See “Risk Factors – Risks Relating to Our Business and Industry – We may not be able to protect our intellectual property rights, including our brand and our technology infrastructure, and third parties may infringe upon or misappropriate our intellectual property.”

DATA PRIVACY AND PERSONAL INFORMATION PROTECTION

Temporary App Takedown

In November and December 2020, we received certain notifications from the China Academy of Information and Communications Technology, a subordinate to the MIIT, claiming our potential violation of relevant rules and regulations governing privacy, as our Trucker Community App, and several third-party software development kits that are linked to our Trucker Community App, were found to be involved in improper collection and handling of user information, such as collecting MAC address of user’s device upon first time running the

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App before obtaining user’s authorization. In December 2020, our Trucker Community App was temporarily suspended from download by the MIIT in certain major App platforms. No penalty has been imposed by MIIT with respect to such temporary takedown of Trucker Community App.

In response to such suspension, we have taken detailed measures to enhance our compliance in privacy protection. See “—Measures Implemented to Ensure Data Privacy and Personal Information Protection Compliance.” After fully rectifying such issue, the suspension against our Trucker Community App was lifted in January 2021. Taking into account (i) the fact that the suspension against our Trucker Community App was lifted in January 2021, (ii) the fact that no penalty has been imposed by MIIT with respect to temporary takedown of Trucker Community App, and (iii) the enhanced internal control measures that the Group has implemented to ensure the ongoing compliance, our PRC Legal Advisers are of the view that the risk that we will be subject to further administrative penalties for such temporary App takedown is low. Considering the aforementioned factors and the view of our PRC Legal Advisers, our Directors are of the view that such temporary App takedown is neither material nor systemic.

Measures Implemented to Ensure Data Privacy and Personal Information Protection Compliance

We attach the greatest importance to data security and protection. We have adopted our standard protective measures such as confidentiality management, access control, and data encryption to prevent unauthorized access, leakage, improper use or modification of, damage to or loss of data and personal information.

We have formed a team of eight members to attend to our compliance in data privacy and personal information protection, and such members are from multiple functional departments within our Company, including research and development, service operations, information technology, data and legal, among others. We have built up a comprehensive personal information management system, formulated a series of technical standards and specifications, and implemented a number of internal rules and policies to ensure data and personal information security throughout their life-cycle:

Data Collection

Our cyber security and data protection department oversees our data security and personal information protection efforts. We process data on an as-needed basis for our services offering during the ordinary course of our business operations. The data we collect or use include those related to the business operations of our customers, such as their business addresses and relevant business permits, as well as those related to the personal information of users of our Apps, such as contact information, location and driver’s license status. As of the Latest Practicable Date, the personal information we collected, stored and processed relating to our digital freight business amounted to over 2,459GB, covering more than 2.7 million individuals; the personal information we collected, stored and processed relating to Trucker Community

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amounted to over 355GB, covering more than 3.1 million individuals; and the personal information we collected, stored and processed relating to Truck Plus amounted to over 7GB, covering more than 121 thousand individuals. We obtain authorization from our customers and users before collecting and processing such data. In addition, we also use data collected from third-party sources such as vendors and consultants in the road freight transportation industry.

We have established data privacy policies to ensure that our collection of data is conducted in accordance with applicable laws and regulations and that the collection is for legitimate purposes. We apply our data protection requirements equally to all types of data, regardless of their sources.

Data Processing

We strictly process data in a way that protects the legitimate rights of data subjects. We process data with specific and reasonable purpose, and limit our data processing work to the minimum scope for achieving the purpose. We engage in data processing to enable us to provide customers with relevant products and service offerings, or to comply with relevant requirements under applicable laws and regulations. We forbid our employee to use data for any other purpose irrelevant to such purpose. To achieve such goals, we have implemented our uniform data processing requirements across different business lines.

For customer data processing, we adopt appropriate level of authorization for the staff who may contact end users' personal data, and regularly check the logs of visitors and access. We have established approval mechanisms for the access and processing of data. For example employees working at various functionalities within our Company are required to go through relevant application process and submitting their specific purpose for accessing and processing the data that they applied for, before they are granted access by their supervisors for processing relevant data. Our operating systems and database systems have adopted security protocol. We also keep comprehensive audit records for our systems which cover all system users.

Data Usage

We have adopted and implemented relevant policies and management system in relation to data privacy and protection. We have adopted a data encryption system to ensure the secured transmission of data and prevent unauthorized users or personnel from accessing or using our data for unintended purposes. Data is categorized in accordance with its level of confidentiality. Use and retrieval of data are subject to assessment and approval procedures based on data categorization. We have implemented comprehensive employee confidentiality policies, data usage approval procedures and data tracking mechanisms to ensure the security of our database. We have formulated corresponding workplace procedures based on relevant rules and regulations. We have engaged an external legal counsel who is specialized in data compliance to review and evaluate our data security compliance status. We had not found material non-compliance issues for data security during the Track Record Period.

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We also adopt technology measures, such as the use of firewalls, anti-malware, network security protection applications and various encryption technologies at both software and hardware levels, to protect data privacy and securely store such data. To minimize the risk of data loss or leakage, we conduct regular data backup and data recovery tests. We audit and monitor all the user accounts for server operation. If we find any server operating system with any security loopholes, we will upgrade the security protection to ensure the security of all server systems and application.

Data Storage and Sharing

We store our data on Alibaba Cloud. Our server systems are protected with heightened levels of security, and we regularly conduct user account auditing and monitoring of our server operations. Once we discover security issues with certain server systems, we will promptly upgrade such systems to ensure the security of our server systems and applications.

We only share data with relevant third parties to the extent necessary for our business operations and when we have obtained users’ consent or other legitimate causes, so that we are legally allowed to do so. Third parties that we share data with include, among others, payment service providers, insurance providers, location services providers and authentication services providers. We conduct such sharing process with caution under our relevant policies. Before sharing data with third parties, we include in our privacy policy the type of information to be shared, the purpose of the sharing, the method of sharing, the name and contact details of the third party subject, and inform the user about the data sharing through a pop-up window when the user uses the product and obtain the user’s individual consent. And we take data security technical measures to ensure data security during transmission, such as authentication, encryption, IP whitelisting mechanism and data desensitisation. To ensure the compliance with relevant laws and regulations of the third parties with which we share our data, our contract with such third parties generally include provisions related to confidentiality, which require such third parties to fulfil their confidentiality obligations in respect of the information and data involved in the cooperation process, to prevent third parties from unauthorized sharing of our data to others. To ensure such contractual protection is kept abreast of regulatory updates, we have formulated an enhanced template of confidentiality and data protection provision to be included in future contracts with third parties, and we plan to update such template from time to time based on regulatory development. In April 2022, we started to add such template to our contracts with third parties, so that we can more effectively ensure that the third parties with which we share data also comply with our standards and requirements of data security, and further mitigate risks of unexpected accidents such as data leakage.

Data Destruction

The Company had established internal policies regarding the deletion and destruction of data. We delete data according to such policies, when the data collected had been completely utilized for the purpose of collection, or when such data are retracted by individual users. In addition, we generally delete relevant user data once a user deletes his own account. For information that is required to be maintained in accordance with relevant laws and regulations, we do not delete such information unless permitted by relevant laws and regulations, but we generally do not use such data in our operations.

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Based on a review of our data compliance measures, our PRC Legal Advisers confirm that we have adopted comprehensive data compliance measures which cover multiple aspects and multiple processes in our business and in the services we provide, in accordance with laws and regulations related to data privacy, personal information protection and cyber security in the PRC. Therefore, our PRC Legal Advisers are of the view that, (i) there are no fundamental flaws in the data compliance measure that we have adopted which may lead to the interruption to our business operations due to potential violation, or incompliance of laws and regulations related to data privacy, personal information protection and cyber security in the PRC; and (ii) during the Track Record Period and up to the Latest Practicable Date, we have complied with the legal requirements in material aspects of data privacy and personal data protection as required under the Cyber Security Law and other applicable laws and regulations, and we are not subject to material risks in data compliance.

WORKPLACE SAFETY AND ENVIRONMENTAL MATTERS

We strive to comply with applicable rules, laws, regulations and industry standards on workplace safety and environmental matters. In doing so, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental laws or regulations.

The operation of our business may be subject to certain environmental laws and regulations. For example, truckers are required to use trucks that meet relevant emission standards to fulfill shipping orders on our platform. As we continue to expand our business, including involving additional new energy vehicles for the fulfillment of shipping orders on our digital freight platform and expanding the product mix under our Truck Plus solutions, we may be further required to comply with, among other things, the applicable laws and regulations in relation to health, workplace safety and environmental protection. See “Risk Factors—Risks Relating to Our Business and Industry—Our business is subject to a broad range of PRC laws and regulations. If we are deemed to be not in compliance with any of these laws and regulations, our business, reputation, financial condition and results of operations may be materially and adversely impacted.” We are subject to various safety issues related to our digital freight business and our Truck Plus solutions, and we have enacted a full scope of operational security measures to ensure the safety of our employees, customers, truckers and business partners in conducting our business. For our digital freight business, we impose explicit requirements on shippers and truckers in our business contracts with them. Such business contracts set forth the specific safety requirements at each major stages of our service offerings, and specify the respective obligations and responsibilities of shippers, truckers and us during this process. We also promote the awareness on safety among truckers by providing contents on workplace safety on our Trucker Community platform. We also train or guide our employees and truckers on our platforms on workplace safety requirements to raise their awareness on workplace safety.

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CORPORATE SOCIAL RESPONSIBILITY

Since the founding of our business, we have been committed to sustainable corporate responsibility projects, both through engaging in charitable activities and through leveraging our resources in the road freight transportation industry and our access to the large population of truckers across China. We are dedicated to enhancing the quality of life for truckers by enhancing their better business opportunities, social communities and production capacities. In 2020, we were recognized as one of the “2020 China Socially-Responsible Enterprises in Logistics and Supply Chain Finance” by the China Federation of Logistics & Purchasing.

- **Rescue and disaster relief in natural disasters:** We have been actively participating in a series of disaster relief initiatives after the occurrence of natural disasters across China. For example, in July 2021, we organized a fleet of self-volunteered truckers to deliver food, clothing, medical resources and other supplies to the disaster areas following the devastating flood in Henan Province.
- **Mutual support and rescue of truckers in accidents:** We established mutual support programs through our Trucker Community platform to facilitate the provision of real-time mutual support among truckers. See “—Our Business Model and Service Offerings—Trucker Community—Features for Truckers—Mutual Support based Networking.”
- **Assurance for truckers:** To empower truckers on our platforms with better risk-bearing capabilities, we provide access to tailored insurance products customized to address the needs of truckers. See “—Our Business Model and Service Offerings—Trucker Community—Features for Truckers—Access to Insurance.”
- **Labor union for truckers:** According to CIC, most of the truckers in China are self-employed and do not have opportunities to join labor unions as workers employed by established corporates. We have facilitated the establishment of the first labor union among truckers in China, under the pilot program by All-China Federation of Trade Unions to establish labor unions for self-employed workers in certain professions.

Our ESG Policy

We have adopted a set of policy on environmental, social and corporate governance (“**ESG Policy**”), which sets forth our corporate social responsibility objectives and provides guidance on fulfilling corporate social responsibility in our daily operations.

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Our Board has the collective and overall responsibility for establishing, adopting and reviewing our policies for environmental, social and corporate governance related matters, and evaluating, determining and addressing the relevant risks. Our Directors are tasked with amending and evaluating the implementation of our ESG Policy, and our general administration team is responsible for the implementation of our ESG Policy. Set out below are the duties and responsibilities of our general administration team with respect to ESG-related matters:

- keeping abreast of the latest ESG-related laws and regulations, including the applicable sections of the Listing Rules, keeping the Board informed of any changes in such laws and regulations and updating our ESG Policy in accordance with the latest regulatory updates;
- identifying our Group’s key stakeholders based on our business operations and understanding such stakeholders’ influences and dependence with respect to ESG matters and monitoring the implementation and effectiveness of our ESG policy;
- assessing and reporting to the Board of potential ESG-related risks.

Our operations could be severely disrupted and are subject to financial risks if the logistics companies, cargo owners and truckers we work with, or other participants in our ecosystem were materially and adversely affected by extreme weather conditions, including those resulted from climate change. See “Risk Factors—Risks Relating to Our Business and Industry—Our business operations and financial performance were and may in the future continue to be adversely affected by the COVID-19 outbreak, and may face risks related to natural disasters, extreme weather conditions, health epidemics and other unforeseeable catastrophic incidents, which could significantly disrupt our operations.”

Specifically, we face ESG-related challenges in multiple aspects. For example, (i) drivers we cooperated 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 shippers and drivers from deliberately misreporting or concealing the weight, specification and nature of the goods, increasing carbon emissions during transportation, violating laws and regulations related to environmental protection; and (iii) we may not be able to detect or prevent our shippers and drivers from transporting prohibited and dangerous goods, violating fire safety-related regulations and indirectly affecting the personal safety of drivers and our business cooperation. To mitigate the abovementioned risks, we specifically stipulated the requirements of complying with relevant laws and regulations in the agreements entered into with drivers and shippers, respectively. Our system also checked permits listed on driver’s licenses before sending them orders.

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Under our ESG Policy, we aim to build a sustainable community with our employees, business partners, users and other participants of our platform. We endeavor to reduce negative impacts on the environment through our commitment to energy saving and sustainable development. For example, capitalizing on our strong capabilities in the digital freight business, we have been dedicated to reducing the use and waste of paper in road freight transportation process. We also focus on embracing diversity within our Group and equal and respectful treatment of all of our employees, including any employees with disabilities, in their hiring, training, wellness, and professional and personal development. We will continue to promote work-life balance and create a positive workplace for all of our employees. We strive to establish a sound talent cultivation mechanism and create an online-to-offline training platform. In particular, we have established a comprehensive set of ESG-related metrics and targets to evaluate and guide our business operations:

Carbon-efficient Operation

Metrics and targets. We plan to reduce carbon emission by improving energy efficiency in our operation. For the next five years, we aim to reduce the intensity of carbon emission by 5% of our current discharge.

Efforts and achievements we made. To achieve such targets, we have endeavored to enhance the adoption of *Haoyunbao* among truckers on our platform. With *Haoyunbao*, drivers can participate in the transportation through their mobile phones and conduct online paperless operations, instead of signing paper agreements and returning paper shipping orders after the transportation is completed. During the Track Record Period, over 65% of the shipping orders, which represented over 65% of Online GTV on our platform, were completed through *Haoyunbao*, which signifies our dedication to paperless operations on our platform.

Plans and measures to achieve the target. We plan to achieve carbon-efficiency operation by realizing complete paperless operation of our company by the end of 2027. Unless the relevant regulations require paper archives (such as accounting vouchers, major contracts, etc.), our daily operation and management will be completed through our online system. We have launched or plan to launch online file management system, online approval system, online procurement system, online financial control system, online human resources system and online travel reimbursement system, etc. We will also communicate with our customers to promote the use of electronic invoices. At the same time, a series of energy-saving and emission-reduction measures have been or will be introduced in our campus. For example, charging stations will be installed in the campus to encourage our employees to travel by carbon-efficient means. In addition, we also plan to achieve carbon-efficiency operation by continuing encouraging the engagement of new energy vehicles in the shipping orders completed on our platform, and selling more exhaust gas treatment products to improve the quality of gas emission by trucks. See “—Corporate Social Responsibility—Our ESG Policy—New Energy Vehicles” and “—Corporate Social Responsibility—Our ESG Policy—Reduction and Management of Truck Emission.”

Review of the progress. Our Board will simultaneously review the relevant progress when it reviews our administrative expenses every year.

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New Energy Vehicles

Metrics and targets. We plan to encourage the engagement of new energy vehicles in the shipping orders completed on our platform. By 2027, we plan to have 10% of our shipping orders fulfilled by new energy vehicles.

Efforts and achievements we made. During the Track Record Period, we served a number of customers who engaged new energy vehicles instead of traditional diesel-based vehicles. The engagement of new energy vehicles by such customers led to a total of approximately 8.8 million kilograms of reduction in carbon emissions during the Track Record Period. We increased cooperation with such customers with new energy vehicles from 2019 to 2021, as the number of shipping orders fulfilled by new energy vehicles on our platform increased from over 20,000 in 2019 to over 80,000 in 2021, and the mileage completed by such new energy vehicles increased from approximately 6 million kilometers in 2019 to approximately 15 million kilometers in 2021.

Plans and measures to achieve the target. During the Track Record Period and up to the Latest Practicable Date, the PRC government promulgated certain policies that promoted the use of new energy vehicles, including the exemption of certain taxes related to the purchase of new energy vehicles, and the nationwide construction of charging facilities for new energy vehicles. In line with such favorable government policies for new energy vehicles, we have cooperated with certain of our business partners to promote the purchase of new energy vehicles by the truckers we served. In addition, we will build battery charging and swapping facilities around the regions where we operated our digital freight business to support the use of new energy trucks.

Review of the progress. Our Board will review the relevant progress with reference to our overall strategies in the new energy field, including relevant risks related to compliance with environmental protection laws and regulations. See “Risk Factors—Risks Relating to Our Business and Industry—Our business is subject to a broad range of PRC laws and regulations. If we are deemed to be not in compliance with any of these laws and regulations, our business, reputation, financial condition and results of operations may be materially and adversely impacted.”

Reduction and Management of Truck Emission

Metrics and targets. We plan to reduce the amount and improve the quality of gas emissions by trucks on our platform.

Measures we take to achieve the target. During the Track Record Period, we required the trucks used by truckers to fulfill shipping orders on our digital freight platform to meet standards on emission imposed by relevant laws and regulations, and we did not allow truckers to use trucks that failed to meet such standards to fulfill shipping orders on our platform. In the future, we plan to further encourage the engagement of new energy vehicles in the shipping orders completed on our platform to reduce truck emission. For example, we may prioritize

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truckers with new energy vehicles when selecting truckers to fulfill shipping orders, and we may prioritize the shipping orders for shippers that are willing to engage truckers with new energy vehicles, especially when multiple shippers with similar demands for transportation compete for transportation resources. In addition, we plan to reduce truck emission by selling more exhaust gas treatment products through our Truck Plus solutions. The adoption of exhaust gas treatment products may not only reduce the negative impact of exhaust gas to the environment, but also extend the life of the trucks. We started to promote the sales of exhaust gas treatment products through our Truck Plus solutions since 2021 and sold approximately 1.4 million kilograms exhaust gas treatment products to truckers in 2021.

During the Track Record Period, we incurred compliance costs of approximately RMB19.4 million, which primarily represent (i) research and development costs and promotion expenses for introducing *Haoyunbao*, (ii) business development expenses for introducing customers using new energy vehicles, (iii) cost of sales of exhaust gas products and (iv) expenses in relation to the procurement of office software in order to reduce paper use and carbon footprint.

PROPERTIES

Our headquarters office is located in Hefei, Anhui Province in China. We own and lease properties in China. As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1) (b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we owned land use rights of one parcel of land in China with an aggregate site area of approximately 13,334.3 sq.m., which were primarily used for industrial purposes. We had obtained the land use right certificates for such parcel of land.

As of the Latest Practicable Date, we owned ten properties in China with an aggregate gross floor area of approximately 23,065.8 sq.m., which were primarily used for office and business purposes. We have obtained all the requisite certificates and permits for our owned properties.

Leased Properties

As of the Latest Practicable Date, we leased 26 properties from independent third parties in China, with an aggregate gross floor area of approximately 8,566.43 sq.m., which were primarily used for office and business purposes. We had obtained valid title certificates or documents to prove their legal rights from relevant landlords for all of these leased buildings.

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As of the Latest Practicable Date, we had not registered the lease agreements for 24 of our leased properties with the relevant competent authorities in accordance with applicable PRC regulations, primarily due to the lack of the cooperation from the relevant landlords to complete such registration. As advised by our PRC Legal Advisers, failure to register the lease agreements would not affect the validity and enforceability of such lease agreements. However, if we and the landlords fail to register such lease agreements as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreements. Taking into account (i) as of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities, (ii) the amount of potential penalties accounts for a minimal portion of our total revenue during the Track Record Period, and (iii) internal control measures implemented by us, the Directors are of the view that such failure to register the lease agreements are neither material nor systemic.

As a result of the reasons above, we believe that the defects of our leased buildings would not materially and adversely affect our business operations.

EMPLOYEES

As of September 30, 2022, we had a total of 1,019 employees. All of our employees are based in China, primarily at our headquarters in Hefei, with the rest in Beijing, Anqing and other cities.

The following table sets for the breakdown of our employees as of September 30, 2022, by function:

Function	As of September 30, 2022	
	Number of Employees	% of total
Sales and operations	574	56.3
Research and product development	212	20.8
General and administration	233	22.9
Total	1,019	100.0

Our sales and operations staff, who accounts for the majority of our total number of employees, supports key functions in the operation and expansion of our business, such as client service and customer acquisitions. Our research and product development staff provide technology and research support that drives our business. Our business is also supported by our general and administrative staff, who are responsible for various important functional departments such as finance, legal and human resources.

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We believe our success depends on our ability to attract, retain and motivate talent. We recruit our talent through multiple channels, including internal referral, head-hunters and online recruiting websites. We conduct regular performance evaluation for our employees, usually on a quarterly basis, based on evaluation indicators such as KPI or OKR, among others to provide feedback on their performance and assess their strengths.

As part of our human resources strategies, we are committed to establishing a competitive and fair remuneration and benefits system. Compensation for our employees typically consists of basic salary and performance-based bonus. We provide our employees with benefits such as pension scheme, medical insurance, workplace injury insurance, unemployment insurance and housing providence funds in accordance with relevant PRC laws and regulations. We offer employees additional benefits such as additional commercial insurance, among other things. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies through market research.

We provide training sessions tailored to the needs of our employees in different functions. Topics covered by such training sessions include our corporate culture, internal rules and policies and professional knowledge, know-hows and skills. We also provide training to management and administrative personnel at all levels, in order to enhance their leadership capabilities. Such training sessions are conducted in both online and offline forms.

We have maintained a good relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not have any strikes, protests or other material labor disputes that may materially and adversely affect our business, results of operations and financial conditions.

Social Insurance and Housing Provident Funds

During the Track Record Period, we had not made social insurance and housing provident fund contributions for some of our employees timely or in full in accordance with the relevant PRC laws and regulations. During the Track Record Period, the total shortfall amount for our social insurance and housing provident funds contributions for our employees were approximately RMB2.2 million and RMB2.0 million, respectively. We were unable to make full social insurance and housing provident fund contributions for such employees primarily because certain of our employees were not willing to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary. In such cases, we provide these employees with compensation and benefits in lieu of such contribution.

Pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the outstanding social insurance contributions within a prescribed period and may be subject to an overdue fine of 0.05% of the delayed payment per day from the date on which the payment is payable. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times the overdue amount (RMB2.2 million to RMB6.6 million, based on the total shortfall amount of social insurance contributions during the Track Record Period). Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing

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provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order or been informed to settle the deficit amount. Moreover, as of the Latest Practicable Date, we were not aware of any complaint filed by any of our employees regarding our social insurance and housing provident fund policy.

For social insurance, pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilization the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018, it is prohibited for administrative enforcement authorities to organize and conduct centralized collection of enterprises’ historical social insurance arrears.

We have taken the following internal control rectification measures to prevent future occurrences of such non-compliance: (1) we have enhanced our human resources management policies, which explicitly require social insurance and housing provident fund contributions to be made in full in the future in accordance with applicable local requirements; (2) we will keep abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident funds; and (3) we will consult our PRC Legal Advisers on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments.

Having considered the foregoing, our Directors believe that such non-compliance is not systematic and would not have a material adverse effect on our business, results of operations or financial condition, considering that: (i) we had not been subject to any administrative action on penalties during the Track Record Period and up to the Latest Practicable Date due to such non-compliance with respect to social insurance and housing provident funds, (ii) we were neither aware of any employee complaints filed against us nor involved in any labor disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date, (iii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay for the shortfalls or any overdue charges with respect to social insurance and housing provident funds, and (iv) as advised by our PRC Legal Advisers, based on the confirmations from and interviews with relevant authorities, considering relevant regulatory policies and the facts stated above, the likelihood that we are subject to any material penalties due to our failure to provide full social insurance and housing provident funds contributions for our employees is low. As a result, we had not made any provision for the shortfall in our social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

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INSURANCE

We maintain various insurance policies to safeguard against risks and unexpected events. We have purchased property insurance covering our office building and IT facilities, and third-party liabilities insurance covering risks for visitors to buildings and facilities. Our risk exposure to cargo damage or cargo loss during the transportation process are limited, as we generally limit our liability to an amount up to the shipping fees we charge, and we generally require our shippers to purchase their own insurance covering relevant risks in the transportation process, including cargo loss and cargo damage, before the performance of our services. Starting from 2019, we also purchase freight insurance, at the request of our customers who not yet have adequate insurance coverage, for a small amount of transactions provided under our digital freight business. The transactions covered by such freight insurance at the request of our customers, and the transactions covered by the shipping fee guarantee services we provided, accounted for approximately 1.2%, 1.8%, 5.3% and 9.8% of the total transaction amount under our digital freight business, in 2019, 2020, 2021 and the nine months ended September 30, 2022, respectively. However, under most cases, the shippers have purchase their own insurances and therefore do not have to rely on the freight insurance purchased by us for such orders. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any claim against us that are not covered by insurance and that are material to our business, result of operations and financial conditions, and we believe that our insurance coverage is sufficient to cover the risks involved in our business. We generally require truckers on our platform to purchase relevant insurance so that they can insure against relevant risks during the transportation process which they are responsible for, and for truckers who have difficulties finding appropriate insurance products, we provide truckers on our “Trucker Community” platform with the option to purchase relevant insurances covering risks in the business operations of the truckers. See “Our Business Model and Service Offerings—Trucker Community—Features for Truckers—Access to Insurance.” In accordance with relevant laws and regulations, we provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance to our employees.

We do not maintain business interruption insurance or key-man insurance. Considering that (1) as confirmed by CIC, the coverage of insurance policies we maintained is in line with the general practice in the industry; and (2) many of shippers on our platform have already purchased their own insurances, we consider that the coverage from the insurance policies we maintained is adequate for our business operations, and is in line with the general practice in the industry. Our management evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. See “Risk Factors—Risks Relating to Our Business and Industry—We may not have sufficient insurance coverage.”

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RISK MANAGEMENT AND INTERNAL CONTROL

We have designated responsible personnel in our Company to monitor the risk management and internal control performance of our Company. In addition, we have adopted a set of internal rules, policies and procedures governing the conduct of our employees to ensure effective risk management and internal control. We are dedicated to continually improving these rules, policies and procedures. Such rules, policies and procedures cover various aspects of our business operations, such as human resources, information technology and financial reporting.

Human Resource Risk Management

We provide training tailored to our human resource management policies, and the needs of our employees in different departments. We from time to time organize training session for our employees covering various aspects of our business operations and compliance issues, such as anti-bribery and anti-corruption. Through these training sessions, we strive to ensure that our employee’s knowledge level of our internal policies remain up-to-date, and to enable them to better comply with applicable laws and regulations in the course of exploring business. We have in place an employee handbook and a code of conduct which is distributed to all our employees, covering topics such as work ethics, fraud prevention, negligence prevention and anti-corruption policies, among others. We emphasize the importance of integrity in business conduct through various training mechanisms, and require our employees to observe our anti-corruption and anti-bribery policies throughout our business operations.

Information Technology Risk Management

Sufficient maintenance and protection of our information technology infrastructure, as well as the user data and other information we collect in the course of our business, is critical to our operations. We have implemented a number of IT risk management measures throughout our system, such as data back-up, recovery and emergency response mechanisms. We have put in place a series of back-up management procedures. We perform data recovery tests on a regular basis and we retain relevant records. We have an emergency response mechanism to evaluate critical risks, formulate disaster response plans and perform emergency drills regularly. We take extra precaution regarding the usage, storage and protection of user data we collect. See “—Data Privacy and Personal Information Protection.” In addition, we have formed partnerships with key information technology and internet players to jointly enhance business performance in workplace collaboration and cybersecurity.

Our information technology department, consists of experience professionals in information technology, is responsible for the maintenance and protection of our information technology infrastructure, and for ensuring that our usage, storage and protection of user data are in compliance with our internal rules and applicable laws and regulations. They also work closely with our human resources team to provide information security trainings to our employees from time to time.

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Financial Reporting Risk Management

We have in place various accounting policies in connection with our financial reporting risk management. We have also installed our financial reporting management system, which can monitor the our financial reporting and recording procedures, to safeguard the implementation of our accounting policies. We also provide regular trainings to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our operations.

Internal Control

We have designed and adopted strict internal control procedures to safeguard the compliance of our business operations with relevant laws and regulations. Our internal control team work closely with our legal, compliance and finance team to perform risk assessment, improve business efficiency, monitor the effective of internal control and promote the awareness of internal control and risk management across the Company. We have established channels to report misconducts or wrongdoings, and we take disciplinary actions against employee who committed misconducts.

We have also engaged an independent internal control consultant to review our internal control measures and assess the effectiveness of our internal control system. The scope of such review covers the following aspects of our business: digital freight business, aftermarket services, procurement, payables and payments, inventory management (including logistics), human resources and compensation, asset management, research and development management, cash and cash equivalents management, financial reporting and disclosure controls, tax administration as well as insurance and IT control.

Based on the abovementioned internal control review, the internal control consultant is of the view that, within the scope of the above-mentioned internal control evaluation, the internal control consultant did not find any material defects in our internal control system and measures.

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LEGAL PROCEEDING AND COMPLIANCE

Licenses and Permits

The following table sets forth a list of our material licenses, permits, approvals and certifications:

No.	Holder	Name of License, Permit, Approval and Certification	Date of the Current License, Permit, Approval and Certification	Expiration Date
1	Our Company	Value-added Telecommunications Business Operation License	September 30, 2021 ⁽¹⁾	September 30, 2026
2	Our Company	Registration Certificate for Graded Protection of Information System Security	August 5, 2020	N/A
3	Anhui Qiantong	Value-added Telecommunications Business Operation License	December 10, 2019	December 10, 2024
4	Anhui Qiantong	Road Transportation Operation Permit	January 7, 2022	December 31, 2023
5	Anhui Qiantong	Registration Certificate for Graded Protection of Information System Security	April 1, 2020	N/A
6	Anhui Jinwang Express	Value-added Telecommunications Business Operation License	January 15, 2020	January 15, 2025
7	Anhui Jinwang Express	Road Transportation Operation Permit	June 8, 2021	January 1, 2025
8	Anhui Jinwang Express	Registration Certificate for Graded Protection of Information System Security	March 23, 2020	N/A
9	Anhui Log	Value-added Telecommunications Business Operation License	May 12, 2020	May 12, 2025
10	Anhui Log	Road Transportation Operation Permit	December 31, 2021	December 30, 2023
11	Anhui Log	Registration Certificate for Graded Protection of Information System Security	March 16, 2020	N/A
12	Anhui Yuntongda Logistics Technology Co., Ltd. (安徽運通達物流科技有限公司) (“Anhui Yuntongda”)	Value-added Telecommunications Business Operation License	October 30, 2019	October 30, 2024

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No.	Holder	Name of License, Permit, Approval and Certification	Date of the Current License, Permit, Approval and Certification	Expiration Date
13	Anhui Yuntongda	Road Transportation Operation Permit	September 24, 2021	September 23, 2025
14	Anhui Yuntongda	Registration Certificate for Graded Protection of Information System Security	March 18, 2020	N/A
15	Anqing Jinwang Express Transportation Co., Ltd.* (安慶金網運通運輸有限公司) (“ Anqing Jinwang Express ”)	Value-added Telecommunications Business Operation License	March 3, 2020	March 3, 2025
16	Anqing Jinwang Express	Road Transportation Operation Permit	December 13, 2022	December 28, 2026
17	Anqing Jinwang Express	Registration Certificate for Graded Protection of Information System Security	March 18, 2020	N/A
18	Ma’anshan Cloud Net	Value-added Telecommunications Business Operation License	December 10, 2019	December 10, 2024
19	Ma’anshan Cloud Net	Road Transportation Operation Permit	May 29, 2020	April 23, 2024
20	Ma’anshan Cloud Net	Registration Certificate for Graded Protection of Information System Security	March 23, 2020	N/A
21	Fujian Huilian	Value-added Telecommunications Business Operation License	February 7, 2020	February 7, 2025
22	Fujian Huilian	Road Transportation Operation Permit	July 31, 2020	July 30, 2024
23	Fujian Huilian	Registration Certificate for Graded Protection of Information System Security	April 10, 2020	N/A
24	Fujian Jinwang Express	Value-added Telecommunications Business Operation License	February 7, 2020	February 7, 2025
25	Fujian Jinwang Express	Road Transportation Operation Permit	July 31, 2020	July 30, 2024
26	Fujian Jinwang Express	Registration Certificate for Graded Protection of Information System Security	April 10, 2020	N/A
27	Hubei Log	Value-added Telecommunications Business Operation License	January 6, 2020	January 6, 2025
28	Hubei Log	Road Transportation Operation Permit	December 27, 2021	December 31, 2023

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No.	Holder	Name of License, Permit, Approval and Certification	Date of the Current License, Permit, Approval and Certification	Expiration Date
29	Hubei Log	Registration Certificate for Graded Protection of Information System Security	April 27, 2020	N/A
30	Shaanxi Zhongcheng Technology Logistics Co., Ltd. (陝西眾誠科技物流有限公司) (“ Shaanxi Zhongcheng ”)	Value-added Telecommunications Business Operation License	April 29, 2020	April 29, 2025
31	Shaanxi Zhongcheng	Road Transportation Operation Permit	January 25, 2022	December 31, 2023
32	Shaanxi Zhongcheng	Registration Certificate for Graded Protection of Information System Security	June 30, 2021	N/A
33	Huainan Log ⁽²⁾	Transportation Operation Permit	April 29, 2022	April 28, 2026
34	Huainan Log	Registration Certificate for Graded Protection of Information System Security	March 14, 2022	N/A
35	Huangshan Log Logistics Technology Co., Ltd* (黃山路歌物流科技有限公司) (“ Huangshan Log ”)	Transportation Operation Permit	August 29, 2022	August 28, 2026
36	Huangshan Log	Registration Certificate for Graded Protection of Information System Security	July 29, 2022	N/A
37	Tianjin Log Logistics	Value-added Telecommunications Business Operation License	June 9, 2022	June 9, 2027
38	Tianjin Log Logistics	Transportation Operation Permit	December 29, 2022	December 31, 2023
39	Tianjin Log Logistics	Registration Certificate for Graded Protection of Information System Security	November 26, 2021	N/A

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Note:

- (1) The Company obtained an earlier version of Value-added Telecommunications Business Operation License on October 29, 2020, and obtained an updated version of such license on September 30, 2021.
- (2) Huainan Log is able to engage in digital freight business without ICP license since the Department of Transportation of Anhui Province (安徽省交通運輸廳) announced that ICP license was no longer required as a pre-condition for the operation of digital freight business in Anhui Province starting from August 2020.

According to our PRC Legal Advisers, as of the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates that are material for the business operations of our Group as a whole in the PRC and such licenses, permits, approvals and certificates are valid and subsisting.

Sichuan Quanwang Express

As required by applicable PRC laws and regulations, an entity that engages in digital freight business is generally required to obtain an operating license from local county-level authorities that are responsible for the supervision and administration of road transportation. See “Regulatory Overview—Regulations Related to Road Transportations.” During the Track Record Period, we had not obtained such license for the operation of digital freight business for one of our subsidiaries, Sichuan Quanwang Express. Since Sichuan Province, where Sichuan Quanwang Express operates, had not promulgated relevant rules regulating the issuance of such license when the PRC laws and regulations requiring such license was formulated, we were not able to apply for such license for Sichuan Quanwang Express. We had been engaging in active communication with local county-level authorities regarding such issue, and had received a written confirmation from Xichong County Municipal Road Transport Administrative Bureau (西充縣道路運輸管理局), a competent authority having jurisdiction over us, that permitted Sichuan Quanwang Express to engage in digital freight business in the absence of such license, and had confirmed that we had not been in violation of any relevant administrative regulations. By the end of 2021, we had completed the transfer of business operations under, and service provided by, Sichuan Quanwang Express to other operating entities in our Group, and had decided to cease the operations of Sichuan Quanwang Express until we obtain such operating license.

Considering that (i) Xichong County Municipal Road Transport Administrative Bureau is authorized to regulate the operations of Sichuan Quanwang Express by the Regulations on Road Transportation of the PRC, (ii) Sichuan Quanwang Express has submitted relevant data to the supervisory system of digital freight business in Sichuan Province, and therefore has been under the effective supervision and regulation by authorities at provincial level, our PRC Legal Advisers are of the view that Xichong County Municipal Road Transport Administrative Bureau is competent in providing the confirmation for Sichuan Quanwang Express’s operation in Sichuan Province and in PRC, and that the likelihood of such confirmation being challenged by higher authority is very low. Furthermore, as of the Latest Practicable Date, we had not received any notice from higher authority challenging the confirmation provided by Xichong County Municipal Road Transport Administrative Bureau.

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Having considered the foregoing, we believe that the absence of operating licensing for digital freight business for Sichuan Quanwang Express did not and will not have a material adverse effect on our business, financial conditions and results of operations, considering that (i) we had obtained the written confirmation from relevant local county-level authorities as mentioned above; (ii) during the Track Record Period and as of the Latest Practicable Date, we had not been subject to any material regulatory notice, fines, penalties or enforcement actions on account of such licensing status; (iii) as of the Latest Practicable Date, we had not received any notification from the relevant authorities requiring us to obtain such license for Sichuan Quanwang Express; (iv) during the Track Record Period, Sichuan Quanwang Express contributed to less than 5% of our total revenue; (v) as advised by our PRC Legal Advisers, considering relevant written confirmation we obtained from local county-level authorities that permitted Sichuan Quanwang Express to engage in digital freight business in the absence of such licenses, the risk of us being subject to administrative penalty by relevant authorities as a result of such licensing status is low; and (vi) following our discussion with local government, by the end of 2021, we had completed the transfer of business operations under, and service provided by, Sichuan Quanwang Express to other operating entities in our Group, and had decided to cease the operations of Sichuan Quanwang Express pursuant to recommendation by the government in accordance with relevant regional economic development planning policies.

Value-added Telecommunications Business License

Our Company first obtained a Value-added Telecommunications Business License (the “ICP License”) issued by Anhui Communications Administration in 2010 with the validity period from November 12, 2010 to November 11, 2015. We applied for such ICP license for our then-existing SaaS-based services and our proposed Trucker Community. Although, as advised by our PRC Legal Advisers, the SaaS-based services we offered back then were not considered as value-added telecommunication business and thus did not require ICP license, we still obtained one out of precaution. We launched our Trucker Community in 2014. However, we did not apply to Anhui Communications Administration for the renewal of the ICP License and continued to operate Trucker Community since the expiration of our ICP License in November 2015 until October 29, 2020. On October 29, 2020, we obtained a new ICP License issued by Anhui Communications Administration, which was subsequently updated on September 30, 2021. According to the interview with Anhui Communications Administration, the Anhui Communications Administration generally is not expected to retrospectively impose administrative penalties us for failing to renew the ICP License during a historical period as (i) we obtained the ICP License on October 29, 2020, (ii) no complaints have been filed against us, and (iii) the Anhui Communications Administration had not imposed any administrative penalties on us in the past. Accordingly, as advised by the our PRC Legal Advisers, the risk that we are subject to administrative penalties by Anhui Communications Administration is low.

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For our digital freight business, as advised by our PRC Legal Advisers, since the inception of our digital freight business and up to the official implementation of the Measures for Administration of Road Freight Transport Operation on Online Platform (《網絡平台道路貨物運輸經營管理暫行辦法》) (“Interim Measure of Digital Freight Transportation”) on January 1, 2020, the ICP license was not required for the operation of digital freight business. Pursuant to the Interim Measure of Digital Freight Transportation and other applicable online freight transportation regulations, ICP licenses are required to be obtained as a condition to obtaining the requisite Road Transportation Operation Permits for digital freight transportation operators. As such, our subsidiaries engaging in digital freight business applied for and obtained the requisite ICP Licenses from October 2019 to October 2020, and thus obtained the requisite Road Transportation Operation Permits for digital freight transportation operators. Accordingly, our PRC Legal Advisers are of the view that we have complied with ICP License requirements applicable to our digital freight business during the Track Record Period and as of the Latest Practicable Date.

Road Transportation Operation Permit

On August 26, 2016, the General Office of the Ministry of Transportation (the “MOT”) promulgated “the Opinions on Promoting the Pilot Reform and Accelerating the Innovative Development of Non-vehicle Operating Carrier Logistics” (《交通運輸部辦公廳關於推進改革試點加快無車承運物流創新發展的意見》), and decided to carry out nationwide the pilot work of digital freight transportation (by that time, also known as “Non-vehicle Operating Carrier Logistics”). On March 1, 2017, the General Office of the MOT published the list of pilot enterprises, our Company, and one of our subsidiaries, Anhui Jinwang Express, were selected as the pilot enterprises, and obtained the Road Transportation Operation Permit with the business scope of digital freight business issued by the local county-level transportation authorities, with the validity period from July 2017 to July 2021. Later, three more of our subsidiaries, including Fujian Huilian, Fujian Jinwang Express and Shaanxi Zhongcheng, became the pilot enterprises in 2019 in accordance with the provincial pilot policies of Fujian Province and Shaanxi Province, and obtained the Road Transportation Operation Permit with the business scope of digital freight business issued by the local county level transportation authorities with the validity period from July 2019 to July 2023, July 2019 to July 2023 and August 2019 to May 2020, respectively.

However, six of our subsidiaries, including Anhui Qiantong, Anhui Yuntongda, Anqing Jinwang Express, Ma’anshan Cloud Net, Hubei Log and Sichuan Quanwang Express had not obtained the pilot qualification of digital freight transportation due to the lack of additional opportunity to apply for the pilot qualification, since most of such subsidiaries were established later than the time when the pilot enterprises list was published by the General Office of the MOT on March 1, 2017. For the aforementioned reason, the local transportation authorities allowed our subsidiaries to carry out digital freight business without the pilot qualification and issued each of our relevant subsidiaries a version of the Road Transportation Operation Permit which did not explicitly include digital freight business within the business scope upon the start of their digital freight business.

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On September 6, 2019, the MOT ended pilot work of digital freight transportation and promulgated the Interim Measure for Administration of Road Freight Transport Operation on Online Platform (《網絡平台道路貨物運輸經營管理暫行辦法》, the “Interim Measure of Road Freight Transport”) in replacement. With the implementation of the Interim Measure of Road Freight Transport on January 1, 2020 and the promulgation of local rules regulating the issuance of Road Transportation Operation Permit with the business scope of digital freight business, the Company’s subsidiaries engaged in digital freight business (except Sichuan Quanwang Express, as disclosed in “– Legal Proceeding and Compliance – Licenses and Permits – Sichuan Quanwang Express”) had applied for the Road Transportation Operation Permit with the business scope of digital freight business and obtained such permits successively.

Given (i) our qualification as a selected pilot enterprise, and that our relevant subsidiaries had engaged in digital freight business operations under our supervision; (ii) that the requisite administrative channel to apply for pilot enterprise qualification had been unavailable to our relevant subsidiaries upon commencement of their respective digital freight businesses, and the local transportation authorities had allowed such subsidiaries to carry out digital freight business without the said pilot qualification and had issued to such subsidiaries a version of the Road Transportation Operation Permit without the business scope of digital freight business to our relevant subsidiaries upon the commencement of their respective digital freight businesses; (iii) after the implementation of the Interim Measures of Road Freight Transport on January 1, 2020 and the promulgation of local rules regulating the issuance of Road Transportation Operation Permits with the business scope of digital freight business, our subsidiaries engaged in digital business, save for Sichuan Quanwang Express, had promptly obtained the Road Transportation Operation Permit with the business scope of digital freight business after the local transportation authorities issued specific implementation rules, and (iv) the county-level local transportation authorities of the relevant subsidiaries have issued written confirmations, confirming, among other matters, that they have not imposed, and will not retrospectively impose, any administrative penalties on such subsidiaries for operating digital freight business without pilot qualification. As advised by our PRC Legal Advisers, transportation authorities are competent to issue the above written confirmations and the risk of the relevant subsidiaries being subject to administrative penalties by relevant authorities is remote. Based on the above, our PRC Legal Advisers are of the view that, save for Sichuan Quanwang Express, the regulatory compliance details of which are set out in the paragraph headed “Business – Legal Proceeding and Compliance – Sichuan Quanwang Express” of the Document, we have in substance complied with the applicable Road Transportation Operation Permit requirements during the Track Record Period and as of the Latest Practicable Date.

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisers, we had not been and were not a party to any material legal, arbitral or administrative proceedings, which could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

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Compliance

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisers, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

AWARDS AND RECOGNITION

We have received recognition for the quality and popularity of our services. The table below sets forth some of the awards and recognition we received during the Track Record Period.

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
Key “Little Giant” Enterprise of the MIIT (工信部專精特新“小巨人”企業)	2021	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
Best Exemplary Enterprise of Innovative Logistics and Supply Chain Management (物流與供應鏈管理創新最佳示範單位)	2021	Smart Logistics Committee of China Communications and Transportation of Association (中國交通運輸協會智慧物流專業委員會)
2020 National Exemplary Platform for Public Services by Small and Medium Enterprises (2020年度國家中小企業公共服務示範平台)	2020	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
AAAAA Digital Freight Platform Enterprise (5A級網絡貨運平台企業)	2020	China Federation of Logistics & Purchasing (中國物流與採購聯合會)
2020 Top 500 Private Enterprises (2020年全國民營企業500強)	2020	All-China Federation of Industry and Commerce (全國工商聯)

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<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
Wu Wen Jun AI Science & Technology Award (吳文俊人工智能科學技術獎)	2020	China Association for Artificial Intelligence (中國人工智能學會)
2020 Innovation and Growth Award for National Advanced Logistics Enterprises (2020年度全國先進物流企業創新成長獎)	2020	China Communications and Transportation Association (中國交通運輸協會)
National Monitor Spots for the Operations of Logistics Business (全國物流運行監測點)	2019	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
Pilot NVOCC Enterprise (首批無車承運人試點企業)	2019	Ministry of Transport of the PRC (中華人民共和國交通運輸部)
2019 China Logistics Social Responsibility Award (2019中國物流社會責任貢獻獎)	2019	China Federation of Logistics & Purchasing (中國物流與採購聯合會)
2019 Smart Logistics Service Innovation Enterprise (2019智慧物流服務創新企業)	2019	China Federation of Logistics & Purchasing (中國物流與採購聯合會)
Key Logistics Information Platform Pilot Enterprise (骨幹物流信息平台試點單位)	2018	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會), Ministry of Transport of the PRC (中華人民共和國交通運輸部), and Office of the Central Cyberspace Affairs Commission (中央網絡安全和信息化委員會辦公室)
2018 Best Technology Innovation Award for Smart Logistics (2018年度智慧物流最佳科技創新獎)	2018	China Road Transport Associations (中國公路運輸協會)