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Logory Logistics Technology Co., Ltd.
合肥維天運通信息科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2482)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2022 together with the comparative figures for the year ended December 31, 2021 as set out below.

These annual results have been prepared in accordance with the applicable requirements of the Listing Rules and the IFRSs and have been reviewed by the Audit Committee. This announcement complies with the relevant requirements of the Listing Rules in relation to information to accompany preliminary announcements of annual results.

FINANCIAL SUMMARY

	Year ended December 31,		Changes
	2022	2021	
	RMB'000	RMB'000	%
Revenue	6,204,473	6,297,250	-1.47
Cost of revenue	(5,862,706)	(5,897,389)	-0.59
Gross profit	341,767	399,861	-14.53
Profit for the year	1,393	50,744	-97.25
Profit for the year attributable to owners of the parent	1,393	50,744	-97.25
Non-IFRS measures			
Adjusted net profit ⁽¹⁾ (unaudited)	45,109	87,309	-48.33

⁽¹⁾ Adjusted net profit is defined as profit for the year adjusted by adding back share-based payments and the listing expenses.

CEO'S STATEMENT

Dear Shareholders,

2022 was a special year with many changes.

There were anticipated changes: the digital freight industry has been evolving from a rapid growth stage to a regulated development stage due to the tightened regulations of the government. Meanwhile, our customers attach more value to digitalization. As a result, digital freight market in China began to diversify wherein the needs for digital freight transportation from regional logistics markets and other industries in supply chain have emerged.

In this regard, we accelerated the evolution of our business solutions, introduced seven new digital freight business scenarios, and refined customer services at different levels; we optimized our internal structure, further reinforced the core position of data operation in our service system, strengthened the data operation center, and promoted its profound integration with the offline business of our customers; we deepened cooperation and collaboration with government regulatory departments and industry associations, and actively promoted the establishment and improvement of a new regulatory system of the digital freight industry; we procured more truck drivers to join the Trade Unions, and extended the services and protection for truckers to a greater extent.

The aforesaid measures further enhanced our competitive strengths in the market and reinforced our position as the industry leader. We have ranked first for three consecutive years in the Top 10 online freight platforms released by the China Federation of Logistics & Purchasing* (中國物流與採購聯合會), laying a solid foundation for achieving high-quality development and creating diversified digital value for our customers in the future.

There were also many unanticipated changes in 2022. In particular, the resurgence of COVID-19 across China had adverse impacts on the operations of freight transportation industry and posed operating pressure of varying degrees on most enterprises in this industry. Traffic and logistics were disrupted, and many logistics companies encountered sudden suspension of supply due to disrupted freight transportation. Our upstream and downstream customers suffered from operational difficulties. All of the above greatly affected the implementation of our digital freight transportation supply chain plan.

In this regard, we promptly adjusted our operation plan, sales model and operation method, to put the basic operation of our customers' businesses as our first priority and overcome the difficulties together with our customers. We attached great importance to our strategic determination and insisted on building a balanced and mutually beneficial eco-system in our platforms. We concentrated our efforts to resolve difficulties of the industry, provided customers with a digital solution to enhance the "resilience of the road freight transportation supply chain" and were committed to promoting the concept of a digital freight transportation platform covering the whole transportation process.

With the above measures, we managed to support our customers through difficult times and maintain stable customer base and smooth operation of platform.

In light of social and economic recovery from the COVID-19 pandemic and the implementation of the "Plan for the Overall Layout of Building a Digital China 《數字中國建設整體佈局規劃》", digital freight industry will enter an era of deepening value and regulated development, and the solid foundation we laid in 2022 will be an important support for us to further create customer value and usher in the rapid development of our business in the future.

Du Bing

Executive Director and Chief Executive Officer

March 30, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

According to the CIC, China has the world's largest road freight transportation market with a market size of RMB6.8 trillion in 2021. The road freight transportation market can be further divided into three major segments according to freight weight — namely, express delivery, LTL, and FTL — where FTL comprises the largest segment in the road freight transportation market. The size of FTL market in China reached RMB4.0 trillion in 2021, and is expected to reach RMB4.5 trillion in 2026, representing a CAGR of 2.4% from 2021 to 2026.

Despite the size of the FTL market, it remains highly fragmented overall. The traditional FTL market in China has encountered challenges including a lengthy and opaque transaction process, unmet needs in both stable supply, and stable demands in transportation resources, lack of control over the transportation resources provided by external truckers, lack of protection for truckers.

The emergence of digital freight platform brings new changes to China's FTL market. With the increasingly widespread accessibilities to mobile phones among market players, favorable government policies that encourage the digitalization of the FTL market, and the rise of GPS, IoT, and other emerging technologies, a new business model for China's FTL market, in the form of digital freight platforms, gradually emerged in the 2010s. The digital freight platform has the following characteristics: more efficient and transparent value chain, refined management of external truckers, better protection for the interests of truckers, assistance to enhance tax supervision. However, the efficiency and informatization of the industry is moderate, remaining a significant room for digital integration. In terms of digital penetration, the penetration rate (Online GTV for digital freight platforms as a percentage of the FTL market) was only 10.7% in 2021 and is expected to rise to 16.8% by 2026. The market size of digital freight platforms is expected to continue expanding, representing a CAGR of 12.0% from 2021 to 2026.

2022 was a challenging year for the road freight transportation industry in China with many changes taking place. During the year of 2022, the road freight transportation industry has been evolving from a rapid growth stage to a regulated development stage due to the tightened regulations of the government. Meanwhile, our customers attach more value to digitalization. As a result, digital freight market in China began to diversify wherein the needs for digital freight transportation from regional logistics markets and other industries in supply chain have emerged.

In addition, compared to the years 2020 and 2021, there had been a recurrence of the COVID-19 pandemic in certain regions of China in 2022. In response, the government's quarantine requirements and travel restrictions were stricter and the geographical coverage was more extensive, so the number of truck drivers in the market who can fulfil consignment orders decreased, and the business activities of consignors were adversely affected. According to public statistics from the Ministry of Transport, the total freight volume for the road freight transportation industry in 2022 decreased by 5.5% compared to the year 2021.

On the other hand, according to public statistics from the National Development and Reform Commission and the China Federation of Logistics and Purchasing, affected by factors including international poor supply chains and domestic epidemic disturbances in 2022, the logistics expenses in 2022 were RMB17.8 trillion, representing an increase of 4.4% compared to the year 2021; while the ratio of logistics expenses to GDP for the year was 14.7%, representing an increase of 0.1% compared to the year 2021, reflecting the overall decline in the efficiency of social logistics operations. As the main demand side of the transportation business, there is a growing demand for stable, reliable and cost effective transportation services from manufacturing/trading companies and third-party logistics.

Group Overview

We have built a digitalized ecosystem for road freight transportation in China. According to CIC, we operate one of the largest digital freight platforms in China in terms of Online GTV. 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 11,900 shippers and 2.8 million truckers who had completed an aggregate of over 38.0 million shipping orders on our platform from the inception of our digital freight business to December 31, 2022. The aggregate amount of shipping fees (including VAT) settled on our platform from transactions fulfilled through us as a statutory carrier under PRC law, which we refer to as our Online GTV, amounted to RMB36.6 billion during the year ended December 31, 2022. Our platform has consistently maintained a high level of annual retention rate, with annual retention rates of 92.1% for our major shipper customers in 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. 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.

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. In 2022, we accelerated evolution of our business solutions by concentrating on digitalization of regional logistics markets and specific key market segments of logistics industry and adding seven more digital freight business scenarios. As a result, we refined our customer services at different levels. We optimized our internal structure and further reinforced the core value of data operation in our service system. We also improved the operational efficiency of the data operation center and promoted profound integration of the data operation center with the offline business of customers. At the same time, we deepened cooperation and collaboration with government regulatory departments and industry associations, and actively promoted the establishment and improvement of a new regulatory system for the digital freight industry.

Since March 2022, we have established the needs for digital freight transportation from regional logistics markets and other industries in supply chain have emerged for our digital freight business in Guangzhou, Wuhan, Chengdu and Nanjing to strengthen our business operations in Southern China, Central China, Southwest China and Eastern China, respectively and to promote local customers' understanding of our business and services. We plan to establish additional operations and customer service centers in other regions of China to facilitate further regional market penetration. Since the establishment of the regional operations and customer service centers, the number of new customers in the aforesaid regions increased to 1,859 in 2022, representing a year-on-year increase of 13.0% from 2021, and the number of active customers increased to 3,911 in 2022, representing a year-on-year increase of 11.2% from 2021.

Following the listing of the H Shares on the Main Board of the Stock Exchange on the Listing Date, the Company accesses the capital markets in Hong Kong, thereby enhancing its financial position and brand awareness. The Company seeks 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. The Company promotes the collaboration between such ecosystem participants, enhances transparency and synergy in such collaboration through our digitalized services, and helps such participants establish more balanced and reciprocal relationships through repeated transactions.

Business Overview

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 (卡友地帶) and Truck Plus solutions (卡加車服).

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.

Set forth below are certain operating metrics of our Trucker Community during the Reporting Period:

	Twelve months ended December 31, 2022
Number of Converted Truckers ⁽¹⁾ (<i>thousand</i>)	253.1
Online GTV fulfilled by Converted Truckers (<i>RMB billion</i>)	7.9
Shipping orders fulfilled by Converted Truckers (<i>thousand</i>)	1,696.5
Breakdown by:	
Freight transportation services (<i>thousand</i>)	194.6
% of total freight transportation service shipping orders (%)	12.6
Freight platform services (<i>thousand</i>)	1,501.9
% of total freight platform service shipping orders (%)	19.5
Percentage of truckers converted from Trucker Community to our digital freight platform ⁽²⁾ (%)	20.4

Notes:

- (1) “Converted Truckers” refer to trucker users who fulfilled shipping orders on our digital freight platform after they registered on Trucker Community.
- (2) 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.

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. The number of Converted Truckers in 2022 remained at a steady level as compared with 2021 and recorded approximately 253 thousand (2021: 261.1 thousand). The percentage of truckers converted from Trucker Community to our digital freight platform increased from 19.8% in 2021 to 20.4% in 2022 and remained at a reasonable level. In general, the performance of Trucker Community in terms of its conversion capabilities was within the expectation of the Company’s management during the Reporting Period.

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. 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.

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



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 2022, shippers that had completed shipping orders on our digital freight platform amounted to 6,236; and as of December 31, 2022, the cumulative number of shippers that had completed shipping orders on our platform reached 11,997, an increase of 2,374 from the end of 2021. In 2022, the number of shipping orders completed on our platform amounted to 9.3 million, and the Online GTV on our platform amounted to RMB36.6 billion.
- ***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. As at December 31, 2022, the number of truckers who had completed shipping orders on our platform amounted to 1,364 thousand, and the number of truckers who had newly registered on our Trucker Community platform amounted to 3,327 thousand, an increase of 450.2 thousand from the end of 2021. 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 80% of the total amount of sales orders on our platform in 2022. In 2022, the number of active truckers on our platform amounted to 406 thousand.
- ***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.
- ***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 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.

Our 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.

As the COVID-19 epidemic continued to spread across China in 2022, the COVID-19 outbreak prevention measures of all regions were extremely strict on road traffic, especially on heavy trucks on mainlines, which greatly affected the inter-city road transportation business for truck drivers. Under the guidance of the China Worker Development Foundation (中國職工發展基金會), we launched a special anti-virus campaign called “Chasing the Light — Walking with Truckers (追光 — 與卡友同行)” together with other socially responsible enterprises and distributed 20,000 free anti-virus service bags, and donated more than 30,000 epidemic quarantine guarantee bags to truckers. We also developed an mini-program, “anti-virus assistant (防疫出車助手)”, and established an online chat group for truckers communicating epidemic prevention related news, covering more than 110,000 truck drivers. We also arranged visits of truck drivers who were stranded due to the epidemic, and donated 1,000 supply bags. At the same time, we cooperated with FAW Jiefang Qingdao Automobile Co., Ltd.* (一汽解放青島汽車有限公司) to launch the “Heart-warming Escort Plan (暖心護航計畫)”, with a total of more than 30,000 people escorted.

In 2022, we cooperated with five provincial federation of Trade Unions, calling more truck drivers in our truckers network to join the Trade Unions, which extended our services and protection for truckers to a greater extent.

COVID-19

The resurgence of COVID-19 across China in 2022 and the stringent COVID-19 control measures had adverse impacts on the operations of freight transportation industry and posed operating pressure of varying degrees on most enterprises in this industry. Traffic and logistics were disrupted, and many logistics companies encountered sudden suspension of supply due to disrupted freight transportation. Our upstream and downstream customers suffered from operational difficulties. All of the above greatly affected the implementation of our digital freight transportation supply chain plan.

In response to the difficulties caused by the resurgence of COVID-19, we promptly adjusted our operation plan, sales model and operation method, to put the basic operation of our customers' businesses as our first priority and overcome the difficulties together with our customers. We attached great importance to our strategic determination and insisted on building a balanced and mutually beneficial eco-system in our platforms. We concentrated our efforts to resolve difficulties of the industry, provided customers with a digital solution to enhance the resilience of the transportation supply chain and were committed to promoting the concept of a digital freight transportation platform covering the whole transportation process. As the COVID-19 epidemic continued to spread across China in 2022, the COVID-19 prevention measures of all regions were extremely strict on road traffic, especially for heavy trucks on mainlines, which greatly affected our business as it heavily relied on inter-city road transportation. Also, our digital freight platform business is mostly located in the Yangtze River Delta and Pearl River Delta regions, and our freight business is mostly located in the northwestern region, while these areas experienced severe outbreak in 2022, and our business was therefore adversely impacted.

For the year ended December 31, 2022, the Group's revenue amounted to approximately RMB6,204.5 million, representing a decrease of approximately 1.47% compared with approximately RMB6,297.3 billion for the year ended December 31, 2021. The overall business revenue of the Company was affected mainly due to the resurgence of the COVID-19 pandemic in 2022. In response, the Chinese government took more stringent emergency measures, including travel restrictions and lock-downs, which affected our business operations and financial performance.

Gross profit for the year ended December 31, 2022 was approximately RMB341.8 million, representing a decrease of approximately 14.53% compared with approximately RMB399.9 million for the year ended December 31, 2021. For the year ended December 31, 2022, the Group's net profit was approximately RMB1.4 million, and adjusted net profit (by adding back share-based payments and the listing expenses) for the year ended December 31, 2022 was approximately RMB45.1 million, representing a decrease of approximately 48.3% compared to the corresponding period of 2021 which was mainly due to the decline in the Company's profitability under the background of strict domestic epidemic control and long lock-down of epidemic areas in 2022.

The COVID-19 resurgence in 2022, had adverse impact on the macroeconomic conditions and the road freight transportation industry in the PRC. Nevertheless, as the COVID-19 epidemic has been under control, it is expected that Chinese economy will expand significantly in 2023 and our business will pick up its growth momentum. Our online GTV experienced a month-on-month growth in the fourth quarter of 2022, with 3.09% in November 2022 and 17.3% in December 2022, respectively. In addition, our online GTV achieved a year-on-year increase in December 2022.

Our Milestones in 2022

Set out below are the important milestones of the Group's businesses for the year ended December 31, 2022:

(1) The Group won honors and awards in 2022

In 2022, the Group ranked 340 of top 500 private enterprises in China by the All-China Federation of Industry and Commerce; ranked 86 of top 100 private enterprises in China's service industry by the All-China Federation of Industry and Commerce; ranked 207 of top 500 enterprises in China's service industry by the China Enterprise Confederation and the China Entrepreneurs Association and ranked 2 of top private enterprises in Anhui by the Anhui Federation of Industry and Commerce. In addition, the Group was also awarded as AAAA Logistics Enterprise by China Federation of Logistics and Purchasing.

(2) The Group was included in government case materials

In August 2022, the "Notice on Printing and Distributing the Action Plan for Promoting Manufacturing Digitalization Model Innovation (2022-2025)" (《關於印發推進製造業數字化模式創新行動方案(2022-2025年)的通知》) was issued in Anhui Province, and the Group, as a typical case of network collaboration, was included in the action plan. The plan regards networked collaboration as one of the new industrial Internet models, and points out that it will promote data exchange and business interconnection among enterprises, promote the sharing of various resources between upstream and downstream enterprises in the supply chain and partners, and realize networked collaborative design, collaborative production and collaborative services. Cases that can be used for reference include Weitianyuntong (Luge), which has built a digital freight platform and collected big data from the entire industry chain to form an industry ecosystem of various emerging formats (《維天運通(路歌), 通過打造數字貨運平台, 匯集全產業鏈大數據, 形成多種新興業態的行業生態圈》).

(3) The Group cooperated with the Provincial Federation of Trade Unions to introduce truck drivers to join the union

During the year ended December 31, 2022, the Company gave full play to the advantages of being the leading platform, and closely cooperate with the federation of Trade Unions of five provinces to complete the online membership of truck drivers. In 2022, 251,000 truck drivers on the platform were guided to join trade union organizations in the provinces of Guangdong, Hubei, Heilongjiang, Henan, and Anhui.

(4) The Group has completed the construction of four regional operational and customer engagement centers

In 2022, the Group has completed the construction of four regional operational and customer engagement centers in South China, Central China, Southwest and East China.

(5) Trucker Community entered into collaboration with various famous truck industry brands

In 2022, Trucker Community, an “online + offline” community for truckers operated by the Group took “public welfare activities + brand promotion” as the starting point for cooperation, and established friendly cooperative relations with various well-known brands in the truck sales and aftermarket including Cummins (which is owned by Cummins Inc., a company listed on the New York Stock Exchange (stock code: NYSE.CMI)), JAC (which is owned by Anhui Jianghuai Automobile Group Corp Ltd (安徽江淮汽車集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: SH.600418)), Foton (which is owned by BAIC Foton Motor Corporation Limited* (北汽福田汽車股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: SH.600166) Beijing Automobile Works (which is owned by BAIC Motor Corporation Limited* (北京汽車股份有限公司), a company listed on the Stock Exchange (stock code: 01958)) and Linglong Tire (which is owned by Shandong Linglong Tire Co., Ltd.* (山東玲瓏輪胎股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: SH.601966)).

Outlook

2023 is the first year after the successful listing of our H Shares on the Stock Exchange. Looking forward, we intend to seize the market opportunities in the digital freight industry in China and expand our businesses in the following directions.

- Given that digital freight is an integral part of digital China, and the new logistics industry formed under the “integration of digital economy and real economy (數實融合)” has taken the lead in the regulated development stage, we intend to be deeply involved in formulation and implementation of the relevant industry standards, association standards, business management norms so as to drive the regulated development of the industry as well as to accelerate the expansion of our digital freight platforms;
- We will leverage advantages of our digital freight platforms and collaborate with our premium customers to expand our digital freight services to more enterprises in supply chain and manufacturing business and to improve our profitability by expanding our customer base.
- We will integrate industrial resources and social resources from the entire society to strengthen our community and commercial services for truckers and to build a digital service system for truckers. In this vein, we will use our best efforts to organize the 9th “I Love Truckers’ Day (52卡友節)” with an aim to monetize our aftermarket services.
- We will upgrade our digital solutions for the whole transportation process and expand our footage in the specific key segment markets of digital freight industry.

We are committed to seizing the opportunities and leveraging advantages brought by our listing status to achieve the leapfrog in our business development in 2023.

FINANCIAL REVIEW

The Group generated revenue predominantly from our digital freight business, by providing freight transportation services and freight platform services. During the Reporting Period, the Group's total revenue was approximately RMB6,204.5 million, representing a decrease of approximately RMB92.8 million, or approximately 1.5%, from approximately RMB6,297.3 million for the year ended December 31, 2021. The decrease in revenue was mainly due to the decline in the Company's profitability under the background of strict domestic epidemic control and long lock-down of epidemic areas in 2022.

The table below sets forth the revenue by types of goods or services, shown in actual amounts and as percentage to total revenue for the years indicated:

	Year ended December 31,				year-on-year % change
	2022 RMB'000	%	2021 RMB'000	%	
Revenue from freight transportation services	5,880,150	94.8	5,928,657	94.1	-0.8
Revenue from freight platform services	303,584	4.9	349,201	5.5	-13.1
Sale of goods	8,444	0.1	9,530	0.2	-11.4
Others ⁽¹⁾	12,295	0.2	9,862	0.2	24.7
Total	6,204,473	100.0	6,297,250	100.0	-1.5

Note:

- (1) Others primarily include referral services for the sale of second-hand trucks, advertisement services, rental income and other value-added services.

Cost of revenue

During the Reporting Period, the Group's cost of revenue was approximately RMB5,862.7 million, which is basically flat from RMB5,897.4 million for the year ended December 31, 2021.

Gross profit and gross profit margin

As a result of the above, gross profit decreased by approximately RMB58.1 million or approximately 14.5% from approximately RMB399.9 million for the year ended December 31, 2021 to approximately RMB341.8 million for the year ended December 31, 2022. Gross profit margin decreased from approximately 6.4% for the year ended December 31, 2021 to approximately 5.5% for the year ended December 31, 2022. The decrease in gross profit margin was mainly due to the decline in the Company's profitability under the background of strict domestic epidemic control and protracted lock-down in the PRC during the Reporting Period.

Other income and gains

Other income and gains of the Group increased by approximately RMB5.0 million or approximately 19.4% from approximately RMB25.8 million for the year ended December 31, 2021 to approximately RMB30.8 million for the year ended December 31, 2022, which is comprised of : (i) bank interest income of approximately RMB6.2 million; (ii) the government grants (other than those related to digital freight businesses) of approximately RMB18.7 million; and (iii) others of RMB5.9 million. Such increase was primarily attributable to increases in grants that local governments provided to high-tech companies.

Selling and marketing expenses

During the Reporting Period, the Group's selling and marketing expenses amounted to approximately RMB136.2 million, representing a decrease of approximately RMB17.4 million, or approximately 11.3%, from approximately RMB153.6 million for the year ended December 31, 2021, mainly due to the resurgence COVID-19 which resulted in cancellation of most of our selling and marketing activities.

Administrative expenses

Our administrative expenses primarily consists of staff costs, share-based payments, depreciation and amortization and office expenses, among others. During the Reporting Period, the Group's administrative expenses amounted to approximately RMB102.1 million, representing an increase of approximately RMB15.4 million, or approximately 17.8%, from approximately RMB86.7 million for the year ended December 31, 2021, mainly due to an increase in listing expenses in relation to the Global Offering and an increase in staff costs related to administrative functions, as we expanded our administrative team and recruited additional employees for administrative functions.

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to approximately RMB76.2 million, representing an increase of approximately RMB3.4 million or approximately 4.7% from approximately RMB72.8 million for the year ended December 31, 2021, mainly due to the increase in staff cost resulted from the expansion of our research and development team.

Impairment of financial and contract assets, net

During the Reporting Period, the Group's impairment of financial and contract assets was approximately RMB8.5 million, mainly consist of loss on account receivables and receivables from shippers for shipping fees resulted from the credit impairments of our customers, representing a decrease of approximately RMB1.2 million or approximately 12.4% from approximately RMB9.7 million for the year ended December 31, 2021, mainly due to the decrease of balance of other receivables from shippers for shipping fees.

Other expenses

During the Reporting Period, the Group's other expenses mainly consist of taxes and surcharges, net of government grants related to digital freight business, the amount of which was approximately RMB44.2 million, representing an increase of approximately RMB5.0 million, or approximately 12.8%, from approximately RMB39.2 million for the year ended December 31, 2021, mainly due to the decrease in the refund percentage of certain tax surcharges in certain regions where we operated our digital freight business.

Finance costs

Our finance costs mainly consist of interest on bank loans and other borrowings. During the Reporting Period, the Group's finance costs amounted to approximately RMB3.9 million, representing a decrease of RMB1.0 million, or 20.4%, from approximately RMB4.9 million for the year ended December 31, 2021. The decrease was mainly due to that we paid off bank loans and other borrowings during 2022.

Income tax credit/expense

During the Reporting Period, the Group recorded income tax credit of approximately RMB1.4 million, while the income tax expenses for the year ended December 31, 2021 were approximately RMB7.2 million. This was mainly due to the increase in deferred tax assets recognized by the Company in respect of deductible tax losses.

Profit for the year

During the Reporting Period, profit attributable to owners of the Company was approximately RMB1.4 million (2021: approximately RMB50.7 million).

Other Financial Information (Non-IFRS measures): Adjusted net profit

To supplement the Group's consolidated results which are prepared and presented in accordance with IFRSs, we also use adjusted profit or loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with the IFRS. We believe that adjusted profit or loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted profit or loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit or loss (non-IFRS measure) is presented herein as an analytical tool for illustrative purposes only, and should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under the IFRSs.

The following tables set forth reconciliations of the Group's non-IFRS measures for the years ended December 31, 2022 and 2021 to the nearest measures prepared in accordance with IFRS.

	For the year ended December 31,				year-on-year % change %
	2022 RMB'000	% of total revenue %	2021 RMB'000	% of total revenue %	
Profit for the year	1,393	0.02	50,744	0.81	-97.25
Adding back or excluding					
Share-based payments ⁽¹⁾	17,665	0.28	22,347	0.35	-20.95
Listing expenses related to the Global Offering	26,051	0.42	14,218	0.23	83.23
Non-IFRS measures					
Adjusted net profit (unaudited)	45,109	0.72	87,309	1.39	-48.33

Note:

- (1) We operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Such share-based payments are non-cash in nature.

Our adjusted profit (non-IFRS measure) during the Reporting Period amounted to approximately RMB45.1 million, representing a decrease of RMB42.2 million, or 48.3%, from approximately RMB87.3 million in 2021, which was mainly attributable to the resurgence of the COVID-19 pandemic in certain regions in China in 2022 which had an adverse impact on the business activities and the demand for digital freight services of some of the shippers.

Liquidity and financial resources and capital structure

As at December 31, 2022, the Group had current assets of RMB2,069.7 million (December 31, 2021: RMB2,559.1 million), representing a decrease of approximately RMB489.4 million or 19.1%, mainly due to decreases in trade and notes receivables, prepayments, other receivables and other assets and cash and cash equivalents, partially offset by increases in financial assets at fair value through profit or loss, which mainly represent mainly wealth management products issued by banks. The Group had current liabilities of RMB1,617.9 million (December 31, 2021: RMB2,127.0 million), representing a decrease of approximately RMB509.1 million or 23.9%, mainly due to decreases in other payables and accruals, interest-bearing bank and other borrowings. The current ratio was 1.28 at December 31, 2022 as compared with 1.20 at December 31, 2021, equals to total current assets divided by total current liabilities as of the end of the year.

As of December 31, 2022, the Group's cash and cash equivalents amounted to approximately RMB520.7 million which is mainly funded from the net cash flows generated from operating activities (e.g. collection of accounts receivables). As at December 31, 2022, the Group did not have bank borrowings (December 31, 2021: Nil). The Group monitors and maintains cash and cash equivalents to a level that management believes to be sufficient to meet the Group's operating needs.

The Shares have been listed on the Stock Exchange since the Listing Date. There has been no change in the capital structure of the Company since the Listing Date. The capital of the Company comprises ordinary shares.

Exposure to Fluctuations in Foreign Exchange Rates

The Group's business operations are mainly conducted in the PRC with most of the transactions settled in RMB, being the Group's functional currency. The Board considers that the Group's business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group that are denominated in the currencies other than the respective functional currencies of the Group's entities.

During the Reporting Period, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

Pledge of Assets

As of December 31, 2022, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (December 31, 2021: RMB85.7 million).

Significant Investment and Material Event During the Reporting Period

Saved as disclosed in this announcement and the Prospectus, the Group is not aware of any significant investment and events which could have a material impact on our operating and financial performance for the year ended December 31, 2022.

Employees and Remuneration Policies

As of December 31, 2022, we had 1,020 full-time employees, most of whom were based in China. The number of employees employed by the Group may change from time to time as required and employee emoluments are determined with reference to market conditions and the performance, qualifications and experience of individual employees.

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.

USE OF PROCEEDS

Use of Proceeds from the Global Offering

The net proceeds from the Global Offering (after deducting the underwriting fees and related cost and expenses) amounted to approximately HK\$63.1 million. With reference to the Prospectus, we intend to use the net proceeds for (1) approximately 45.0% to further upgrade and enhance our digital freight business, with a goal to address more in-depth demands from our customers under more diversified business scenarios and to relentlessly improve the user experience for our digital freight business; (2) approximately 15.0% to further expand our Trucker Community and Truck Plus solutions; (3) approximately 20.0% to enhance our research and development efforts and to strengthen our technological capabilities; (4) approximately 10.0% for recruiting additional sales, marketing and operational personnel; and (5) approximately 10.0% for working capital and other general corporate purposes.

After the Listing Date, the unutilised net proceeds are placed in licensed banks and/or authorized financial institution as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and laws in the relevant jurisdictions (where applicable). There is no change to the intended use of net proceeds and the expected implementation timetable as previously disclosed in the Prospectus. From the Listing Date until the date of this announcement, the Group has not used any part of the net proceeds and will use the net proceeds in accordance with the intended purposes and expected implementation as stated in the Prospectus.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed in Note 12 to the consolidated financial statements in this announcement, the Group is not aware of any significant events which could have a material impact on our operating and financial performance after the year ended December 31, 2022 and up to the date of this announcement.

DIVIDEND

The Company did not recommend any payment of dividends for the year ended December 31, 2022 (2021: Nil).

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, June 20, 2023. A notice convening the AGM will be published on May 19, 2023 and despatched to the Shareholders in due course in the manner prescribed by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from June 14, 2023 to June 20, 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend the AGM and to vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. June 13, 2023.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year ended December 31, 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	3, 4	6,204,473	6,297,250
Cost of revenue	6	<u>(5,862,706)</u>	<u>(5,897,389)</u>
GROSS PROFIT		341,767	399,861
Other income and gains	4	30,783	25,782
Selling and marketing expenses	6	(136,154)	(153,602)
Administrative expenses	6	(102,054)	(86,718)
Research and development expenses	6	(76,226)	(72,821)
Impairment of financial and contract assets, net	6	(8,498)	(9,659)
Other expenses	6	(44,231)	(39,222)
Finance costs	5	(3,913)	(4,925)
Share of losses of associates		<u>(1,462)</u>	<u>(778)</u>
PROFIT BEFORE TAX	6	12	57,918
Income tax credit/(expense)	7	<u>1,381</u>	<u>(7,174)</u>
PROFIT FOR THE YEAR		<u>1,393</u>	<u>50,744</u>
Attributable to:			
Owners of the parent		<u>1,393</u>	<u>50,744</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>RMB yuan</i>)	9	<u><u>–</u></u>	<u><u>0.04</u></u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31, 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
PROFIT FOR THE YEAR	1,393	50,744
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	–	120
Income tax effect	–	(30)
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	–	90
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,393</u>	<u>50,834</u>
Attributable to:		
Owners of the parent	<u>1,393</u>	<u>50,834</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	<i>Notes</i>	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		65,808	71,209
Right-of-use assets		6,859	9,323
Intangible assets		1,720	1,542
Investments in associates		9,396	6,258
Prepayments, other receivables and other assets		2,211	2,814
Deferred tax assets		17,306	12,849
		<hr/>	<hr/>
Total non-current assets		103,300	103,995
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		2,413	3,144
Trade and notes receivables	<i>10</i>	123,945	176,284
Contract assets		6,362	7,112
Prepayments, other receivables and other assets		1,362,188	1,638,719
Financial assets at fair value through profit or loss (“FVTPL”)		50,000	5,010
Restricted bank deposits		4,063	–
Cash and cash equivalents		520,714	728,838
		<hr/>	<hr/>
Total current assets		2,069,685	2,559,107
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>11</i>	108,695	113,298
Other payables and accruals		1,487,197	1,896,712
Contract liabilities		12,375	10,259
Interest-bearing bank and other borrowings		500	92,194
Lease liabilities		816	2,839
Tax payable		8,283	11,648
		<hr/>	<hr/>
Total current liabilities		1,617,866	2,126,950
		<hr/>	<hr/>
NET CURRENT ASSETS		451,819	432,157
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		555,119	536,152
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at December 31, 2022*

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		<u>626</u>	<u>717</u>
Total non-current liabilities		<u>626</u>	<u>717</u>
NET ASSETS			
		<u>554,493</u>	<u>535,435</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		84,417	84,417
Reserves		<u>470,076</u>	<u>451,018</u>
TOTAL EQUITY		<u>554,493</u>	<u>535,435</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in the PRC. On March 9, 2023, the Company was listed on the Stock Exchange (stock code: 2482). The registered office of the Company is located at No. 2700 Chuangxin Avenue, High-tech District, Hefei, Anhui Province, China.

During the year ended December 31, 2022, the Company and its subsidiaries are principally engaged in digital freight businesses including freight transportation services and freight platform services.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial information of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendment to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Annual Improvements to IFRSs 2018–2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

The revised standards have had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹
IFRS 17	<i>Insurance Contracts</i> ^{1,3}
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{1,3}
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 — Comparative Information</i> ¹
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ²
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> ²
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group has expected that these standards will not have significant effect on the Group's financial performance and financial position.

3. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during each reporting period, and the Group's total assets as at the end of each reporting period were derived from one single operating segment, i.e., provision of digital freight businesses and related services.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of reporting period.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	6,204,308	6,296,608
<i>Revenue from other sources</i>		
Rental income	165	642
	<u>6,204,473</u>	<u>6,297,250</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Types of goods or services</i>		
Freight transportation services	5,880,150	5,928,657
Freight platform services*	303,584	349,201
Sale of goods	8,444	9,530
Other value-added services	12,130	9,220
	<u>6,204,308</u>	<u>6,296,608</u>
Total revenue from contracts with customers		

Geographical markets

All of the Group's revenue was generated from customers located in Mainland China during each of reporting period.

- * The revenue from freight platform services mainly represents the difference between the contract amount to be received from the shipper and the net freight cost, which is the contract amount to be paid to the trucker net of the government grants related to digital freight businesses. Such government grants are presented in the line of revenue with the amount of RMB1,133,606,912 (2021: RMB1,180,357,209) for the year ended December 31, 2022.

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Timing of revenue recognition</i>		
Services transferred over time	5,880,210	5,928,772
Services and goods transferred at a point in time	324,098	367,836
	<hr/>	<hr/>
Total revenue from contracts with customers	<u>6,204,308</u>	<u>6,296,608</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of each reporting period.

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Revenue recognised that was included in contract liabilities at the beginning of the year:</i>		
Freight platform services	9,897	10,069
Freight transportation services	362	1,079
	<hr/>	<hr/>
	<u>10,259</u>	<u>11,148</u>

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Freight transportation services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon delivery of the shipments and issuance of the invoice to the customers.

Freight platform services

The main performance obligation is satisfied at the point in time as services are rendered and payment is generally due upon fulfilment of the shipping order by a trucker and issuance of the invoice to the customers.

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due upon delivery of goods.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each reporting period:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Amounts expected to be recognised as revenue:</i>		
Within one year	<u>12,375</u>	<u>10,259</u>
	<u><u>12,375</u></u>	<u><u>10,259</u></u>

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other income and gains		
Bank interest income	6,239	5,001
Other government grants* — related to income	18,654	15,975
Others	<u>5,890</u>	<u>4,806</u>
	<u><u>30,783</u></u>	<u><u>25,782</u></u>

* The government grants other than those related to digital freight businesses are recognised in other income and gains. There are no unfulfilled conditions or contingencies relating to these government grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank loans and other borrowings	3,780	4,765
Interest on lease liabilities	<u>133</u>	<u>160</u>
	<u><u>3,913</u></u>	<u><u>4,925</u></u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Cost of freight transportation services	<i>(i)</i>	5,813,947	5,852,945
Cost of assistance from logistics cooperation partners	<i>(ii)</i>	15,576	15,373
Other cost of digital freight businesses	<i>(iii)</i>	25,493	21,030
Cost of inventories sold		7,690	8,041
		<hr/> 5,862,706	<hr/> 5,897,389
Cost of revenue			
Taxes and surcharges	<i>(iv)</i>	41,510	36,244
Depreciation of property, plant and equipment		11,602	13,431
Depreciation of right-of-use assets		2,938	3,060
Amortisation of intangible assets		418	782
Impairment/(reversal of impairment) of trade and notes receivables		1,059	(242)
(Reversal of impairment)/impairment of contract assets		(25)	47
Impairment of financial assets included in prepayments, other receivables and other assets		7,464	9,854
Impairment of inventories		859	460
Employee benefit expense (excluding directors', supervisors' and chief executive's remuneration):			
Salaries, bonuses, allowances and benefits in kind		151,746	142,537
Pension scheme contributions and social welfare	<i>(v)</i>	32,027	27,951
Equity-settled share-based payments expenses		13,307	19,292
Lease payments not included in the measurement of lease liabilities		1,130	1,300
Loss on disposal of items of property, plant and equipment		178	481
Loss on disposal of items of intangible assets		–	13
Auditor's remuneration		1,714	85

- (i) Cost of freight transportation services provided mainly represents costs incurred with contracted truckers for freight transportation, net of the government grants related to digital freight businesses, the amount of which is RMB240,450,226 (2021: RMB236,445,960) for the year ended December 31, 2022.
- (ii) The portion of the Group's day-to-day contact with its shippers is through its network of independent logistics cooperation partners. The logistics cooperation partners could arrange temporary truckers on short notice, multiple pick-up and delivery points and drop-and-hook operations. Costs to logistics cooperation partners are directly related to the freight transportation and freight platform services, and then are recognised as costs of the Group.
- (iii) Other cost of digital freight businesses provided mainly represents staff cost and cost incurred with third party suppliers for the digital freight businesses, such as location service cost, short message service cost, and payment channels service cost.

- (iv) It mainly represents taxes and surcharges, net of the government grants related to digital freight businesses, the amount of which is RMB337,242,867 (2021: RMB354,992,886) for the year ended December 31, 2022.
- (v) As at the end of each reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

7. INCOME TAX EXPENSE

The Company and its subsidiaries are all incorporated in Mainland China which are subject to income tax at a rate of 25% on the taxable income pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, except for:

- (i) The Company is recognised as a high-tech enterprise and accordingly is entitled to a preferential enterprise tax rate of 15% during each reporting period.
- (ii) Certain of the subsidiaries are qualified as small and micro enterprises and are entitled to a preferential enterprise income tax rate of 20% during each reporting period.

The income tax expense of the Group during each reporting period:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current	3,076	10,981
Deferred tax	<u>(4,457)</u>	<u>(3,807)</u>
Total tax (credit)/charge for the year	<u><u>(1,381)</u></u>	<u><u>7,174</u></u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate of 25% in Mainland China to the tax expense at the effective tax rate is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit before tax	12	57,918
Tax at the statutory tax rate of 25% in Mainland China	3	14,480
Effect of tax rate differences in the Company and certain subsidiaries	1,497	(2,376)
Losses attributable to associates	366	194
Expenses not deductible for tax*	4,924	6,639
Additional deductible allowance for qualified research and development expenses	(8,683)	(12,528)
Utilisation of previously unrecognised tax losses and temporary differences	(32)	–
Unrecognised tax losses and temporary differences	<u>544</u>	<u>765</u>
Tax charge at the Group's effective tax rate	<u><u>(1,381)</u></u>	<u><u>7,174</u></u>

- * The items of expenses not deductible for tax were mainly comprised of the share-based payments expenses, business development expenses in excess of the deductible thresholds and other expenses which cannot be deducted on the tax basis.

8. DIVIDENDS

No dividend has been paid or declared by the Company in respect of the year ended December 31, 2022 (2021: nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The newly issued shares are calculated in accordance with the conditions stated in the issuance agreement, starting from the consideration receivable date (usually the issuance date).

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company	1,393	50,744
Shares		
Weighted average number of ordinary shares in issue during the year (in thousand) (i)	1,350,665	1,343,932
Earnings per share attributable to ordinary equity holders of the Company (<i>RMB yuan per share</i>)		
— Basic and Diluted (ii)	<u>—</u>	<u>0.04</u>

(i) The weighted average number of ordinary shares during the years ended December 31, 2021 and 2022, respectively, was adjusted retrospectively to reflect the approval of the subdivision of shares on a one-for-sixteen basis in October 2021.

(ii) The Group had no potentially dilutive ordinary shares in issue during each of reporting period.

10. TRADE AND NOTES RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	123,069	111,879
Notes receivables	<u>2,282</u>	<u>65,663</u>
	<u>125,351</u>	<u>177,542</u>
Less: expected credit losses (“ECLs”)	<u>(1,406)</u>	<u>(1,258)</u>
	<u>123,945</u>	<u>176,284</u>

The Group's trading terms are normally due upon delivery and issuance of the invoice, except for a small number of customers with credit terms, of which is generally 7 to 90 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no single significant amount concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As of the end of the year, included in the Group's notes receivables is amount of RMB1,782,096 (2021: RMB1,183,269), which is classified as debt investments at fair value through other comprehensive income, because it is managed in the business model of both collecting contractual cash flows and selling the financial assets.

At the end of the reporting period, the Group has no pledged trade receivables (2021: RMB658,463) to secure loans from other financial institution.

An ageing analysis of the trade and notes receivables as at the end of each reporting period, based on the transaction date and net of ECLs, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 90 days	115,665	165,544
90 days to 1 year	8,253	9,466
1 to 2 years	27	1,274
	<u>123,945</u>	<u>176,284</u>

As of the end of the reporting period, ECLs for trade and notes receivables based on the individually or collectively assessment are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Individually determined to be impaired	807	462
Less: ECLs	<u>(807)</u>	<u>(462)</u>
	-	-
Collectively determined to be impaired	124,544	177,080
Less: ECLs	<u>(599)</u>	<u>(796)</u>
	<u>123,945</u>	<u>176,284</u>
	<u>123,945</u>	<u>176,284</u>

The movements in the ECLs for trade and notes receivables are as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	1,258	434
ECLs	1,059	(242)
Amounts written off as uncollectible	(911)	–
Recoveries of trade receivables previously written off	–	1,066
	–	1,066
At the end of the year	<u>1,406</u>	<u>1,258</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for the customers. The calculation reflects the best estimated outcome based on the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables based on the collectively assessment using a provision matrix:

As at December 31, 2022

	Ageing			Total
	Within 1 year	1 to 2 years	Over 2 years	
Gross carrying amount (<i>RMB'000</i>)	122,226	36	–	122,262
Expected credit loss (<i>RMB'000</i>)	590	9	–	599
Expected credit loss rate	0.48%	25.00%	–	0.49%

As at December 31, 2021

	Ageing			Total
	Within 1 year	1 to 2 years	Over 2 years	
Gross carrying amount (<i>RMB'000</i>)	109,528	1,814	75	111,417
Expected credit loss (<i>RMB'000</i>)	181	540	75	796
Expected credit loss rate	0.17%	29.77%	100.00%	0.71%

For notes receivables, based on historical data and management's analysis, loss on collection is not material and hence no provision is considered.

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	<u>108,695</u>	<u>113,298</u>

Trade payables are unsecured and interest-free and are normally settled within 1 year.

12. EVENTS AFTER THE REPORTING PERIOD

The Company's H Shares were listed on the Stock Exchange on March 9, 2023 and 43,211,000 H Shares were issued at HK\$2.9 per share on even date in connection with the Listing. Please refer to the Prospectus and the announcement of the Company dated March 8, 2023 for details.

As approved by the Board in October 2021, the Shares were to be subdivided on a one-for-sixteen basis, and the nominal value of the shares was changed from RMB1.0 each to RMB0.0625 each ("**Share Subdivision**"). Immediately after such Share Subdivision, the registered share capital of the Company as at 31 December 2022 will become RMB84,416,569 with 1,350,665,104 shares of nominal value RMB0.0625 each, all of which were fully paid up. The completion of the Share Subdivision is subject to the completion of the Listing and all necessary consents, approvals, authorizations and permissions required to be obtained for the Share Subdivision have been obtained, in accordance with the applicable PRC laws, regulations and rules.

As at the date of this announcement, the Share Subdivision has been completed upon the completion of the Listing.

Except for the events above, the Group did not have any other significant events after the end of the Reporting Period which need to be disclosed.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

As the H Shares had not yet been listed on the Stock Exchange during the Reporting Period, the CG Code was not applicable to the Company during the Reporting Period. During the period from the Listing Date to the date of this announcement, the Company has complied with all the principles and applicable code provisions under the CG Code.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance report which will be included in the annual reports.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and Supervisors since the Listing Date. As the H Shares of the Company were not yet not been listed on the Stock Exchange during the Reporting Period, the Model Code was not applicable to the Company during the Reporting Period. Having made specific enquiry with the Directors and Supervisors, each of the Directors and Supervisors confirmed that he/she has complied with the required standards as set out in the Model Code during the period from the Listing Date up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

As the H Shares of the Company had not yet been listed on the Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

MATERIAL LITIGATION

As of the date of this announcement, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public since the Listing Date and up to the date of this announcement.

DIRECTORS' AND SUPERVISORS' COMPETING INTERESTS

None of the controlling shareholders, Directors and supervisors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the Group's business.

AUDIT COMMITTEE

The Board has established the Audit Committee (the “**Audit Committee**”), which comprises three independent non-executive Directors, namely, Mr. LI Dong (chairman of the Audit Committee), Mr. LIU Xiaofeng and Mr. DAI Dingyi.

The Audit Committee has, together with the management of the Company and the Auditor, reviewed the applicable accounting principles, standards and practices adopted by the Group as well as the consolidated financial statements of the Group for the year ended December 31, 2022 and the disclosure in this announcement.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group’s consolidated statement of financial position as at December 31, 2022, consolidated statement of profit or loss and comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Company’s auditor, Ernst & Young, to the amounts set out in the Company’s draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND 2022 ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.logory.com. The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

APPRECIATION

The Board would like to take this opportunity to thank the management members and staff of the Group for their hard work in the past year. The Board would also like to give our sincere gratitude to our Shareholders, partners and stakeholders for their continued support, and hope to receive their continued support in the future.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“AGM”	the forthcoming annual general meeting of the Company to be held on Tuesday, June 20, 2023
“Audit Committee”	the audit committee of the Board
“Auditor”	Ernst & Young
“Board” or “Board of Directors”	board of directors of the Company
“CAGR”	compound annual growth rate
“CG Code”	the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules
“Chairman”	chairman of the Board
“China” or “the PRC”	the People’s Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
“CIC”	China Insights Industry Consultancy Limited, a market research and consulting company, which is an independent third party
“Company” or “our Company” or “the Company”	Logory Logistics Technology Co., Ltd. (合肥維天運通信息科技股份有限公司), a joint stock company with limited liability incorporated in the PRC on June 23, 2010 and listed on the Stock Exchange on March 9, 2023 (Stock code: 2482)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the context of this Announcement, refers to the controlling shareholders of our Company, namely Mr. Feng Lei, Mr. Du Bing and Shanghai Chuyan
“Director(s)”	director(s) of the Company

“FTL”	full truckload shipping, a transportation service in which the delivery involves a dedicated shipment of a full truckload, typically shipped directly from the point of departure to the point of destination through line-haul with the freight weight over 3 tons
“Global Offering”	an offering of 43,211,000 H Shares, comprising a final Hong Kong public offering of 12,964,000 H Shares and a final international public offering of 30,247,000 H Shares
“GPS”	the Global Positioning System
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
“H Share(s)”	overseas listed shares in the share capital of our Company with a nominal value of RMB0.0625 each, to be subscribed for and traded in Hong Kong dollars and to be listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“IoT”	Internet of things
“IFRSs”	International Financial Reporting Standards
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange on March 9, 2023
“Listing Date”	March 9, 2023, the date on which the Shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time

“LTL”	less than truckload shipping, a transportation service in which the shipment is less or lighter than a full truckload, and typically placed together with other shipments into a full truckload with the freight weight between 30 kg to 3 tons
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Online GTV”	online gross transaction volume, the aggregate amount of shipping fees (including VAT) settled on a digital freight platform for shipping transactions fulfilled through such platform as a statutory carrier under PRC law
“Prospectus”	the prospectus of the Company dated February 27, 2023
“Reporting Period”	for the year ended December 31, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SaaS”	software as a service, a cloud-based software licencing and delivery model in which software and associated data are centrally hosted
“Shanghai Chuyan”	Shanghai Chuyan Enterprise Management Partnership (Limited Partnership) (上海褚岩企業管理合夥企業(有限合夥)), a limited partnership formed under the laws of the PRC on December 16, 2020 and is a Controlling Shareholder. As of the date of this announcement, Shanghai Chuyan was owned as to 52% by Mr. Feng Lei and 48% by Mr. Du Bing

“Share(s)”	ordinary share(s) of the Company with nominal value of RMB0.0625 each including our domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	member(s) of the board of Supervisors of the Company
“VAT”	value-added tax
“%”	per cent

By Order of the Board
Logory Logistics Technology Co., Ltd.
FENG Lei
Chairman and Executive Director

Hefei, the PRC, March 30, 2023

As at the date of this announcement the Board are Mr. FENG Lei, Mr. DU Bing, Mr. YE Sheng and Ms. WANG Yao as the executive Directors; Mr. LIU Junjie and Mr. CHEN Zhijie as non-executive Directors, and Mr. DAI Dingyi, Mr. LI Dong and Mr. LIU Xiaofeng as the independent non-executive Directors.