快狗打车 | GOGOX

# GOGOX HOLDINGS LIMITED
# 快 狗 打 车 控 股 有 限 公 司

（於開曼群島註冊成立的有限公司）
(incorporated in the Cayman Islands with limited liability)

**股份代號 Stock code: 2246**


## 年報 Annual Report 2022

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# Company Profile

We are a major online intra-city logistics platform in Asia. Our mission is to simplify intra-city logistics with technology. We are committed to providing technology-powered, user-centric logistics solutions for social good and sustainable development. Operating in more than 360 cities across six countries and regions in Asia, namely Chinese mainland, Hong Kong, Singapore, Korea, India and Vietnam, we own and operate two highly-recognized, well-trusted brands in the online intra-city logistics space: Kuaigou Dache (快狗打车) in Chinese mainland and GOGOX in other countries and regions in Asia.

# Corporate Information

## DIRECTORS

### Executive Directors

Mr. CHEN Xiaohua (陳小華) *(Chairman of the Board)*
Mr. HE Song (何松) *(Co-Chief Executive Officer)*
Mr. LAM Hoi Yuen (林凱源) *(Co-Chief Executive Officer)*
Mr. HU Gang (胡剛)

### Non-executive Directors

Mr. YE Wei (葉偉)[1]
Mr. LEUNG Ming Shu (梁銘樞)
Mr. SHUAI Yong (帥勇)[2]
Mr. WANG Ye (王也)

### Independent Non-executive Directors

Mr. KWAN Ming Sang Savio (關明生)[3]
Mr. NI Zhengdong (倪正東)
Mr. TANG Shun Lam (鄧順林)
Mr. ZHAO Hongqiang (趙宏強)
Ms. MI Wenjuan (米雯娟)[4]

## COMPANY SECRETARY

Ms. YU Wing Sze (余詠詩) *(ACG, HKACG)*

## AUTHORIZED REPRESENTATIVES

Mr. CHEN Xiaohua (陳小華)
Ms. YU Wing Sze (余詠詩)

## AUDIT COMMITTEE

Mr. ZHAO Hongqiang (趙宏強) *(Chairman)*
Mr. TANG Shun Lam (鄧順林)
Mr. NI Zhengdong (倪正東)

## REMUNERATION COMMITTEE

Mr. TANG Shun Lam (鄧順林) *(Chairman)*
Mr. NI Zhengdong (倪正東)
Mr. HU Gang (胡剛)

## NOMINATION COMMITTEE

Mr. NI Zhengdong (倪正東) *(Chairman)*
Mr. CHEN Xiaohua (陳小華)
Mr. KWAN Ming Sang Savio (關明生)[3]
Ms. MI Wenjuan (米雯娟)[4]

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. HE Song (何松) *(Chairman)*
Mr. LAM Hoi Yuen (林凱源)
Mr. HU Gang (胡剛)

## AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and Registered Public Interest Entity Auditor*
22/F, Prince's Building
Central
Hong Kong

## LEGAL ADVISOR

Cooley HK
35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Notes:

(1) Resigned with effect from November 15, 2022.
(2) Resigned with effect from September 9, 2022.
(3) Resigned with effect from November 26, 2022.
(4) Appointed with effect from November 26, 2022.

# Corporate Information

## COMPLIANCE ADVISOR

Red Solar Capital Limited
Unit 402B, 4/F
China Insurance Group Building
No. 141 Des Voeux Road Central
Central
Hong Kong

## REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 212, Building C
Kaide Building Complex
No.7 Rongyuan Road
Huayuan Industrial Park
Binhai Hi-tech Zone, Tianjin
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

## PRINCIPAL BANKS

Ping An Bank Co., Ltd.
(Beijing Chongwenmen Branch)
Unit 1, 1st Floor, South Section, Building 1
No.7 and No.9 Chongwenmenwai Street
Dongcheng District, Beijing
PRC

Shanghai Pudong Development Bank
(Shanghai Minhang Branch)
No. 159 Shensong Road
Minhang District, Shanghai
PRC

## STOCK CODE

2246

## COMPANY WEBSITE

gogoxholdings.com

## LISTING DATE

June 24, 2022

# Financial Highlights And Summary

## FINANCIAL HIGHLIGHTS

| | **Year ended December 31,** | | Year-on-year |
|---|---|---|---|
| | **2022** | 2021 | change |
| | **RMB'000** | RMB'000 | (%) |
| Revenue | **773,248** | 660,857 | 17.0 |
| Gross profit | **261,609** | 241,724 | 8.2 |
| Loss before income tax | **(1,217,915)** | (872,576) | 39.6 |
| Loss for the year | **(1,209,141)** | (872,854) | 38.5 |
| Non-IFRS measures: | | | |
| Adjusted net loss for the year (non-audited)[1] | **(228,900)** | (277,304) | (17.5) |
| Adjusted EBITDA for the year (non-audited)[2] | **(206,263)** | (248,627) | (17.0) |

*Notes:*

(1) Adjusted net loss for the year represents loss for the year before (i) share-based compensation expenses, (ii) changes in fair value of financial liabilities at fair value through profit and loss, and (iii) listing expenses.

(2) Adjusted earnings before interest, taxes, depreciation and amortisation ("EBITDA") for the year represents adjusted net loss for the year before (i) income tax credit/(expenses), (ii) depreciation and amortisation, and (iii) net finance income.

# Financial Highlights And Summary

## FIVE-YEAR FINANCIAL SUMMARY

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2018<br>RMB '000 | 2019<br>RMB '000 | 2020<br>RMB '000 | 2021<br>RMB '000 | **2022<br>RMB '000** |
| Revenue | 453,145 | 548,457 | 530,409 | 660,857 | **773,248** |
| Gross profit | 104,364 | 173,096 | 183,368 | 241,724 | **261,609** |
| Loss before income tax | (1,066,411) | (170,374) | (653,311) | (872,576) | **(1,217,915)** |
| Loss for the year | (1,070,936) | (183,845) | (658,226) | (872,854) | **(1,209,141)** |
| Loss for the year attributable to the equity holders of the Company | (1,070,936) | (183,845) | (658,226) | (872,854) | **(1,205,408)** |
| Total comprehensive loss for the year | (1,049,594) | (228,950) | (490,973) | (795,298) | **(1,365,198)** |
| Total comprehensive loss for the year attributable to the equity holders of the Company | (1,049,594) | (228,950) | (490,973) | (795,298) | **(1,361,327)** |

## CONDENSED CONSOLIDATED BALANCE SHEETS

| | As of December 31, | | | | |
|---|---|---|---|---|---|
| | 2018<br>RMB '000 | 2019<br>RMB '000 | 2020<br>RMB '000 | 2021<br>RMB '000 | **2022<br>RMB '000** |
| **ASSETS** | | | | | |
| Non-current assets | 1,195,067 | 1,195,844 | 1,132,999 | 1,107,356 | **1,137,643** |
| Current assets | 430,696 | 349,705 | 297,369 | 516,646 | **787,237** |
| Total assets | 1,625,763 | 1,545,549 | 1,430,368 | 1,624,002 | **1,924,880** |
| **Equity** | | | | | |
| Equity attributable to equity holders of the Company | (886,110) | (1,098,929) | (1,581,189) | (2,075,809) | **1,484,847** |
| Non-controlling interest | - | - | - | - | **(764)** |
| Total (deficit)/equity | (886,110) | (1,098,929) | (1,581,189) | (2,075,809) | **1,484,083** |
| **Liabilities** | | | | | |
| Non-current liabilities | 1,793,765 | 1,945,442 | 2,170,621 | 3,240,446 | **24,430** |
| Current liabilities | 718,108 | 699,036 | 840,936 | 459,365 | **416,367** |
| Total liabilities | 2,511,873 | 2,644,478 | 3,011,557 | 3,699,811 | **440,797** |
| Total (deficit)/equity and liabilities | 1,625,763 | 1,545,549 | 1,430,368 | 1,624,002 | **1,924,880** |

# Chairman's Statement

**Dear Shareholders,**

On behalf of GOGOX HOLDINGS LIMITED ("**GOGOX**") and its subsidiaries and consolidated affiliated entities, I hereby present to the Shareholders the annual results of the Group for the year ended December 31, 2022.

In 2022, it is an important year for the Group to enter the new development stage, and it is also a year of remarkable achievements. With the support of new and old shareholders and the trust of all sectors of the society, the Group was successfully listed on the Main Board of the Hong Kong Stock Exchange on June 24, 2022, starting a new journey of efforts. Based on the new starting point and looking into the new stage, the Group will adhere to the mission of making intracity logistics easier by using technology, continue to provide technology-driven and user-centric logistics solutions for social welfare and sustainable development, and promote the Group to achieve high-quality development, return to shareholders and give back to the society.

## PERFORMANCE REVIEW:

2022 is an extraordinary year. China and the global economy continued to suffer from multiple internal and external factors such as the COVID-19 pandemic and the Ukraine crisis, and downward pressure increased. In the face of severe external challenges, the Group, led by the Board and the management, actively coordinated the pandemic prevention and control works and the development of business. With the concerted efforts of all drivers, merchants and all staff, the Group withstood many tests in view of the adverse impact of the COVID-19 on the freight industry and demonstrated strong operational resilience, which still maintained steady growth in performance.

In 2022, the Group achieved revenue of RMB773 million, a year-on-year increase of 17.0%; Gross profit was RMB262 million, up 8.2% year-on-year. It is worth mentioning that the Group has further narrowed its losses with increasing operating efficiency by optimizing costs, and the adjusted loss attributable to equity holders of the Company has further narrowed to RMB229 million in 2022, representing a decrease of 17.5% as compared to 2021, and the operating conditions have continued to improve.

## BUSINESS REVIEW AND OUTLOOK:

Great enterprises always take into account the unity of business value and social value. As the main online intra-city logistics platform in Asia, the Group is committed to promoting the win-win development of all parties involved in the intra-city freight industry through the coordinated development of partners at all levels of the industry, creating great social value while creating commercial value, and laying a solid foundation for long-term development.

# Chairman's Statement

During the year, the Group's overseas business achieved strong growth and continued to inject strong momentum into the Group's business. Revenue from overseas business services reached RMB425.4 million, up by 34.1% compared to 2021. Among them, the Group expanded its business services in India, Vietnam and Korea to several major local cities, with revenue growth of 704.3%, 100.0% and 31.9%, respectively, and net profit recorded in India. This is a remarkable achievement in a difficult economic environment. At the same time, while actively cultivating the existing overseas business, the Group will also actively seek to expand other overseas business service directions. In 2022, the Group officially launched the insurance intermediary business in Hong Kong, taking full advantage of our position as a market leader in Hong Kong to provide relevant insurance value-added services to drivers and customers. In addition, the value-added business in Hong Kong and Singapore grew significantly, with overseas fuel card business revenue growing at an annual rate of about 50.5%, and profitability remained strong.

In the past year, we have actively expanded overseas markets, further strengthened communication and cooperation with overseas customers, and continuously expanded our influence and competitive advantage in the international market. This includes that we have become one of the high-profile leaders in the industry and will continue to strive to maintain that leadership.

In terms of protection of the rights and interests of drivers, the Group has been adhering to the business philosophy of "Driver-oriented," providing stable income and rights and interests protection for a large number of freight drivers, and promoting the standardization of services and high-quality transportation capacity in the intracity freight industry. In 2022, by gradually improving ecological construction, building high-quality services and relying on technological empowerment, and optimization from order matching, operation model and other aspects, the Group will improve the quality of workers' security and services, and build a "driver-friendly" service platform and other measures to help freight drivers enjoy higher rights and interests, thereby enhancing the sense of belonging and platform cohesion of freight drivers.

In addition to internal efforts, the Group has also worked with various parties to actively explore ways to enhance the professionalization and well-being of the driver group and other aspects of the protection of workers so as to open up a new situation of multi-party governance in the industry. From 2021 to 2022, the Group has successively established Tianjin Freight Trade Union and Zhengzhou Freight Trade Union. The purpose is to build a platform to safeguard the legitimate rights and interests of employees in new formats, to maximize the integration of workers in new employment forms into trade unions, and to provide freight drivers with more direct protection of rights and interests, enhance the sense of professional ownership and security of freight drivers, strengthen enterprise management, improve economic and social benefits, and form a benign and resonant new situation of harmony.

In terms of green logistics system construction, the Group is committed to providing technology-driven and user-centric logistics solutions for social welfare and sustainable development, and promoting the development of the industry towards new energy, digitalization and intelligence. The Group positioned itself as a leader in promoting the sustainable development of the intracity logistics industry and the whole society. With the development of new energy as the starting point, the Group focused on the layout of the green freight transportation system, accelerated the pace of green freight transportation construction, and promoted the intracity freight transportation industry to enter a new stage of green sustainable development, and gained first move advantage of green freight transportation development.

# Chairman's Statement

No effort goes in vain and just as polishing makes jade finer, adversity makes one stronger! The Group's efforts in new energy have also achieved significant results. In 2022, the Group facilitated sales of 1,625 new energy vehicles. Among the orders on the Kuaigou Dache (快狗打车) platform in Chinese mainland, 55.2% of the orders were completed by new energy vehicles ("**NEV**"). Taking Shenzhen as an example, the percentage of orders completed by NEVs via our platform increased from 54.7% in January 2021 to 88.5% in December 2022 in Shenzhen. In addition, it is expected that by the end of 2030, more than 80% of orders on the Kuaigou Dache (快狗打车) platform will be completed by NEVs. As for Overseas market, the Group's Singapore business unit also continues to provide new energy vehicle freight support to one of the Group' s largest single customers, contributing to the sustainable development of customers and the regions they in which they operate in.

The sharp edge of the sword comes from sharpening, the fragrance of plum blossoms comes from the bitter cold. Looking forward to 2023, we recognize that the future industry environment will bring new challenges to the Group, but we have sufficient confidence in addressing these challenges. In the future, the Group will continue to give full play to its platform advantages, link the upstream and downstream of the industrial chain with the industry hub, promote the improvement of production efficiency and resource allocation capabilities, empower drivers, fleet, dealers and other links in the industry, provide users with high-quality service experience, promote the ecological development of the entire industrial chain, and continue to create value for the society.

The blueprint is drawn and the horn blows. In the new journey of 2023, all staff of Kuaigou Dache (快狗打車) will be united as always with better service, double beautiful performance to create greater value for employees, shareholders, and the industry! Finally, on behalf of the Board, I would like to express my sincere gratitude to the shareholders and business partners for their strong support and full trust, as well as the hard work of all employees of the Group! In the days ahead, we will continue to be sensitive and focused on the market and our customers, continue to advance the sustainability of our business, and create more value and opportunities for all our shareholders.

*Chairman*
**Mr. Chen Xiaohua**

March 24, 2023

# Management Discussion and Analysis

## BUSINESS REVIEW

### Overview

We are a major online intra-city logistics platform in Asia. Our mission is to simplify intra-city logistics with technology. We are committed to providing technology-powered, user-centric logistics solutions for social good and sustainable development. Operating in more than 360 cities across six countries and regions in Asia, namely Chinese mainland, Hong Kong, Singapore, Korea, India and Vietnam, we own and operate two highly-recognized, well-trusted brands in the online intra-city logistics space: Kuaigou Dache (快狗打车) in Chinese mainland and GOGOX in other countries and regions in Asia.

Our integrated smart platform seamlessly connects drivers with shippers who need their freight and goods delivered, setting transaction practices that promote transparency, trust and efficiency. Our intelligent online platform enables convenient, high-quality logistics services catering to the varying needs of large enterprises, small and medium-sized enterprises ("**SMEs**") and individual shippers, and helps drivers find sustainable opportunities.

We are continually improving our vibrant ecosystem of millions of shippers and drivers. As of December 31, 2022, we had approximately 30.7 million registered shippers and 6.1 million registered drivers. In 2022, there were 26.4 million shipment orders fulfilled on our platform, generating a total gross transaction volume ("**GTV**") of RMB2,540.7 million. For the year ended December 31, 2022, despite the negative impact of COVID-19, our total revenue was RMB773.2 million, increased by 17.0% compared to 2021. In the Reporting Period, our gross profit achieved a growth to RMB261.6 million, representing a 8.2% year-on-year increase, and our adjusted net loss decreased 17.5% from 2021 to RMB228.9 million in 2022.

### Our Service Offerings and Platforms

We facilitate and provide intra-city logistics services through our intelligent online platform. Our service offerings consist of platform services, enterprise services as well as a growing range of value-added services, capable of catering to evolving demand of shippers, drivers and other participants in our ecosystem.

*Platform Services*

Our platform services digitalize the traditional shipping transaction process and establish a mechanism promoting honest, transparent and efficient dealings among drivers and shippers. Our convenient and efficient platform has attracted millions of shippers, including individuals with logistics needs in their daily life and SMEs with frequent logistics needs during their business operations. Shippers using our platform register on our mobile apps or websites as individual accounts to place orders for intra-city logistics services. Our intelligent matching algorithms will match such shipment orders with drivers based on several factors, including the specification of goods to be delivered, distance and requested vehicle type. Drivers using our platform provide services to satisfy shippers' diverse needs, ranging from intra-city freight deliveries for bulk goods, same-hour or same-day courier services for lighter items, to household moving services. We help drivers improve their service quality by offering trainings and formulating service standards and procedures.

For the year ended December 31, 2022, we facilitated approximately 24.6 million shipment orders through our platform services, representing a total GTV of approximately RMB2,058.0 million.

# Management Discussion and Analysis

*Enterprise Services*

Our enterprise services provide scalable intra-city logistics solutions for complex needs. We provide planned and on-demand services for enterprise customers, ranging from SMEs to industry-leading, multinational companies. With our solutions, enterprises with recurring logistics needs can receive standardized services, avoid time-consuming price negotiations and gain better protection from freight damage. We leverage our large base of drivers and provide elastic logistics capacity to address shipment requests that are difficult to forecast.

As of December 31, 2022, we had cumulatively served more than 49,900 SMEs and large enterprises through our enterprise services. For the year ended December 31, 2022, we completed approximately 1.9 million logistics deliveries for our enterprise customers, representing a GTV of approximately RMB482.7 million.

*Value-added Services*

We provide a growing range of value-added services for shippers, drivers and other participants in our ecosystem. For example, in Chinese mainland, drivers can access information about locations of fuel stations and vehicle maintenance and repair centers through our mobile apps and book services of their choice at competitive prices. In overseas markets, our value-added services include, among others, fuel card services in Hong Kong and Singapore and vehicle maintenance and repair services at our proprietary service center in Hong Kong. We believe that our value-added services will increase shippers' and drivers' loyalty to and engagement with our platform and diversify our revenue streams.

## Social Responsibility and Corporate Governance

As a major technology-driven intra-city logistics platform in Asia, we take corporate social responsibility as part of our core growth philosophy. We are committed to integrate sustainable development into our overall development strategies and daily operations.

We have established a three-tier ESG governance structure to establish, review, adopt and execute the ESG related plans and policies. Our Board has a collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks. Our ESG committee, which was set up in 2022 and led by our joint chief executive officers, is responsible for monitoring the major ESG-related issues for our Board's review. Our ESG working groups are dedicated to implementing and executing policies and plans in our day-to-day management and operations.

We leverage data and technology to build efficient supply chains, lower costs for shippers, increase earnings for drivers, and minimize environmental impact. We jointly established the Green Logistics Industry Alliance in association with other industry peers in 2021, aiming to create a low-carbon, environmental-friendly and sustainable industry chain system. In Chinese mainland, we pioneer to promoting the use of NEV in logistics services. For example, we promote the sales of NEVs through our referral services, and facilitated sales of 1,625 vehicles in 2022, all of which were NEVs. In addition, in 2022, more than half of the orders on our platform in Chinese mainland were completed by NEVs. In particular, the percentage of orders completed by NEVs via our platform increased from 54.7% in January 2021 to 88.5% in December 2022 in Shenzhen. In Singapore and Korea, we provide emission-free deliveries with NEVs for certain enterprise customers to facilitate their vision of sustainable expansion. For our continuous efforts on sustainable development, we received Green Sustainability Contribution Award from International Green Zero-Carbon Festival in 2022.

# Management Discussion and Analysis

We are also dedicated to improving the welfare and working environment of drivers. In Chinese mainland, we established Home of Drivers (司機之家) in more than 30 cities as of December 31, 2022. In addition to the Kuaigou Dache Freight Union we established in Tianjin in September 2021, we also launched Kuaigou Dache Zhengzhou Freight Union in September 2022, to provide a number of benefits to drivers who voluntarily participate.

In addition, we actively promote the concept of green office and adopt a variety of measures to enhance our employees' awareness and create a green and low-carbon working environment. We have implemented various policies regarding the use of resources in office and closely monitor the level of our consumptions.

In the future, we will continue to reinforce our corporate governance, involving privacy protection, data and personal security, internal control and risk management, to achieve steady, consistent and sustainable growth of our Group.

### Business Outlook

Going forward, the Company will continue to pursue its growth strategies as stated in the prospectus of the Company dated June 14, 2022 (the "**Prospectus**"), including but not limited to, expanding the service network through asset-light model, continuing to broaden the enterprise customer base, strengthening the Group's technological capacities, growing driver base and increasing driver engagement, exploring diversified monetization opportunities and growing our ecosystem, pursuing strategic partnerships, acquisitions and investments to expand our global footprint. Subject to the market condition and our business performance, we also intend to supplement our service offerings in the future, by cooperating with automobile manufacturers, fleet operators and other cooperators to explore new business line in the provision of automobiles dealership services.

## FINANCIAL REVIEW

### Overview

For the year ended December 31, 2022, the Company achieved total revenue of RMB773.2 million, increased by 17.0% compared to the last year. In the Reporting Period, gross profit achieved a growth to RMB261.6 million, representing a 8.2% year-on-year increase. The adjusted net loss and adjusted EBITDA[1] were RMB228.9 million and negative RMB206.3 million, respectively, representing a year-on-year decrease of 17.5% and 17.0%, respectively. The basic and diluted loss per share were RMB216 cents and RMB240 cents for the years ended December 31, 2021 and 2022, respectively. Our capital expenditure was RMB6.7 million as at December 31, 2022.

### Revenue

For the year ended December 31, 2022, the Company's revenue was RMB773.2 million. Despite the negative impact of the COVID-19, our revenue increased by 17.0% from RMB660.9 million for the year ended December 31, 2021, mainly due to the organic growth of our enterprise services and value-added services.

1 Adjusted net loss represents loss for the year before (i) share-based compensation expenses, (ii) changes in fair value of financial liabilities at fair value through profit and loss, and (iii) listing expenses. Adjusted EBITDA represents adjusted net loss for the year before (i) income tax credit/(expenses), (ii) depreciation and amortisation, and (iii) net finance income. The Company believes that these items should be adjusted for when calculating our adjusted net loss and adjusted EBITDA in order to provide potential investors with a complete and fair understanding of our operating results, especially in making year to year comparisons of, and assessing the profile of, our operating and financial performance, and making comparisons with other comparable companies with similar business operations.

The following table sets forth a breakdown of our revenue by business line and geographical region in absolute terms of our revenue for the years indicated.

| | **Year ended December 31, 2022** | | | Year ended December 31, 2021 | | | Year-on-year change | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Chinese mainland operations RMB'000** | **Hong Kong and overseas operations RMB'000** | **Total RMB'000** | Chinese mainland operations RMB'000 | Hong Kong and overseas operations RMB'000 | Total RMB'000 | Chinese mainland operations RMB'000 | Hong Kong and overseas operations RMB'000 | Total RMB'000 |
| **Continuing operations** | | | | | | | | | |
| Revenue: | | | | | | | | | |
| Logistics services provided to enterprise customers | **127,977** | **344,339** | **472,316** | 123,359 | 249,447 | 372,806 | 4,618 | 94,892 | 99,510 |
| Service income from logistics services platforms | **192,476** | **51,617** | **244,093** | 210,803 | 47,342 | 258,145 | (18,327) | 4,275 | (14,052) |
| Value-added services | **27,411** | **29,428** | **56,839** | 9,398 | 20,508 | 29,906 | 18,013 | 8,920 | 26,933 |
| **Total** | **347,864** | **425,384** | **773,248** | 343,560 | 317,297 | 660,857 | 4,304 | 108,087 | 112,391 |

## Enterprise Services

The revenue from enterprise services increased by 26.7% from RMB372.8 million for the year ended December 31, 2021 to RMB472.3 million for the year ended December 31, 2022. Our revenue represents the shipping fares charged by us to enterprises for shipment orders they place with us. The amount we pay for drivers' delivery services is recorded in our cost of revenue. The increase of the revenue was primarily because (i) our revenue surged in overseas markets and achieved organic growth in Chinese mainland, thanks to the global and nation-wide lifting of COVID-19 and travel restrictions. For example, we witnessed strong growth from India (+704.3%) and Korea (+31.9%) as our service area expanded, (ii) the demand for logistics services from customers in the e-commerce industry continued to increase, and (iii) we continued to gain contracts from new customers across various industries.

## Platform Services

The revenue from platform services decreased by 5.4% from RMB258.1 million for the year ended December 31, 2021 to RMB244.1 million for the year ended December 31, 2022, primarily due to the reduced shipper activities as a result of the negative impact of COVID-19 in Chinese mainland. We generate revenue from charging service fees to drivers for their use of our platform to provide logistics services for shippers. We cooperated with fleet operators, who use our platform to attract drivers to provide logistics services to shippers. We charged service fee from fleet operators, which was recorded as revenue generated from our value-added services according to our current accounting classification. For the year ended December 31, 2022, the platform fleet operators service fee increased by approximately RMB17.1 million for the corresponding periods.

# Management Discussion and Analysis

## Value-added Services

Revenue from value-added services increased by 90.0% from RMB29.9 million for the year ended December 31, 2021 to RMB56.8 million for the year ended December 31, 2022. Our value-added services mainly include fuel card services, advertising services, vehicle maintenance and repair services, and referral services, among others. The increase of revenue from value-added services was primarily due to (i) an increase of platform fleet operators service fee of RMB17.1 million, (ii) an increase of sales of fuel card services of RMB4.1 million in overseas markets and (iii) the organic growth of our business scale.

## Cost of Revenue

Our cost of revenue increased by 22.1% from RMB419.1 million for the year ended December 31, 2021 to RMB511.6 million for the year ended December 31, 2022, mainly driven by the increase of subcontracting fees of RMB79.4 million, which was in line with the growth of our revenue during the same period. Our cost of revenue excluding share-based compensation expenses increased by 20.7% from RMB419.1 million for the year ended December 31, 2021 to RMB505.8 million for the year ended December 31, 2022.

The following table sets forth a breakdown of our cost of revenue (including and excluding the share-based compensation expenses) for the years indicated.

| | **Year ended December 31,** | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Year-on-year change | |
| | **RMB'000** | RMB'000 | RMB'000 | % |
| Subcontracting fee | | | | |
| – logistics services providers | **382,067** | 309,708 | 72,359 | 23.4 |
| – others | **44,405** | 37,406 | 6,999 | 18.7 |
| Employee benefit expenses | | | | |
| (including share-based compensation expenses) | **22,491** | 20,832 | 1,659 | 8.0 |
| Depreciation and amortisation | **18,122** | 17,967 | 155 | 0.9 |
| Payment processing costs | **7,601** | 7,934 | (333) | (4.2) |
| Others | **36,953** | 25,286 | 11,667 | 46.1 |
| **Total** | **511,639** | 419,133 | 92,506 | 22.1 |
| *Deduction:* | | | | |
| Share-based compensation expenses | **5,823** | – | 5,823 | N/A |
| **Total (excluding share-based compensation expenses)** | **505,816** | 419,133 | 86,683 | 20.7 |

### Gross Profit and Gross Profit Margin

As a result of the foregoing, we recorded (i) a gross profit of RMB241.7 million and RMB261.6 million for the years ended December 31, 2021 and 2022, respectively, and (ii) a gross profit margin of 36.6% and 33.8% for the same periods, respectively. Excluding the share-based compensation expenses, we recorded (i) a gross profit of RMB241.7 million and RMB267.4 million for the years ended December 31, 2021 and 2022, respectively, and (ii) a gross profit margin of 36.6% and 34.6% for the same periods, respectively. Our gross profit margin decreased primarily because the growth in our cost of revenue outpaced the growth in our revenue as our enterprise services, which recorded relatively lower gross profit margin, experienced a faster growth compared to our platform services.

The following table sets forth our gross profit and gross profit margin (including and excluding share-based compensation expenses) for the years indicated.

| | **Year ended December 31,** | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Year-on-year change | |
| | **RMB'000** | RMB'000 | RMB'000 | % |
| **Continuing operations** | | | | |
| Revenue | **773,248** | 660,857 | 112,391 | 17.0 |
| Cost of revenue | **(511,639)** | (419,133) | (92,506) | 22.1 |
| **Gross profit** | **261,609** | 241,724 | 19,885 | 8.2 |
| Gross profit margin | **33.8%** | 36.6% | – | – |

### Excluding share-based compensation expenses

| | **Year ended December 31,** | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Year-on-year change | |
| | **RMB'000** | RMB'000 | RMB'000 | % |
| **Continuing operations** | | | | |
| Revenue | **773,248** | 660,857 | 112,391 | 17.0 |
| Cost of revenue (excluding share-based compensation expenses) | **(505,816)** | (419,133) | (86,683) | 20.7 |
| **Gross profit (excluding share-based compensation)** | **267,432** | 241,724 | 25,708 | 10.6 |
| Gross profit margin (excluding share-based compensation expenses) | **34.6%** | 36.6% | – | – |

# Management Discussion and Analysis

## Selling and Marketing Expenses

Our selling and marketing expenses decreased by 4.2% from RMB335.0 million for the year ended December 31, 2021 to RMB320.8 million for the year ended December 31, 2022. The decrease was primarily due to a decrease of incentives to transacting users from platform services of RMB58.0 million, which was partially offset by an increase of share-based compensation expenses of RMB29.8 million. Our selling and marketing expenses excluding share-based compensation expenses decreased by 13.1% from RMB334.9 million for the year ended December 31, 2021 to RMB291.0 million for the year ended December 31, 2022.

The following table sets forth a breakdown of our selling and marketing expenses (including and excluding the share-based compensation expenses) for the years indicated.

| | **Year ended December 31,** | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Year-on-year change | |
| | **RMB'000** | RMB'000 | RMB'000 | % |
| Incentives to transacting users from platform services | **108,547** | 166,520 | (57,973) | (34.8) |
| Employee benefit expenses (including share-based compensation expenses) | **100,455** | 68,186 | 32,269 | 47.3 |
| Promotion and advertising | **44,256** | 49,392 | (5,136) | (10.4) |
| Others | **67,562** | 50,868 | 16,694 | 32.8 |
| **Total** | **320,820** | 334,966 | (14,146) | (4.2) |
| *Deduction:* | | | | |
| Share-based compensation expenses | **29,867** | 67 | 29,800 | 44,477.6 |
| **Total (excluding share-based compensation expenses)** | **290,953** | 334,899 | (43,946) | (13.1) |

## General and Administrative Expenses

Our general and administrative expenses increased by 324.4% from RMB186.8 million for the year ended December 31, 2021 to RMB792.9 million for the year ended December 31, 2022, primarily due to (i) an increase of employee benefit expenses of RMB594.1 million, primarily including an increase of share-based compensation expenses of RMB560.7 million, and (ii) listing expenses of RMB11.9 million in relation to our listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in June 2022 (the "**Listing**"). Our general and administrative expenses excluding share-based compensation expenses and listing expenses increased by 22.2% from RMB151.0 million for the year ended December 31, 2021 to RMB184.5 million for the year ended December 31, 2022.

The following table sets forth a breakdown of our general and administrative expenses (including and excluding the share-based compensation expenses and listing expenses) for the years indicated.

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Year-on-year change | |
| | **RMB'000** | RMB'000 | RMB'000 | % |
| Employee benefit expenses (including share-based compensation expenses) | **682,825** | 88,693 | 594,132 | 669.9 |
| Listing expenses | **45,664** | 33,812 | 11,852 | 35.1 |
| Professional service costs | **22,403** | 25,642 | (3,239) | (12.6) |
| Depreciation and amortisation | **6,784** | 4,423 | 2,361 | 53.4 |
| Management services fee charged by entities controlled by 58 Daojia | **–** | 1,667 | (1,667) | – |
| Others | **35,190** | 32,591 | 2,599 | 8.0 |
| **Total** | **792,866** | 186,828 | 606,038 | 324.4 |
| *Deduction:* | | | | |
| Share-based compensation expenses | **562,732** | 2,058 | 560,674 | 27,243.6 |
| Listing expenses | **45,664** | 33,812 | 11,852 | 35.1 |
| **Total (excluding share-based compensation expenses & listing expenses)** | **184,470** | 150,958 | 33,512 | 22.2 |

## Research and Development Expenses

Our research and development expenses increased by 107.9% from RMB34.7 million for the year ended December 31, 2021 to RMB72.2 million for the year ended December 31, 2022. The increase was primarily attributable to an increase of share-based compensation expenses of RMB28.1 million. Our research and development expenses excluding share-based compensation expenses increased by 27.0% from RMB34.7 million for the year ended December 31, 2021 to RMB44.1 million for the year ended December 31, 2022.

# Management Discussion and Analysis

The following table sets forth a breakdown of our research and development expenses (including and excluding the share-based compensation expenses) for the years indicated.

| | Year ended December 31, | | | |
|---|---|---|---|---|
| | **2022** | 2021 | Year-on-year change | |
| | **RMB'000** | RMB'000 | RMB'000 | % |
| Employee benefit expenses (including share-based compensation expenses) | **66,907** | 32,842 | 34,065 | 103.7 |
| Others | **5,332** | 1,906 | 3,426 | 179.7 |
| **Total** | **72,239** | 34,748 | 37,491 | 107.9 |
| *Deduction:* | | | | |
| Share-based compensation expenses | **28,092** | – | 28,092 | N/A |
| **Total (excluding share-based compensation expenses)** | **44,147** | 34,748 | 9,399 | 27.0 |

### (Impairment Losses)/Reversal of Impairment Losses on Financial Assets

We recorded reversal of impairment losses on financial assets of RMB50,000 for the year ended December 31, 2021. Our impairment losses on financial assets amounted to RMB4.2 million for the year ended December 31, 2022, primarily due to impairment in relation to the platform fleet operators services.

### Other Income

Our other income increased by 106.3% from RMB4.2 million for the year ended December 31, 2021 to RMB8.6 million for the year ended December 31, 2022, primarily due to the increase of government subsidies in both overseas and Chinese mainland.

### Other Gains/(Losses), Net

We recorded other net losses of RMB3.4 million for the year ended December 31, 2021 primarily due to foreign currency exchange loss and disposal of fixed assets. We recorded other net gains of RMB7.7 million for the year ended December 31, 2022, primarily representing fair value gains on financial assets at fair value through profit or loss, which was partially offset by the net foreign exchange losses in 2022.

### Operating Loss

As a result of the foregoing, our operating loss increased by 190.5% from RMB314.0 million for the year ended December 31, 2021 to RMB912.3 million for the year ended December 31, 2022. Our operating loss excluding share-based compensation expenses and listing expenses decreased by 13.7% from RMB278.1 million for the year ended December 31, 2021 to RMB240.1 million for the year ended December 31, 2022.

### Net Finance Income

Our net finance income increased by 134.8% from RMB1.0 million for the year ended December 31, 2021 to RMB2.4 million for the year ended December 31, 2022, primarily due to the increase in our bank deposits as a result of our financing activities in 2021 and 2022, respectively.

### Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

We recorded loss in fair value of financial liabilities at fair value through profit or loss of RMB559.6 million for the year ended December 31, 2021 and RMB308.1 million for the year ended December 31, 2022, respectively, primarily in relation to the increased valuation of our Company due to our financing activities in 2021 and 2022, respectively.

### Income Tax (Credit)/Expenses

We had income tax expenses of RMB0.3 million for the year ended December 31, 2021, primarily representing the income tax incurred by our profitable subsidiaries, which was partially offset by the amortisation of our deferred income tax liabilities which arose in connection with our acquisition of subsidiaries of GoGo Tech Holdings Limited. We had income tax credit of RMB8.8 million for the year ended December 31, 2022, primarily due to (i) the amortisation of our deferred income tax liabilities which arose in connection with our acquisition of subsidiaries of GoGo Tech Holdings Limited and (ii) the reversal of income tax liabilities according to relevant tax laws and regulations.

### Loss from Discontinued Operation

We recorded loss from discontinued operation of RMB19,000 and nil for the years ended December 31, 2021 and 2022, respectively. Loss from discontinued operation represents the net loss which we recorded for the operations of the now-dissolved subsidiary in Taiwan.

### Total Comprehensive Loss for the Year Attributable to the Equity Holders of the Company

As a result of the foregoing, we generated a loss of RMB795.3 million for the year ended December 31, 2021 and a loss of RMB1,361.3 million for the year ended December 31, 2022.

### Non-IFRS Measures

To supplement this report, which is presented in accordance with IFRSs, we also presented the adjusted net loss and adjusted EBITDA as additional financial measures. The management of the Company believes that the presentation of adjusted net loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) would facilitate comparisons of operating performance from year to year and comparisons with other comparable companies with similar business operations by eliminating the potential impact of certain items.

We define adjusted net loss (a non-IFRS measure) as loss for the year adjusted for (i) share-based compensation expenses, (ii) changes in fair value of financial liabilities at fair value through profit and loss, and (iii) listing expenses. In 2022, our adjusted net loss was RMB228.9 million, down by 17.5% compared to 2021. Share-based compensation expenses consist of non-cash expenses arising from granting options, restricted shares and restricted share units to eligible individuals under the share incentive plan of the Company adopted on August 18, 2021 (the "**Share Incentive Plan**"). The convertible redeemable preferred shares have been automatically converted into ordinary shares upon our Listing on June 24, 2022, and we did not record any further gains or losses in relation to valuation changes in such instruments since June 24, 2022.

# Management Discussion and Analysis

We define adjusted EBITDA as adjusted net loss for the year adjusted for (i) income tax credit/(expenses), (ii) depreciation and amortisation, and (iii) net finance income. In 2022, our adjusted EBITDA was negative RMB206.3 million, down by 17.0% compared to 2021.

The following table reconciles our adjusted net loss (a non-IFRS measure) and adjusted EBITDA for the years presented to the most directly comparable financial measure calculated and presented under IFRS, which is loss for the periods.

| | Year ended December 31, | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Loss for the year** | **(1,209,141)** | (872,854) |
| Adjusted for: | | |
| Share-based compensation expenses | **626,514** | 2,125 |
| Changes in fair value of financial liabilities at fair value through profit or loss | **308,063** | 559,613 |
| Listing expenses | **45,664** | 33,812 |
| **Non-IFRS measures:** | | |
| **Adjusted net loss for the year (non-audited)[(1)]** | **(228,900)** | (277,304) |

| | Year ended December 31, | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Adjusted net loss for the year (non-audited)** | **(228,900)** | (277,304) |
| Adjusted for: | | |
| Income tax (credit)/expenses | **(8,774)** | 259 |
| Depreciation and amortisation | **33,851** | 29,457 |
| Finance income, net | **(2,440)** | (1,039) |
| **Non-IFRS measures:** | | |
| **Adjusted EBITDA for the year (non-audited)[(2)]** | **(206,263)** | (248,627) |

*Notes:*

(1) Adjusted net loss for the year represents loss for the year before (i) share-based compensation expenses, (ii) changes in fair value of financial liabilities at fair value through profit and loss, and (iii) listing expenses.

(2) Adjusted EBITDA for the year represents adjusted net loss for the year before (i) income tax credit/(expenses), (ii) depreciation and amortisation, and (iii) net finance income.

# Management Discussion and Analysis

## Capital Structure, Liquidity and Capital Resources

As at December 31, 2022, the Company's issued share capital was approximately US$1,546.7, divided into 618,690,277 shares of US$0.0000025 each, and the total equity of the Group was approximately RMB1,484.1 million.

For the year ended December 31, 2022, we funded our cash requirements principally from funds generated from operating activities and equity financing activities. Our cash and cash equivalents represent cash and bank balances. As of December 31, 2022, we had cash and cash equivalents of RMB330.7 million, which were primarily denominated in RMB, US dollars and HK dollars.

For the year ended December 31, 2022, our capital expenditures were approximately RMB6.7 million (the year ended December 31, 2021: RMB2.4 million) and were primarily related to purchase of property, plant and equipment of RMB6.2 million.

We intend to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, our policy is to regularly monitor our liquidity risk and to maintain adequate liquid assets including cash and cash equivalents or to retain adequate financing arrangements to meet our liquidity requirements.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of funds generated from operating activities and the net proceeds received from the Listing. We currently do not have any other plans for material additional external financing.

## Significant Investments Held

The Group did not make or hold any significant investments during the year ended December 31, 2022.

## Future Plans for Material Investments and Capital Assets

As of December 31, 2022, save for the "Future Plans and Use of Proceeds" disclosed in the Prospectus, the Group did not have any existing plan for acquiring other material investments or capital assets.

## Material Acquisitions and/or Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the year ended December 31, 2022.

## Employee and Remuneration Policy

As of December 31, 2022, we had 1,126 (December 31, 2021: 1,169) full-time employees (inclusive of outsourced personnel) located in various jurisdictions in which we operate.

# Management Discussion and Analysis

The following table sets forth the number of our employees categorized by function as of December 31, 2022.

| | Number of Employees | % of Total Number |
|---|---|---|
| Sales and marketing | 440 | 39.1 |
| User services and operations | 376 | 33.4 |
| Research and development | 170 | 15.1 |
| Management and administration | 140 | 12.4 |
| **Total** | 1,126 | 100.0 |

As required under regulations in Chinese mainland, we participate in various employee social security plans organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury and unemployment benefit plans. We are required under laws in Chinese mainland to make contributions to employee benefit plans at specific percentages of employee salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. We participate in and make contributions to those social security plans and employee benefit plans. The Company also makes payments to other defined contribution plans and defined benefit plans for the benefit of employees employed by subsidiaries outside of Chinese mainland as required by the applicable laws.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. In order to recognize and acknowledge the contributions made by certain of management members, employees and consultants, the Company has also adopted the Share Incentive Plan on August 18, 2021.

We have adopted a training protocol in Chinese mainland, pursuant to which we provide pre-employment and ongoing management and technical training to our employees.

The employee benefits expenses, which include (i) salaries and bonuses, (ii) welfare and other employee benefits and (iii) share-based compensation, were RMB872.7 million for the year ended December 31, 2022, as opposed to RMB210.6 million for the year ended December 31, 2021, representing a year-on-year increase of 314.4%.

## Gearing Ratio

As of December 31, 2022, the gearing ratio, calculated as total borrowings divided by total equity attributable to owners of the Company, was not applicable as the Company's borrowing amounted to nil as of the same date.

## Foreign Exchange Risk

We operate in Asian countries and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars, HK dollars, Singapore dollars, South Korean Won and Vietnamese Dong. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. We currently do not hedge transactions undertaken in foreign currencies.

# Management Discussion and Analysis

## Pledge of Assets

As of December 31, 2022, restricted cash of RMB70.8 million was pledged, compared with RMB101.5 million as of December 31, 2021.

## Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities or guarantees.

## Subsequent Events

As of the date of this report, the Group had no other significant event subsequent to the Reporting Period.

## Borrowings

As of December 31, 2022, our outstanding borrowings amounted to nil.

# Directors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. CHEN Xiaohua (陳小華)**, aged 41, is an executive Director, Chairman of the Board, and the founder of the Group. Mr. CHEN was appointed as a Director and Chairman of the Board on June 8, 2017, and re-designated as an executive Director on August 13, 2021. He is also a director of GOGOX PRC Group Limited, GoGo Energy Holdings Limited, GoGoVan Holdings Limited and GGEX Holdings Limited respectively, and an executive director and the chief executive officer of Tianjin 58 Daojia Technology Co., Ltd., Shanghai Youban Network Technology Co., Ltd. and Tianjin 58 Daojia Freight Services Co., Ltd..

Mr. CHEN is also the founder, the chairman of the board of directors and the chief executive officer of Daojia Limited and 58 Daojia Inc.. He served as the chief strategy officer of 58.com Inc. from August 2014 to April 2020, where he served as a senior vice president of product management and website operation from December 2007 to August 2014.

Mr. CHEN received a bachelor's degree in material formation from Xiangtan University (湘潭大學) in the PRC in July 2004.

**Mr. HE Song (何松)**, aged 44, is an executive Director and Co-Chief Executive Officer of the Company. Mr. HE was appointed as a Director and the Co-Chief Executive Officer on July 21, 2021, and was re-designated as an executive Director on August 13, 2021.

Mr. HE served as the vice president of 58 Daojia Inc., which operated the freight business under "58 Suyun" before the merger between the Company and GoGo Tech Holdings Limited, since 2016. When he joined the Group in September 2019, Mr. HE served as the president of domestic business of the Company and was responsible for the operations of the Group in Chinese mainland.

From 2011 to 2015, Mr. HE has been working at 58.com Inc., and serving as the chief information quality officer and subsequently as general manager in the finance business department. Prior to that, he worked for aerospace software companies and well-known Internet companies, such as Yahoo! Beijing Global R&D Center (雅虎軟件研發（北京）有限公司). Mr. HE has over 16 years experience in the relevant industry.

Mr. HE received a bachelor's degree and master's degree in computer science and technology from Zhejiang University (浙江大學) in the PRC in June 2001 and March 2004, respectively.

**Mr. LAM Hoi Yuen (林凱源)**, aged 37, is an executive Director and Co-Chief Executive Officer of the Company. Mr. LAM was appointed as a Director on August 29, 2017, and re-designated as an executive Director on August 13, 2021. Mr. LAM was appointed as a Co-Chief Executive Officer of the Company on August 29, 2017 and is responsible for the overall strategic development and business operations of the Group's overseas business. Mr. LAM currently holds directorship in GoGo Tech Limited, a principal operating entity of the Group, GoGoVan Korea Co., Ltd. and GoGoVan Singapore Pte. Ltd., as well as several other overseas subsidiaries of the Group.

Mr. LAM is a successful entrepreneur who co-founded GOGOVAN, one of the first app-based logistics platforms in Asia committed to providing logistics services through technology. Mr. Lam led the expansion of GOGOVAN into Singapore and Korea in 2014 and India in 2015 and was instrumental in helping GOGOVAN and the Group set up their operations in these regions. Mr. LAM was granted accolades including Hong Kong's Ten Outstanding Young Persons Selection in 2018 (2018十大傑出青年), and 50 Asians to watch of The Straits Times in 2018 (海峽時報50位受矚目亞洲人).

Mr. LAM has recently received Hong Kong Tatler's Asia's Most Influential in 2021 & 2022, PRESTIGE Hong Kong's 40 under 40 in 2022 and EY Entrepreneur Of The Year 2022 (Hong Kong/Macau, China).

Mr. LAM received a bachelor's degree in business administration (with a focus on global management) from Walter A. Haas School of Business of the University of California, Berkeley in the United States in August 2010.

**Mr. HU Gang (胡剛)**, aged 48, is an executive Director and Chief Financial Officer of the Company. Mr. HU was appointed as a Director and the Chief Financial Officer on July 21, 2021, and was re-designated as an executive Director on August 13, 2021.

From April 2017 to May 2020, Mr. HU worked as the chief financial officer of Rimag Image Hospital Group. From June 2008 to July 2012, he worked as the chief financial officer of Yuhe International Inc. From August 2004 to October 2007, he worked at FedEx Office and worked as the finance director of Greater China. Mr. HU worked at the finance team of Dupont China Beijing Office from 2002 to 2004. From July 2001 to March 2002, he worked as a senior accountant of Lucent Technology China. Prior to that, he worked at China National Aero-Technology Import and Export Corporation.

Mr. HU has completed the ACCA examinations in February 2000 and holds ACCA affiliate status. Mr. HU obtained his bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 1998.

## Non-executive Directors

**Mr. YE Wei (葉偉)**, aged 50, was appointed as a Director on July 21, 2021 and re-designated as a non-executive Director on August 13, 2021. Mr. YE resigned as a non-executive Director with effect from November 15, 2022.

Mr. YE has served as the chief executive officer of Golden Pacer, a financial technology platform from April 2021 to October 2022, the chief financial officer of 58.com Inc. from September 2019 to April 2021, and the deputy chief financial officer of 58.com Inc. from July 2018 to September 2019. Mr. YE joined 58.com Inc. in October 2015 as its senior vice president of finance department. Prior to that, Mr. YE was a controller at Arconic's (previously known as Alcoa) North America extrusion operations in Lafayette and Halethorpe. Mr. YE worked at General Electric Company for years, where he held various senior financial management positions in both China and United States in the healthcare division.

Mr. YE is a certified public accountant in Illinois and a certified financial risk manager. He received his bachelor's degree in economics from Peking University (北京大學) in the PRC in July 1995 and his M.B.A. from the University of Chicago Booth School of Business in the United States in August 2008, respectively.

# Directors and Senior Management

**Mr. LEUNG Ming Shu (梁銘樞)**, aged 47, is a non-executive Director. Mr. LEUNG was appointed as a Director on July 21, 2021, and re-designated as a non-executive Director on August 13, 2021.

Since April 2021, Mr. LEUNG has been serving as the chief financial officer, a member of strategy committee of 58.com Inc. and a managing partner of 58 industry fund, mainly responsible for overseeing overall financial and legal functions and strategic investment and management.Since January 2023, he has been serving as an independent non-executive director of Gala Technology Holding Limited (望塵科技控股有限公司), whose shares are listed on the Stock Exchange (stock code: 02458).Since May 2022, Mr. LEUNG has been serving as an independent non-executive director of Infinities Technology International (Cayman) Holding Limited (多牛科技國際（開曼）集團有限公司) (formerly known as Jiu Zun Digital Interactive Entertainment Group Holdings Limited (九尊數字互娛集團控股有限公司), whose shares are listed on the Stock Exchange (stock code: 01961). Since December 2019, he has been serving as an independent non-executive director of Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司), whose shares are listed on the Stock Exchange (stock code: 06919). Since March 2017, he has been serving as an independent non-executive director of Sun. King Technology Group Limited (賽晶科技集團有限公司), whose shares are listed on the Stock Exchange (stock code: 00580). Since February 2013, he has been serving as an independent non-executive director of Cabbeen Fashion Limited (卡賓服飾有限公司), whose shares are listed on the Stock Exchange (stock code: 02030).

Since 2017, he has been serving as a founding and managing partner at Harmony Capital, a family office private equity fund with a focus on internet and consumer sectors in China. From January 2013 to January 2017, he served as the chief financial officer of Visual China Group, whose shares are listed on the Shenzhen Stock Exchange (stock code: 000681). From January 2008 to December 2012, he served as the chief financial officer of China ITS (Holdings) Co., Ltd., whose shares are listed on the Stock Exchange (stock code: 01900). From February 2003 to January 2006, he served as a senior manager in the mergers and acquisitions department and subsequently as chief financial officer at CDC Corporation, a company formerly listed on the NASDAQ (stock code: CHINA). From October 1999 to December 2000, he served as a senior consultant at Arthur Andersen & Co. From September 1998 to August 1999, he served as an auditor at PricewaterhouseCoopers.

Mr. LEUNG has been a Fellow Member of Association of Chartered Certified Accountants and the Fellow Member of the Hong Kong Institute of Certified Public Accountants since February 2007 and June 2010, respectively. Mr. LEUNG obtained a First-Class Honor bachelor's degree in accounting from the City University of Hong Kong in Hong Kong in November 1998 and a master's degree in accounting from The Chinese University of Hong Kong in Hong Kong in November 2001.

**Mr. SHUAI Yong (帥勇)**, aged 53, was appointed as a Director on September 2, 2020, and re-designated as a non-executive Director on August 13, 2021. Mr. SHUAI resigned as a non-executive Director with effect from September 9, 2022.

Mr. SHUAI has been serving as a director of GoT and Gooday Supplier Chain Technologies Co., Ltd. (日日順供應鏈科技股份有限公司) since February 2021 and a senior director of Cainiao Smart Logistics Network Limited since September 2018. Mr. SHUAI worked at Beijing Instant Technology Logistics Ltd. (北京科捷物流有限公司) which is a subsidiary of Digital China Group Co., Ltd. (神州數碼集團股份有限公司), a company listed on the main board of the Shenzhen Stock Exchange (stock code: 000034) from May 1997 to July 2018 with his last position as a senior vice president.

Mr. SHUAI received a bachelor's degree in biology from Peking University (北京大學) in the PRC in July 1990.

**Mr. WANG Ye (王也)**, aged 35, is a non-executive Director. Mr. WANG was appointed as a non-executive Director on August 23, 2021.

Mr. WANG has been serving as managing director of Zhuhai Gaoshihuaxin Private Equity Investment Fund Management Co., Ltd. (珠海高實華新私募基金管理有限公司) since May 2021. From May 2016 to April 2021, he worked as managing director of Huaxin Zhiyuan (Shenzhen) Investment Management Co., Ltd. (華新致遠(深圳)投資管理有限公司). From January 2013 to July 2015, Mr. WANG worked at KKR Investment Consultancy (Beijing) Co., Ltd. (KKR投資顧問(北京)有限公司) where he served as an investment manager. From August 2011 to December 2012, Mr. WANG worked at M/C Partners as an investment manager. From July 2009 to June 2011, he worked as an analyst at the commercial and investment banking department of Deutsche Bank Securities Inc.

Mr. WANG obtained a bachelor's degree in science from Duke University in the United States in May 2009.

## Independent Non-executive Directors

**Mr. KWAN Ming Sang Savio (關明生)**, aged 75, was appointed as an independent non-executive Director on August 13, 2021 (effective from the Listing Date). Mr. KWAN resigned as an independent non-executive Director with effect from November 26, 2022.

Mr. KWAN has 30 years of global management experience, including seventeen years at General Electric and four years as the Managing Director of the China operations of BTR plc, a UK-based Fortune 500 company. Mr. KWAN is a visiting executive professor of Henley Business School, a unit of Reading University in the UK. In November 2018, Mr. KWAN joined the Governing Body of the London Business School.

In 2015, Mr. KWAN joined the board of directors of Alibaba HK Entrepreneurs Fund as a non-executive director. In January 2014, Mr. KWAN joined the main board of British American Tobacco Group as a non-executive director. From 2008 to 2012, Mr. KWAN was an independent non-executive director at Alibaba.com Limited, a company previously listed on the Stock Exchange (stock code: 1688). Mr. KWAN was the president and chief operating officer of Alibaba Group from 2001 to 2003 and served as the chief people officer for the year 2004.

Mr. KWAN received a higher national diploma from Cambridgeshire College of Technology in the United Kingdom in July 1969, a master's degree in engineering from Loughborough University of Technology (currently known as Loughborough University) in the United Kingdom in July 1971 and a master's degree in business administration from London Business School in the United Kingdom in June 1976.

# Directors and Senior Management

**Mr. NI Zhengdong (倪正東)**, aged 48, was appointed as an independent non-executive Director on August 13, 2021 (effective from the Listing Date).

Since June 2022, Mr. LI has been serving as an executive director of TechStar Acquisition Corporation, whose shares are listed on the Stock Exchange (stock code: 07855). Mr. NI has served as an executive director of ZERO2IPO HOLDINGS INC. (清科創業控股有限公司), a company listed on the Stock Exchange (stock code: 01945) since August 2019. He has been serving as the executive director and then as the chairman of Zero2IPO Group since its inception in 2005. Mr. NI has over 21 years of experience in the equity investment service industry. Mr. NI has also served as a director of Talkweb Information System Inc. (拓維信息系統股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002261), since May 2022. Prior to that, he served as an independent director of Talkweb Information System Inc. from September 2017 to May 2022.

Mr. NI served as an independent non-executive director of Kingdee International Software Group Company Limited (金蝶國際軟件集團有限公司), a company listed on the Stock Exchange (stock code: 0268), from January 2021 to December 2021. He also served as an independent director of iKang Healthcare Group, Inc., a company previously listed on NASDAQ (stock code: KANG), from March 2015 to January 2019, and as a director of Beijing Sanfo Outdoor Products Co., Ltd. (北京三夫戶外用品股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002780), from June 2011 to June 2017.

Mr. NI obtained a bachelor's degree in engineering mechanics from Hunan University (湖南大學) in the PRC in July 1996, and a master's degree in engineering mechanics from Tsinghua University (清華大學) in the PRC in January 2000. He also graduated from a business administration PhD programme from Tsinghua University (清華大學) in the PRC in January 2007.

**Mr. TANG Shun Lam (鄧順林)**, aged 67, was appointed as an independent non-executive Director on August 13, 2021 (effective from the Listing Date).

Mr. TANG has served as a non-executive director of Mulsanne Group Holding Limited (慕尚集團控股有限公司), a company listed on the Stock Exchange (stock code: 01817), since March 2023. He has served as a director of Secoo Holding Limited, a company listed on NASDAQ (stock code: SECO), since April 2022, an independent director of Missfresh Limited, a company listed on NASDAQ (stock code: MF), since August 2021, an independent non-executive director of Infinities Technology International (Cayman) Holding Limited (多牛科技國際(開曼)集團有限公司) (formerly known as Jiu Zun Digital Interactive Entertainment Group Holdings Limited (九尊數字互娛集團控股有限公司)), a company listed on the Stock Exchange (stock code: 01961), since May 2022, and a director of Hongkong Huba Limited (香港睿能有限公司), an equity investment company for the sustainability and climate impact organization, since May 2022. He was appointed the Senior Advisor for L Catterton LLC from February 2023. He served as a consultant of Warburg Pincus LLC from 2007 to January 2023. From June 2019 to July 2021, he served as an independent director of Uxin Limited, a company listed on NASDAQ (stock code: UXIN). From 2015 to 2019, he served as a director of Vital Innovations Holdings Limited (維太創科控股有限公司) (formerly known as Vital Mobile Holdings Limited (維太移動控股有限公司)), a company listed on the Stock Exchange (stock code: 06133), first being a non-executive director and subsequently redesignated as an executive director. From 2015 to 2019, Mr. TANG served as an independent non-executive director of Greenheart Group Limited (綠心集團有限公司), a company listed on the Stock Exchange (stock code: 00094). From 2010 to 2015, Mr. TANG worked for RDA Microelectronics, Inc., a company previously listed on the NASDAQ (stock code: RDA), first as a senior vice president of operations and subsequently as a director and executive chairman. From 2008 to 2012, he was the chief executive officer and a director of Coolsand Holdings Co., Ltd.. From 2008 to 2009, Mr. TANG served as a non-executive director at China Eco-Farming Limited (中國農業生態有限公司), a company listed on the Stock Exchange (stock code: 08166). From 1999 to 2007, Mr. TANG was the president of Asia Pacific of Viasystems Group, Inc., a company previously listed on the NASDAQ (stock code: VIAS). From 2003 to 2005, he was an independent non-executive director of Asia Coal Limited (formerly known as Wanji Pharmaceutical Holdings Limited), a company previously listed on the Stock Exchange (stock code: 835).

Mr. TANG received a bachelor's degree of science in electrical and electronics engineering from Nottingham University in England in 1979 and a master's degree in business administration from Bradford University in England in 1981.

**Mr. ZHAO Hongqiang (趙宏強)**, aged 46, was appointed as an independent non-executive Director on August 13, 2021 (effective from the Listing Date).

Since June 2018, Mr. ZHAO has been serving as an executive director and chief financial officer of Bairong Inc. (百融雲創) whose shares are listed on the Stock Exchange (stock code: 6608). Mr. ZHAO has been serving as an independent director of Li Auto, Inc. which is listed on NASDAQ and the Stock Exchange (stock code: LI and 02015) since July 2020 and HUYA Inc. which is listed on the New York Stock Exchange (stock code: HUYA) since May 2018, respectively. From October 2014 to October 2015, Mr. ZHAO served as the chief financial officer of NetEase Lede Technology Co., Ltd Beijing Branch. From December 2012 to December 2015, he served as a vice president of finance at SouFun Holdings Limited (now known as Fang Holdings Limited) which is listed on the New York Stock Exchange (stock code: SFUN). Mr. ZHAO served as an assistant Chief Auditor at the Public Company Accounting Oversight Board in 2009. From August 2001 to February 2009, he worked at KPMG LLP in the United States, with the most recent position being manager audit.

Mr. ZHAO received a bachelor's degree in accounting from Tsinghua University (清華大學) in the PRC, in July 1999 and a master's degree in accountancy from George Washington University in Washington D.C. in the United States, in May 2001.

**Ms. MI Wenjuan (米雯娟)**, aged 40, was appointed as an independent non-executive Director on November 26, 2022.

Ms. MI has extensive experience in corporate governance and business administration. Ms. MI is the founder of VIPKID and has served as its chief executive officer since October 2013. Ms. MI was also the co-founder of ABC English Group (ABC英語集團). Ms. MI obtained a bachelor's degree in Arts from Tianjin Foreign Studies University (天津外國語大學), majoring in English, in June 2010 and a master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in September 2012.

## SENIOR MANAGEMENT

**Mr. HE Song (何松)**, aged 44, is an executive Director and Co-Chief Executive Officer of the Company. For the biographical details of Mr. HE, please refer to the above "Executive Directors" of this section.

**Mr. LAM Hoi Yuen (林凱源)**, aged 37, is an executive Director and Co-Chief Executive Officer of the Company. For the biographical details of Mr. LAM, please refer to the above "Executive Directors" of this section.

**Mr. HU Gang (胡剛)**, aged 48, is an executive Director and Chief Financial Officer of the Company. For the biographical details of Mr. HU, please refer to the above "Executive Directors" of this section.

**Mr. LEE Yew Cheung (李耀全)**, aged 58, was appointed as the chief operating officer of GoGo Tech Holdings Limited on April 20, 2015. Mr. LEE is responsible for the strategic direction and operations of the Group and in particular in relation to the Group's overseas business.

# Directors and Senior Management

Mr. LEE worked at Hewlett Packard Asia Pacific from April 1991 to February 1999. Mr. LEE obtained a bachelor's degree of business administration and management at Indiana University Bloomington in the United States in June 1990.

## COMPANY SECRETARY

**Ms. YU Wing Sze (余詠詩)**, was appointed as the company secretary of the Company on August 13, 2021. Ms. YU is a manager of TMF Hong Kong Limited. She has over 11 years of working experience in company secretarial profession. She is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Ms. YU received a bachelor's degree of Business Administration from the Chinese University of Hong Kong. Ms. YU has been an associate member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

Save as disclosed in this annual report, as of December 31, 2022, there was no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# Report of Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2022.

## GLOBAL OFFERING

The Company was incorporated in the Cayman Islands with limited liability on June 8, 2017. The Company's Shares were listed on the Main Board of the Stock Exchange on June 24, 2022.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of logistic and delivery solution services and platform services which uses technology to connect transacting user and logistic and delivery service provider in Chinese mainland, Hong Kong, Singapore, Korea, and other Asian countries.

Analysis of the principal activities of the Group during the Reporting Period is set out in Note 1 to the consolidated financial statements.

## SUBSIDIARIES

A list of the Company's principal subsidiaries as of December 31, 2022, together with their particulars, are set out in Note 18 to the consolidated financial statements.

## RESULTS

The results of the Group for the year ended December 31, 2022 are set out in the consolidated statement of comprehensive income on pages 132 to 133 of this annual report.

## FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2022 (2021: Nil).

## AGM AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM of the Company will be held on Friday, June 2, 2023. For the purpose of determining the entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, May 30, 2023 to Friday, June 2, 2023 (both days inclusive), during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, May 29, 2023.

# Report of Directors

## BUSINESS REVIEW

A fair review of the business of the Group during the Reporting Period as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial key performance and an indication of likely future developments in the Group's business are set out in the section headed "Management Discussion and Analysis" of this annual report. Significant events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Management Discussion and Analysis — Subsequent Events" of this annual report. These discussions form part of this annual report.

## PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- The markets in which we participate are highly competitive, and if we do not compete effectively, our business, results of operations and financial condition could be harmed;

- If we fail to manage our growth or execute our strategies effectively, our results of operations, financial condition and growth prospects may be materially and adversely affected;

- We are subject to evolving regulatory requirements across multiple jurisdictions, and we may be unable to comply fully with various applicable regulations;

- Our business collects, generates and processes a large amount of data, and is subject to complex and evolving regulations and oversight related to data security;

- Our business operations and financial performance have been adversely affected by the COVID-19 outbreak, may in the future continue to be affected by the COVID-19 outbreak, and may be affected by other epidemics;

- Our business would be adversely affected if our approach to driver status is successfully challenged or if we are required to classify drivers as employees instead of independent contractors; and

- We have a significant amount of goodwill and other intangible assets. We may face impairment risks in connection with our goodwill and other intangible assets, which could have a material adverse impact on our financial performance.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares. For details of other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" in the Prospectus.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth. Details are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in all material aspects with relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

## FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 6 of this annual report. This summary does not form part of the audited consolidated financial statements.

# Report of Directors

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on June 24, 2022. The net proceeds raised from the Company's Global Offering, after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, were approximately HK$554.5 million.

As of the date of this report, there was no change in the intended use of net proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The following table sets forth a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2022:

| | | Net proceeds (HK$ in million) | | | |
|---|---|---|---|---|---|
| **Purpose** | **Percentage to total amount** | **Net proceeds incurred from the Global Offering** | **Actual use of proceeds up to December 31, 2022** | **Unutilized amount as of December 31, 2022** | **Expected timeline for full utilization of the remaining net proceeds** |
| Enlarge our user base and strengthen our brand awareness | 40% | 221.8 | 109.8 | 112.0 | December 31, 2025 |
| Develop new services and products to enhance our monetization capabilities | 20% | 110.9 | 29.0 | 81.9 | December 31, 2025 |
| Pursue strategic alliances, investments and acquisitions in overseas markets | 20% | 110.9 | 0.7 | 110.2 | December 31, 2025 |
| Advance our technological capabilities and enhance our research and development capabilities, including upgrade our information and technology systems and procure advanced technologies from third-party service providers | 10% | 55.5 | 15.4 | 40.1 | June 30, 2025 |
| Working capital and general corporate purposes | 10% | 55.4 | 34.4 | 21.0 | December 31, 2025 |
| **Total** | 100% | 554.5 | 189.3 | 365.2 | |

## RELATIONSHIP WITH STAKEHOLDERS

### Customers

For our platform services, our customers are drivers who pay us service fees for the facilitation services we provide. For our enterprise services, our customers are enterprises who engage us as logistics providers. For our value-added services, our customers consist of a wide range of ecosystem participants, such as advertisers with drivers as their target audience.

For the year ended December 31, 2022, revenue generated from the Group's five largest customers accounted for approximately 18.4% (2021: 17.9%) of the Group's total revenue.

To the best knowledge of the Directors, during the Reporting Period, none of the Directors or any of their respective close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the total number of issued Shares of the Company) had any interest in the Group's five largest customers.

### Suppliers

Our suppliers primarily include human resource agencies and fleet operators who send drivers to our platform to fulfill shipment orders. Our suppliers also include server hosting, cloud computing, software service and other technology service providers, mapping service providers, third-party payment processors, insurance providers, sales and user service outsourcing vendors and marketing service providers.

For the year ended December 31, 2022, purchases from the Group's five largest suppliers accounted for approximately 26.3% (2021: 22.2%) of the Group's total cost of revenue.

To the best knowledge of the Directors, during the Reporting Period, except affiliates of Alibaba, none of the Directors or any of their respective close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the total number of issued Shares of the Company) had any interest in the Group's five largest suppliers.

### Employees

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. Bonus payments are generally discretionary and based in part on employee performance and on the overall performance of our business. We have adopted a training protocol in Chinese mainland, pursuant to which we provide pre-employment and ongoing management and technical training to our employees.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2022 are set out in Note 16 to the consolidated financial statements.

# Report of Directors

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2022 and details of the Shares issued during the year ended December 31, 2022 are set out in Note 23 to the consolidated financial statements.

## DONATIONS

During the Reporting Period, the Group did not make charitable or other donations.

## DEBENTURE ISSUED

The Company did not issue any debenture during the year ended December 31, 2022.

## RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2022 are set out in Note 35 and Note 24 to the consolidated financial statements, respectively.

## DISTRIBUTABLE RESERVES

As at December 31, 2022, the Company had no distributable reserve (as at December 31, 2021: nil).

## BANK LOANS AND OTHER BORROWINGS

During the Reporting Period, the Group did not have any bank loans and other borrowings.

## DIRECTORS

The Directors during the Report Period and up to the date of this report are as follows:

**Executive Directors:**
Mr. CHEN Xiaohua (陳小華) *(Chairman of the Board)*
Mr. HE Song (何松) *(Co-Chief Executive Officer)*
Mr. LAM Hoi Yuen (林凱源) *(Co-Chief Executive Officer)*
Mr. HU Gang (胡剛)

**Non-executive Directors:**
Mr. YE Wei (葉偉) *(resigned on November 15, 2022)* [(2)]
Mr. LEUNG Ming Shu (梁銘樞)
Mr. SHUAI Yong (帥勇) *(resigned on September 9, 2022)* [(1)]
Mr. WANG Ye (王也)

**Independent non-executive Directors:**
Mr. KWAN Ming Sang Savio (關明生) *(resigned on November 26, 2022)* [(3)]
Mr. NI Zhengdong (倪正東)
Mr. TANG Shun Lam (鄧順林)
Mr. ZHAO Hongqiang (趙宏強)
Ms. MI Wenjuan (米雯娟) *(appointed on November 26, 2022)*

*Notes:*

(1) Mr. SHUAI Yong has resigned as a non-executive Director with effect from September 9, 2022 due to his other business commitments.

(2) Mr. YE Wei has resigned as a non-executive Director with effect from November 15, 2022 due to his other business commitments.

(3) Mr. KWAN Ming Sang Savio has resigned as an independent non-executive Director and ceased to be a member of the Nomination Committee with effect from November 26, 2022. The resignation of Mr. KWAN Ming Sang Savio was due to his other business commitments.

Pursuant to article 16.19 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

In accordance with article 16.2 of the Articles of Association, any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first AGM of the Company after his/her appointment and shall be eligible for re-election at the AGM.

Accordingly, Mr. CHEN Xiaohua, Mr. LAM Hoi Yuen, Mr. WANG Ye, Mr. NI Zhengdong, Mr. TANG Shun Lam, Mr. ZHAO Hongqiang and Ms. MI Wenjuan will hold office as the Directors until the AGM and are subject to re-election.

## DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 24 to 30 of this annual report.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Relevant Period.

## DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has signed a service contract with the Company for an initial term of three years commencing from the Listing Date, until terminated in accordance with the terms and conditions of the services contract or by not less than 30 days notice by the executive Director. The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years commencing (i) from the Listing Date (in the case of Mr. YE Wei, Mr. LEUNG Ming Shu, Mr. SHUAI Yong, Mr. WANG Ye, Mr. KWAN Ming Sang Savio, Mr. NI Zhengdong, Mr. TANG Shun Lam and Mr. ZHAO Hongqiang); (ii) from November 26, 2022 (in the case of Ms. MI Wenjuan), until terminated in accordance with the terms and conditions of appointment letter. Each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive Directors are not entitled to any remuneration. The appointments of the non-executive Directors and independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the of Association.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contract or appointment letter with any members of the Group, excluding contracts expiring or determinable by any members of the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party for the year ended December 31, 2022.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no Controlling Shareholders or their subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2022.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

## EMOLUMENT POLICY

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. Bonus payments are generally discretionary and based in part on employee performance and on the overall performance of our business.

The Company has adopted a directors and senior management remuneration policy to maintain fair and competitive packages of the Directors and senior management. For details, please see the section headed "Remuneration of Directors and Senior Management" in the Corporate Governance Report.

Details of the emoluments of the Directors, and five highest paid individuals during the Reporting Period are set out in Notes 9 and 10 to the consolidated financial statements.

During the year ended December 31, 2022, none of the Directors and the five highest paid individuals of the Group (i) received any emolument from the Group as an inducement to join or upon joining the Group; (ii) received any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments.

## RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The subsidiaries in the Chinese mainland participate in employee social security plans established in the Chinese mainland, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed.

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

Details of the retirement and employee benefits scheme of the Company are set out in Note 9 to the consolidated financial statements.

# Report of Directors

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at December 31, 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (i) Interest in Shares of the Company

| Name of Director | Capacity and nature of interest | Number of Shares held[1] | Approximate percentage of the Company's issued share capital[2] |
|---|---|---|---|
| Mr. CHEN Xiaohua | Interest held by controlled corporations[3] | 7,912,383 | 1.28% |
| | Beneficial owner[3] | 11,936,087 | 1.93% |
| Mr. HE Song | Beneficial owner[4] | 16,537,168 | 2.67% |
| Mr. HU Gang | Beneficial owner[5] | 6,100,000 | 0.99% |
| Mr. LAM Hoi Yuen | Beneficial owner[6] | 5,000,000 | 0.81% |
| | Interest held by controlled corporations[7] | 6,879,517 | 1.11% |

*Notes:*

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 618,690,277 Shares in issue as at December 31, 2022.

(3) On January 13, 2022, Mr. CHEN exercised certain of his Options granted under the Share Incentive Plan. As a result, 7,912,383 Shares were issued to Genesis Fortune Holdings Limited, a special purpose vehicle wholly owned by Major Group Enterprises Limited, which is in turn wholly owned by Mr. CHEN. Options representing the right to subscribe for 11,936,087 Shares remain outstanding.

(4) Represents 16,537,168 Shares underlying the Options to Mr. HE Song.

(5) Represents 6,100,000 Shares underlying the Options to Mr. HU Gang.

(6) Represents 5,000,000 Shares underlying the Options to Mr. LAM Hoi Yuen.

(7) GoGoVan Cayman transferred 6,879,517 Shares held by it to Ching Hoi Group Limited as payment-in-kind for a share repurchase undertaken by GoGoVan Cayman. Ching Hoi Group Limited is wholly-owned by Mr. LAM Hoi Yuen. Accordingly, Mr. LAM Hoi Yuen is deemed to be interested in the 6,879,517 Shares held by Ching Hoi Group Limited.

(ii) Interests in associated corporations

| Name of Director | Name of associated corporation | Capacity and nature of interest | Number of shares held | Approximate percentage of equity interest |
|---|---|---|---|---|
| Mr. CHEN Xiaohua | 58 Daojia | Interest held by controlled corporations[1] | 24,000,000 | 5.21% |
| | | Beneficial owner[2] | 12,400,000 | 2.69% |
| | Daojia Limited | Interest held by controlled corporations[3] | 20,865,888 | 3.95% |
| | | Beneficial owner[4] | 9,709,468 | 1.84% |
| | Tianjin 58 Freight[5] | Beneficial owner | N/A | 50% |
| | Changsha Daojia Youxiang Home Services Co., Ltd. (長沙市到家悠享家政服務有限公司)[6] | Beneficial owner | N/A | 82.88% |
| | Wuba Daojia Co., Ltd. (五八到家有限公司)[6] | Beneficial owner | N/A | 82.88% |
| | Tianjin Haodaojia Information Technology Co., Ltd. ("**Tianjin Haodaojia**") (天津好到家信息技術有限公司)[6] | Beneficial owner | N/A | 82.88% |
| | Tianjin 58 Daojia Life Services Co., Ltd. (天津五八到家生活服務有限公司)[7] | Beneficial owner | N/A | 4.5% |
| Mr. HE Song | 58 Daojia | Beneficial owner[8] | 2,560,000 | 0.56% |
| | Daojia Limited | Beneficial owner[9] | 2,004,535 | 0.38% |

# Report of Directors

*Notes*:

(1) As of December 31, 2022, Trumpway Limited held 24,000,000 Class C ordinary shares of 58 Daojia. Trumpway Limited is wholly owned by Mr. CHEN. Therefore, Mr. CHEN is deemed to be interested in the shares of 58 Daojia held by Trumpway Limited.

(2) Represents 12,400,000 ordinary shares of 58 Daojia underlying the restricted share units vested to Mr. CHEN.

(3) Represents (i) 4,000 series A preferred shares and 3,925,661 series B preferred shares of Daojia Limited held by Trumpway Limited, and (ii) 16,936,227 ordinary shares of Daojia Limited to be distributed as in-kind dividends or transferred by 58 Daojia to Trumpway Limited. Trumpway Limited is wholly owned by Mr. CHEN. Therefore, Mr. CHEN is deemed to be interested in the shares of Daojia Limited held and to be held by Trumpway Limited.

(4) Represents Mr. CHEN's entitlement to receive up to 9,709,468 ordinary shares of Daojia Limited pursuant to the exercise of options granted to him.

(5) Tianjin 58 Freight is a limited liability company incorporated in the PRC and controlled through contractual arrangements by the Company. It did not issue any share. As of December 31, 2022, Mr. CHEN directly held 50% equity interest in Tianjin 58 Freight.

(6) Each of Changsha Daojia Youxiang Home Service Co., Ltd., Wuba Daojia Co., Ltd. and Tianjin Haodaojia Information Technology Co., Ltd. is a limited liability company incorporated in the PRC and controlled through contractual arrangements by 58 Daojia. None of them issued any share. As of December 31, 2022, Mr. CHEN directly held 82.88% equity interest in Changsha Daojia Youxiang Home Service Co., Ltd., Wuba Daojia Co., Ltd. and Tianjin Haodaojia Information Technology Co., Ltd., respectively.

(7) Tianjin 58 Daojia Life Services Co., Ltd. is a limited liability company incorporated in the PRC and controlled through contractual arrangements by 58 Daojia. It did not issue any share. As of December 31, 2022, Mr. CHEN directly held 4.5% equity interest in Tianjin 58 Daojia Life Services Co., Ltd.

(8) Represents Mr. HE Song's entitlement to receive up to 2,560,000 ordinary shares of 58 Daojia pursuant to the exercise of options granted to him.

(9) Represents Mr. HE Song's entitlement to receive up to 2,004,535 ordinary shares of Daojia Limited pursuant to the exercise of options granted to him.

Save as disclosed above, as at December 31, 2022, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2022, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

| Name of Shareholders | Capacity and nature of interest | Number of Shares held[1] | Approximate percentage of the Company's issued share capital[2] |
|---|---|---|---|
| 58 Daojia | Beneficial owner | 295,120,403 | 47.70% |
| 58.com[3] | Interest held by controlled corporations | 295,120,403 | 47.70% |
| Mr. YAO[3] | Interest held by controlled corporations | 295,120,403 | 47.70% |
| GoGoVan Cayman[4] | Beneficial owner | 50,662,830 | 8.19% |
| Taobao China | Beneficial owner | 75,476,660 | 12.20% |
| Taobao Holding Limited[5] | Interest held by controlled corporations | 75,476,660 | 12.20% |
| Alibaba[6] | Interest held by controlled corporations | 79,816,147 | 12.90% |

# Report of Directors

*Notes:*

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 618,690,277 Shares in issue as at December 31, 2022.

(3) 58 Daojia is a limited liability company incorporated in the British Virgin Islands and is held as to over 50% by 58.com.

58.com is wholly-owned by Quantum Bloom, which is controlled as to more than one-third by Mr. Yao (through his intermediary controlled entities).

Nihao Haven controls over one-third interest in Quantum Bloom. Nihao Haven is wholly-owned by Nihao China which is beneficially owned by Mr. Yao through a trust.

Accordingly, under the SFO, each of 58.com, Quantum Bloom, Nihao Haven, Nihao China, and Mr. Yao is deemed to be interested in the entire equity interests held by 58 Daojia in the Company.

(4) GoGoVan Cayman is a Limited Company incorporated in Cayman Islands. The shareholders of GoGoVan Cayman include Mr. LAM Hoi Yuen (our Director) and several other minority shareholders, none of whom controls more than one-third interest in GoGoVan Cayman.

(5) Taobao China is an investment holding company incorporated in Hong Kong and is wholly owned by Taobao Holding Limited. Accordingly, under the SFO, Taobao Holding Limited is deemed to be interested in Shares held by Taobao China.

(6) Consists of (i) 75,476,660 Shares held by Taobao China, (ii) 4,238,847 Shares held by Cainiao and (iii) 100,640 Shares held by AHKEF. Taobao China is an investment holding company incorporated in Hong Kong and is wholly owned by Taobao Holding Limited, which is in turn wholly owned by Alibaba. Cainiao is a company incorporated under the laws of Hong Kong, and is an indirect non-wholly owned subsidiary of Alibaba. AHKEF is an investment fund established in the Cayman Islands with The Hong Kong Entrepreneurs Fund Limited as the sole limited partner. The Hong Kong Entrepreneurs Fund Limited is in turn an indirect subsidiary of Alibaba. AHKE Fund general partner Limited is the sole General Partner of AHKEF. Accordingly, under the SFO, Alibaba is deemed to be interested in Shares held by Taobao China, Cainiao and AHKEF.

Save as disclosed above, as at December 31, 2022, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in any Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## SHARE INCENTIVE PLAN

The Company approved and adopted the Share Incentive Plan on August 18, 2021, for the purpose of recognizing and rewarding the contributions of certain management members, employees and consultants of the Company.

Below is a summary of the terms of the Share Incentive Plan:

### Purpose

The Share Incentive Plan is established to recognize and acknowledge the contributions that the Participants (as defined below) have made to the growth and development of our Group, to promote the success and enhance the value of our Company by linking the personal interests of the Participants to those of the Shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Shareholders. The Share Incentive Plan will provide the Participants with an opportunity to acquire proprietary interests in our Company with the view to achieving the following principal objectives: (i) to motivate the Participants to optimize their performance and efficiency for the benefit of our Group; (ii) to attract and retain the Participants whose contributions are, will or expected to be beneficial to our Group; and (iii) to enable the Daojia Participants and GoGoVan Participants (each as defined below) to directly hold the relevant share options to be granted by our Company.

The Share Incentive Plan is administered by the Board or a committee (the "**Committee**") of one or more members of the Board to whom the Board shall delegate the authority to grant or amend Awards to Participants other than any of the Committee members.

### Who may join

Those eligible to participate in the Share Incentive Plan include directors, employees and consultants of the Company, any parent or subsidiary (including the Daojia Participants and GoGoVan Participants, each as defined below), as determined by the Board or a committee authorized by the Board (the "**Administrator**"). The Administrator may, from time to time, select from among all eligible individuals (the "**Participants**") to whom awards in the form of options (the "**Options**" or "**Shares Options**"), restricted shares (the "**Restricted Shares**") and restricted share units ("**RSUs**") (collectively "**Awards**") will be granted, and will determine the nature and number of Awards to be granted and the number of Shares to which an Award will relate.

### Maximum number of Shares that may be issued under the Share Incentive Plan

The maximum aggregate number of Shares which may be issued under the Share Incentive Plan shall be 104,134,465 Shares, representing approximately 16.6% of the total issued Shares as of date of this annual report, including:

i. 41,172,639 Shares reserved for eligible Participants who have been granted Awards by 58 Daojia prior to the Listing ("**Daojia Participants**");

ii. 7,735,002 Shares reserved for eligible Participants who have been granted Awards by GoGoVan Cayman prior to the Listing ("**GoGoVan Participants**"); and

iii. 55,226,824 Shares reserved for such eligible Participants as determined by the Administrator.

Under the Share Incentive Plan, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant.

# Report of Directors

## Remaining Term of the Share Incentive Plan

The Share Incentive Plan is effective from August 18, 2021 (the "**Effective Date**") and will expire after the tenth anniversary of the Effective Date. Any Options or Awards granted that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Share Incentive Plan and the applicable Award Agreement (as defined below). As at the date of this annual report, the remaining term of the Share Incentive Plan was approximately 8 years and 4 months.

## Options

*General information on Options under Share Incentive Plan*

(i) Exercise price

The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the written agreement, contract, or other instrument or document evidencing an Award (the "**Award Agreement**") which may be a fixed or variable price related to the fair market value of the Shares. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Committee, the determination of which shall be final, binding and conclusive.

(ii) Time and Conditions of Exercise

The Committee shall determine the time or times at which an Option may be exercised in whole or in part, provided that the term of any Option granted under the Share Incentive Plan shall not exceed ten years. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised. The exercise period of the Options granted shall commence from the date on which relevant Options become vested and end on the expiry date (which shall be 10 years from the grant date, subject to the terms of the Share Incentive Plan and the relevant Award Agreement). The vesting period of Options granted to each grantee are set forth in the relevant Award Agreement. The total vesting period of the share options granted under the Share Incentive Plan ranges from 0 to 4 years.

(iii) Payment

The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. dollars, (ii) to the extent permissible under the relevant applicable laws, cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a fair market value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the trading date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; provided that payment of such proceeds is then made to the Company upon settlement of such sale, (vi) other property acceptable to the Committee with a fair market value equal to the exercise price, or (vii) any combination of the foregoing.

## Restricted Shares

*(i) Grant of Restricted Shares*

The Committee, at any time and from time to time, may grant Restricted Shares to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Shares to be granted to each Participant.

*(ii) Restricted Shares Award Agreement*

Each Award of Restricted Shares shall be evidenced by an Award Agreement that shall specify the period of restriction, the number of Restricted Shares granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed.

*(iii) Issuance and Restrictions*

Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

*(iv) Forfeiture and Repurchase*

Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; provided, however, the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

## RSUs

*(i) Grant of RSUs*

The Committee, at any time and from time to time, may grant Restricted Share Units to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of RSUs to be granted to each Participant.

*(ii) RSUs Award Agreement*

Each Award of RSUs shall be evidenced by an Award Agreement that shall specify any vesting conditions, the number of RSUs granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

*(iii) Performance Objectives and Other Terms*

The Committee, in its discretion, may set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of RSUs that will be paid out to the Participants.

*(iv) Form and Timing of Payment of RSUs*

At the time of grant, the Committee shall specify the date or dates on which the RSUs shall become fully vested and nonforfeitable. Upon vesting, the Committee, in its sole discretion, may pay RSUs in the form of cash, in Shares or in a combination thereof.

*(v) Forfeiture and Repurchase*

Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, RSUs that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; provided, however, the Committee may (a) provide in any RSUs Award Agreement that restrictions or forfeiture and repurchase conditions relating to RSUs will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to RSUs.

# Report of Directors

## Limits on Transfers

Unless otherwise expressly provided in (or pursuant to) the Share Incentive Plan, by applicable law and by the Award Agreement, as the same may be amended, and subject to certain limited exceptions, all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge; Awards will be exercised only by the Participant; and amounts payable or Shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Shares, registered in the name of, the Participant.

## Options Granted under the Share Incentive Plan

The Company was listed on the Stock Exchange on June 24, 2022. Prior to the Listing, Options in respect of all 104,134,465 Shares available for grant under the Share Incentive Plan had been granted to eligible participants under the Share Incentive Plan in January and May 2022.

After the Listing, no further Options or Awards would be granted under the Share Incentive Plan. The number of Shares available for grant under the scheme mandate of the Share Incentive Plan at the beginning and the end of 2022 were 104,134,465 and nil, respectively.

All grants under the Share Incentive Plan were made prior to the amendment to Chapter 17 of the Listing Rules taking effect from January 1, 2023.

Details of the movements of the Options granted under the Share Incentive Plan for the year ended December 31, 2022 are set out below:

| Name of grantees | Description | Number of share options outstanding as at January 1, 2022 | Grant date | Exercise price (US$) | Vesting Period[1] | Number of share options granted during the Reporting Period | Number of share options exercised during the Reporting Period | Number of share options lapsed during the Reporting Period | Number of share options cancelled during the Reporting Period | Number of share options outstanding as at December 31, 2022 | Fair value of the options as of the date of grant[2] (US$) | Weighted average closing price of the Shares immediately before the dates on which the options were exercised (HK$) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1) Directors and senior management of the Company** | | | | | | | | | | | | |
| CHEN Xiaohua | Chairman of the Board and Executive Director | - | January 12, 2022 and May 24, 2022 | 0 to 0.38 | 0 to 4 years | 19,848,470 | 7,912,383 | - | - | 11,936,087 | 2.07 | N/A[3] |
| HE Song | Executive Director and Co-Chief Executive Officer | - | January 12, 2022 | 0.01 to 0.38 | 0 to 4 years | 16,537,168 | - | - | - | 16,537,168 | 1.96 | - |
| LAM Hoi Yuen | Executive Director and Co-Chief Executive Officer | - | January 12, 2022 | 0.38 | 4 years | 5,000,000 | - | - | - | 5,000,000 | 1.93 | - |
| HU Gang | Executive Director and Chief Financial Officer | - | January 12, 2022 | 0.38 | 4 years | 6,100,000 | - | - | - | 6,100,000 | 1.94 | - |
| LEE Yew Cheung | Chief operating officer of the Company | - | January 12, 2022 | 0.0001 to 0.5 | 0 to 4 years | 1,753,959 | - | - | - | 1,753,959 | 2.11 | - |
| **Subtotal** | | - | | | | 49,239,597 | 7,912,383 | - | - | 41,327,214 | | |
| **(2) Employee Participants (excluding the directors and senior management of the Company)[4]** | | | | | | | | | | | | |
| **In aggregate** | | - | January 12, 2022 | 0 to 0.78 | 0 to 4 years | 34,585,340 | 2,032,323 | - | 1,793,860 | 30,759,157 | 1.99 | 4.11 |

| Name of grantees | Description | Number of share options outstanding as at January 1, 2022 | Grant date | Exercise price (US$) | Vesting Period[1] | Number of share options granted during the Reporting Period | Number of share options exercised during the Reporting Period | Number of share options lapsed during the Reporting Period | Number of share options cancelled during the Reporting Period | Number of share options outstanding as at December 31, 2022 | Fair value of the options as of the date of grant[2] (US$) | Weighted average closing price of the Shares immediately before the dates on which the options were exercised (HK$) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(3) Related entity participants with options granted in excess of 0.1% of the total Shares in issue** | | | | | | | | | | | | |
| DUAN Dong | Employee of a subsidiary of 58 Daojia | - | January 12, 2022 | 0.01 to 0.38 | 0 to 4 years | 3,194,857 | - | - | - | 3,194,857 | 2.23 | - |
| AN Jing | Former employee of a subsidiary of 58 Daojia | - | January 12, 2022 | 0.01 to 0.38 | 0 to 4 years | 3,169,524 | - | - | 595,714 | 2,573,810 | 2.17 | - |
| LI Ying | Former employee of a subsidiary of 58 Daojia | - | January 12, 2022 | 0.0015 | 0 year | 1,595,239 | 150,000 | - | - | 1,445,239 | 2.29 | 4.23 |
| LI Ruiling | Former employee of a subsidiary of 58 Daojia | - | January 12, 2022 | 0.0015 | 0 year | 1,276,191 | - | - | - | 1,276,191 | 2.29 | - |
| ZHUANG Jiandong | Employee of 58.com | - | January 12, 2022 | 0.01 | 0 year | 816,762 | - | - | - | 816,762 | 2.28 | - |
| JIA Xiangfei | Former employee of a subsidiary of 58 Daojia | - | January 12, 2022 | 0.01 | 0 year | 765,714 | - | - | - | 765,714 | 2.28 | - |
| YU Jianqiang | Former employee of a subsidiary of 58 Daojia | - | January 12, 2022 | 0.55 | 0 year | 638,095 | - | - | - | 638,095 | 1.79 | - |
| ZHOU Hao | Employee of 58.com | - | January 12, 2022 | 0.01 | 0 year | 625,333 | - | - | - | 625,333 | 2.28 | - |
| **Subtotal** | | - | | | | 12,081,715 | 150,000 | - | 595,714 | 11,336,001 | | |
| **(4) Other related entity participants (excluding the related entity participants listed out above)** | | | | | | | | | | | | |
| **In aggregate** | | - | January 12, 2022 | 0.0015 to 0.78 | 0 to 4 years | 8,518,221 | 900,167 | - | 136,873 | 7,481,181 | 2.01 | 4.05 |
| **(5) Service providers[5]** | | | | | | | | | | | | |
| **In aggregate** | | - | January 12, 2022 | 0.0001 to 0.5 | 0-3 years | 541,044 | 79,800 | - | 15,779 | 445,465 | 2.29 | 3.37 |
| **Total** | | - | | | | 104,965,917[6] | 11,074,673 | - | 2,542,226 | 91,349,018 | | |

*Notes:*

(1) The exercise period of the options granted shall commence from the date on which relevant options become vested and end on the expiry date (which shall be 10 years from the grant date, subject to the terms of the Share Incentive Plan and the share option award agreement signed by the grantees).

(2) For accounting standard and policy adopted, please refer to Note 2.20 to the consolidated financial statements.

(3) Prior to the Listing, 7,912,383 Options granted to Mr. CHEN Xiaohua were exercised on January 13, 2022. Therefore, weighted average closing price is not applicable.

# Report of Directors

(4) Employee Participants include employees and former employees of the Group. None of the grants to such employee participants is in excess of the 1% individual limit.

(5) None of the grants to such service providers is in excess of 0.1% of the total Shares in issue.

(6) On January 12, 2022, the Group granted an aggregate of 104,029,830 share options to eligible grantees, representing the right to subscribe for 104,029,830 Shares. Due to the departure of certain employees of the Group and a subsidiary of 58 Daojia from January 12, 2022 to May 24, 2022, 831,452 share options historically granted were subsequently forfeited and available for re-grant pursuant to the Share Incentive Plan. On May 24, 2022, the Company further granted 936,087 share options, representing the right to subscribe for 936,087 Shares. Therefore, the aggregate number of the share options granted during the Reporting Period amounts to 104,965,917.

The number of shares that may be issued in respect of options granted under the Share Incentive Plan during the year ended December 31, 2022 represents approximately 20.7% of the weighted average number of the Shares in issue for the year ended December 31, 2022.

Details of the movement of the options under the Share Incentive Plan are also set out in Note 25 to the consolidated financial statements.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Group during the Reporting Period, or subsisted as at December 31, 2022.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the Global Offering, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Relevant Period.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The following are connected transactions entered into by the Group which are required to be disclosed in accordance with Chapter 14A of the Listing Rules and transactions of the Group which constituted continuing connected transactions for the Group for the year ended December 31, 2022.

### Relevant Connected Persons

The following parties with whom we have entered into transactions are regarded as our connected persons under the Listing Rules:

| Connected Persons | Connected Relationship |
|---|---|
| Zhejiang Danniao Logistecnology Co., Ltd. (浙江丹鳥物流科技有限公司) ("**Zhejiang Danniao**") | An indirect non-wholly owned subsidiary of Alibaba Group Holding Limited (the holding company of Taobao China, our substantial shareholder), and therefore a connected person of our Company under Rule 14A.13(1) of the Listing Rules |
| Zhejiang Mengmengchun Information Technology Co., Ltd. (浙江萌萌春信息科技有限公司) ("**Zhejiang Mengmengchun**") | An indirect non-wholly owned subsidiary of Taobao China, our substantial shareholder, and therefore a connected person of our Company under Rule 14A.13(3) of the Listing Rules |
| Alibaba Cloud Computing Co., Ltd. (阿里雲計算有限公司) ("**Alibaba Cloud Computing**") | A fellow subsidiary of Taobao China, our substantial shareholder, and therefore a connected person of our Company under Rule 14A.13(1) of the Listing Rules |
| Alibaba Cloud Computing (Beijing) Co., Ltd. (阿里巴巴雲計算（北京）有限公司) ("**Alibaba Cloud Computing Beijing**") | A fellow subsidiary of Taobao China, our substantial shareholder, and therefore a connected person of our Company under Rule 14A.13(1) of the Listing Rules |
| Zhejiang Xinyi Supply Chain Management Co., Ltd. (浙江心怡供應鏈管理有限公司) ("**Zhejiang Xinyi**") | An indirect non-wholly owned subsidiary of Alibaba (the holding company of Taobao China), and therefore a connected person of our Company under Rule 14A.13(1) of the Listing Rules |

1. *Zhejiang Danniao Logistics Services Framework Agreement*

   On October 1, 2021, the Company entered into a logistics services framework agreement (the "**Zhejiang Danniao Logistics Services Framework Agreement**") with Zhejiang Danniao, pursuant to which, the Group agreed to provide Zhejiang Danniao with logistics services for a term commencing on the Listing Date and ending on December 31, 2023.

   Pricing basis

   The prices of transactions contemplated under the Zhejiang Danniao Logistics Services Framework Agreement shall be determined on an arm's length basis. The prices for provision of logistics to Zhejiang Danniao by the Group shall be determined with reference to the prices of the services that the Group charges in different geographical areas, and shall be in line with the prices the Group charges independent third parties.

   Historical figures and annual caps

   We started to provide Zhejiang Danniao with logistics services in October 2019. The historical amounts of the logistics services provided to Zhejiang Danniao were approximately RMB0.17 million, RMB1.15 million, RMB8.5 million for the years ended December 31, 2019, 2020 and 2021, respectively.

   The proposed annual cap for the transactions contemplated under the Zhejiang Danniao Logistics Services Framework Agreement for the year ending December 31, 2022 is RMB10.0 million.

# Report of Directors

During the year ended December 31, 2022, the total amount of the logistics services provided to Zhejiang Danniao was approximately RMB3.4 million, which fell within the proposed annual cap as set out above.

Further details of the Zhejiang Danniao Logistics Services Framework Agreement are set out in the section headed "Connected Transactions" in the Prospectus.

2. *Zhejiang Mengmengchun Logistics Services Framework Agreement*

On March 30, 2022, Hainan 58 Supply Chain entered into a logistics services framework agreement (the "**Zhejiang Mengmengchun Logistics Services Framework Agreement**") with Zhejiang Mengmengchun, pursuant to which, the Group agreed to provide Zhejiang Mengmengchun with logistics services for a term from April 1, 2022 to March 31, 2023.

Pricing basis

The prices of transactions contemplated under the Zhejiang Mengmengchun Logistics Services Framework Agreement are determined on an arm's length basis. The prices for provision of logistics to Zhejiang Mengmengchun by the Group are determined with reference to a service fee scale which take into account a number of factors including the type of vehicles used, geographical areas and distance of the services, and other specific delivery requirements. The aforesaid pricing basis is no more favorable than those available to the customers who are Independent Third Parties.

Historical figures and annual cap

There are no historical amounts for the transactions contemplated under the Zhejiang Mengmengchun Logistics Services Framework Agreement for the years ended December 31, 2019, 2020 and 2021, respectively.

The proposed annual cap for the transactions contemplated under the Zhejiang Mengmengchun Logistics Services Framework Agreement for the period from April 1, 2022 to December 31, 2022 is RMB5.4 million.

During the period from April 1, 2022 to December 31, 2022, the total amount of the logistics services provided to Zhejiang Mengmengchun was approximately RMB2.5 million, which fell within the proposed annual cap as set out above.

Further details of the Zhejiang Mengmengchun Logistics Services Framework Agreement are set out in the section headed "Connected Transactions" in the Prospectus.

3. *Alibaba Cloud Services Framework Agreement*

On June 6, 2022, Tianjin 58 Technology entered into a cloud services framework Agreement (the "**Alibaba Cloud Services Framework Agreement**") with Alibaba Cloud Computing and Alibaba Cloud Computing Beijing (collectively, "**Alibaba Cloud**"), pursuant to which, Alibaba Cloud agreed to provide Tianjin 58 Technology with cloud services, for a term from March 2, 2022 to March 2, 2023.

Pricing basis

The prices of transactions contemplated under the Alibaba Cloud Services Framework Agreement are based on the prices as set out in the price catalog as published by Alibaba Cloud from time to time, which sets out the specific service scope and the corresponding prices, applying discounts which is determined with reference to our purchase amount. In addition, Alibaba Cloud also offers coupons to us when the purchases amount reaches a specific amount. The prices offered by Alibaba Cloud are in line with the prices offered to third parties.

Historical figures and annual caps

The historical amounts with respect to such cloud services were approximately nil, RMB1.7 million, RMB4.4 million and RMB8.7 million for the years ended December 31, 2018, 2019, 2020 and 2021, respectively. Historically, we shared the cost of purchasing cloud services from Alibaba Cloud with 58 Daojia, and the fluctuation of the historical transaction amounts is mainly due to the difference in apportionment percentage between us and 58 Daojia in different years.

The proposed annual cap for the transactions contemplated under the Alibaba Cloud Services Framework Agreement for the period from March 2, 2022 to December 31, 2022 is RMB13.3 million.

During the period from March 2, 2022 to December 31, 2022, the total amount of the cloud services provided to us by Alibaba Cloud was approximately RMB10.2 million, which fell within the proposed annual cap as set out above.

Further details of the Alibaba Cloud Services Framework Agreement are set out in the section headed "Connected Transactions" in the Prospectus.

4. *Alibaba Cloud ECS Agreement*

On June 8, 2021, Hainan 58 Freight entered into an elastic compute service ("**ECS**") monthly subscription agreement (the "**Alibaba Cloud ECS Agreement**") with Alibaba Could Computing, pursuant to which Hainan 58 Freight purchased ECS services for a term commencing from May 25, 2021 to May 26, 2023, at a total consideration of RMB1,395.6 which was a one-off payout that was fully settled in July 2021. No further payment will be incurred under this agreement.

Further details of the Alibaba Cloud ECS Agreement are set out in the section headed "Connected Transactions" in the Prospectus.

5. *Alibaba Cloud Virtual Host Service Agreement*

On May 25, 2020, Hainan 58 Supply Chain entered into a service agreement with Alibaba Cloud Computing (the "**Alibaba Cloud Virtual Host Service Agreement**"), pursuant to which Hainan 58 Supply Chain purchased virtual host services for a term commencing from May 25, 2020 to May 25, 2023, at a total consideration of RMB617.0 which was a one-off payout that was fully settled in July 2020. No further payment will be incurred under this agreement.

Further details of the Alibaba Cloud Virtual Host Service Agreement are set out in the section headed "Connected Transactions" in the Prospectus.

As the Alibaba Cloud Services Framework Agreement, Alibaba Cloud ECS Agreement and Alibaba Cloud Virtual Host Service Agreement have been entered into by entities of our Group with Alibaba Cloud Computing, the transactions contemplated under the agreements shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

6. *The Zhejiang Xinyi Logistics Services Cooperation Agreement*

On September 9, 2022, Hainan 58 Supply Chain entered into a cooperation agreement with Zhejiang Xinyi (the "**Zhejiang Xinyi Logistics Services Cooperation Agreement**"), pursuant to which Hainan 58 Supply Chain will provide intra-city logistics and transportation services to Zhejiang Xinyi.

# Report of Directors

Pricing basis

Zhejiang Xinyi shall pay service fees to Hainan 58 Supply Chain. The service fees for the provision of logistics and transportation services are determined on arm's length basis with reference to the fee scale issued by Zhejiang Xinyi, which takes into account a number of factors including the number and type of vehicles used, distance of the services, the geographic area covered and other specific delivery requirements. The fee scale issued by Zhejiang Xinyi is applicable to all of its independent suppliers who provide them with similar intra-city logistics services.

When estimating and approving the service fees for the transactions contemplated thereunder, the Company has adopted the pricing basis used for similar intra-city logistics services to independent enterprise customers. For enterprise services, the service fees for intra-city logistics services offered to independent enterprise customers are generally determined case by case on a cost-plus basis. Before the provision of services, the Company will estimate the cost for provision of the intra-city logistics services, which primarily consists of the amount to be paid by the Group pay for drivers' delivery services, with reference to the specifications of service and the expected order amount in the relevant transactions. After arriving at an estimated amount of cost, the Company will add a markup (抽佣率) not less than 4%, which is applicable to its enterprise customers for comparable transactions, to finally determine the amount of service fees to be charged. The abovementioned pricing basis, including the process for estimating the service fees, also applies here. The Company has estimated the amount of cost for the transactions contemplated hereunder, taking into consideration, among others, the specifications of service to be provided to Zhejiang Xinyi and the expected transaction amount. Then it reviewed the fee scale issued by Zhejiang Xinyi against such cost estimate, and made reference to fee scales offered to or quoted by other independent enterprise customers, in order to ensure that the amount of service fees for the Transactions (including the markup enjoyed by the Company) would be commercially acceptable. Therefore, the Company is of the view that the service fees are on normal commercial terms and are fair and reasonable.

Historical figures and annual caps

The historical amounts of the logistics services provided to Zhejiang Xinyi were approximately RMB4.76 million for the year ended December 31, 2021.

The proposed annual caps for the transactions contemplated under the Zhejiang Xinyi Logistics Services Cooperation Agreement for the period from September 11, 2022 to December 31, 2022 is RMB1.6 million.

During the period from September 11, 2022 to December 31, 2022, the total amount of the intra-city logistics and transportation services provided to Zhejiang Xinyi was approximately RMB0.1 million, which fell within the proposed annual cap as set out above.

Further details of the Zhejiang Xinyi Logistics Services Cooperation Agreement are set out in the announcements of the Company dated September 9, 2022 and September 28, 2022.

## Confirmation from independent non-executive Directors

The independent non-executive Directors have reviewed the aforesaid continuing connected transactions and confirmed that for the year ended December 31, 2022, the transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

### Confirmation from the Company's Auditor

PricewaterhouseCoopers, the auditor of the Company, has confirmed in a letter to the Board that, with respect to the disclosed continuing connected transactions mentioned above during the year ended December 31, 2022:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions mentioned above have not been approved by the Company's Board of Directors;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the disclosed continuing connected transactions (other than those transactions with Consolidated Affiliated Entities under the Contractual Arrangements) mentioned above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

### Related Party Transactions

During the Reporting Period, save as disclosed above, no other related party transactions disclosed in Note 34 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the Reporting Period.

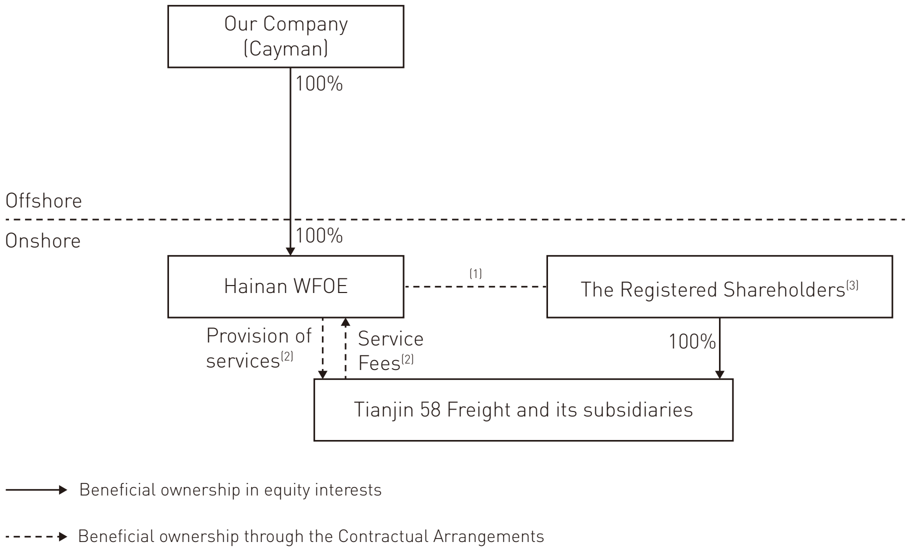
## CONTRACTUAL ARRANGEMENTS

The Group facilitates and provides intra-city logistics services through our intelligent online platforms in the PRC (the "**Relevant Businesses**") under the brand Kuaigou Dache (快狗打车). We have operated the Relevant Businesses through our Consolidated Affiliated Entities, which hold value-added telecommunication business operating licenses covering Internet information service (the "**ICP License**"). Under the PRC laws and regulations, carrying out the Relevant Businesses through our mobile apps involves provision of value-added telecommunication service in the PRC (the "**VATS Business**"), which is subject to foreign investment restrictions and license requirements. In particular, the Relevant Businesses fall under the scope of Internet information services, a sub-category of VATS Business, which are the restricted businesses under the 2021 Negative List (外商投資准入特別管理措施(負面清單) (2021年版)), and foreign investors are restricted from holding more than 50% equity interests in companies providing such business and must obtain approval from the the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部). Please refer to the section headed "Regulations – Laws and Regulations in Relation to Our Business in the PRC – Regulations on Value-added Telecommunications Services and Foreign Investment Restrictions" in the Prospectus for further details.

# Report of Directors

To comply with applicable laws and regulations and in line with common practice in companies conducting the VATS Business, we had established the contractual arrangements through a series of agreements among Tianjin WFOE, Tianjin 58 Freight, shareholders of Tianjin 58 Freight and certain other parties thereto in July 2017, which was replaced by a series of agreements among Hainan WFOE, the Consolidated Affiliated Entities, the Registered Shareholders and certain other parties thereto (the "**Contractual Arrangements**"). Pursuant to the Contractual Arrangements, all substantial and material business decisions of our Consolidated Affiliated Entities will be instructed and supervised by our Group through Hainan WFOE, and all risks arising from the business of Consolidated Affiliated Entities are also effectively borne by our Group as a result of it being treated as our wholly-owned subsidiaries. The revenue generated by our Consolidated Affiliated Entities and by excluding inter-group transactions was approximately RMB347.9 million (2021: RMB343.4 million), representing approximately 45.0% of the consolidated revenue of our Group, for the year ended December 31, 2022. Based on the above and as set out in the section headed "Contractual Arrangements" in the Prospectus, we believe that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations. Our Directors consider that it is fair and reasonable for Hainan WFOE to exercise control over and enjoy all the economic benefits derived from the operations of the Consolidated Affiliated Entities through the Contractual Arrangements as a whole.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements.




(1) Control of Hainan WFOE over the equity interests of Consolidated Affiliated Entities through agreements with the Registered Shareholders: (i) Exclusive Option Agreement, (ii) Equity Pledge Agreement, and (iii) Powers of Attorney.

(2) Control of Hainan WFOE over the business of Consolidated Affiliated Entities through Exclusive Management Services and Business Cooperation Agreement.

(3) Tianjin 58 Freight was owned as to 50% by Mr. Chen (our Chairman of the Board and an executive Director) and 50% by Mr. Yao, who were the Registered Shareholders.

## Risks relating to the Contractual Arrangements

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 100 to 105 of the Prospectus.

- If the PRC government determines that the Contractual Arrangements do not comply with applicable PRC laws and regulations, or if these laws and regulations or the interpretation of existing laws and regulations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and being forced to relinquish our interests in those Consolidated Affiliated Entities.

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership.

- We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by our Consolidated Affiliated Entities if any of our Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

- The registered shareholders of our Consolidated Affiliated Entities may have potential conflicts of interest with us.

- Contractual arrangements we have entered into with our Consolidated Affiliated Entities may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

- Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure and business operations.

- Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.

- Our exercise of the option to acquire the equity interests and assets of our Consolidated Affiliated Entities may be subject to certain limitations and we may incur substantial costs.

## Summary of the major terms of the Contractual Arrangements

The Contractual Arrangements which were in place during the Reporting Period and a description of the specific agreements that comprise the Contractual Arrangements is set out below:

*Exclusive Management Services and Business Cooperation Agreement*

Pursuant to the exclusive management services and business cooperation agreement dated August 16, 2021 entered into by and among Tianjin 58 Freight, Hainan 58 Supply Chain, Zhenjiang 58 Supply Chain, Hainan 58 Freight, Registered Shareholders and Hainan WFOE (the "**Exclusive Management Services and Business Cooperation Agreement**"), and the letter of acceptance of rights and obligations signed by Tianjin Kuaigou Freight and Kuaigou Dache (Tianjin) Information Service Co., Ltd, respectively as a supplemental agreement to the Exclusive Management Services and Business Cooperation Agreement, Hainan WFOE was appointed as the exclusive technology and service provider to Consolidated Affiliate Entities of comprehensive corporate management consulting, intellectual property licensing, technical support and business support services, which are specified by Hainan WFOE in accordance with scope of its business.

# Report of Directors

Under the Exclusive Management Services and Business Cooperation Agreement, service fees shall be determined by Hainan WFOE, if not violating the mandatory provisions of PRC laws, in accordance with the specific service content and service targets, as well as Consolidated Affiliated Entities' income and customer volume in a specific period, and shall be the balance of general income deducting costs, taxes and other reserved fees stipulated by laws and regulations. Hainan WFOE shall calculate the fee payable on a fixed term, which shall be determined by Hainan WFOE and agreed by accepting party of the service, and in accordance with the payment instructions of Hainan WFOE. Notwithstanding the payment agreements in the Exclusive Management Services and Business Cooperation Agreement, Hainan WFOE may, in its sole discretion, adjust the payment time and payment instructions.

In addition, Hainan WFOE is the sole and exclusive provider of services under the Exclusive Management Services and Business Cooperation Agreement. Without the prior written consent of Hainan WFOE, during the effective period of the Exclusive Management Services and Business Cooperation Agreement, Consolidated Affiliated Entities and Registered Shareholders shall not directly and indirectly obtain the same or similar exclusive technical and other services as provided under the Exclusive Management Services and Business Cooperation Agreement from any third party, or establish any similar business cooperative relation with any third party with respect to the matters stipulated herein.

The Exclusive Management Services and Business Cooperation Agreement also provided that Hainan WFOE has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or produced by performance of the Exclusive Management Services and Business Cooperation Agreement. Without Hainan WFOE's consent, Consolidated Affiliated Entities and Registered Shareholders enjoy no rights other than those provided in the Exclusive Management Services and Business Cooperation Agreement. The Consolidated Affiliated Entities and the Registered Shareholders shall actively assist with Hainan WFOE for all necessary method to ensure the aforesaid interests and rights be vested in Hainan WFOE.

Under the Exclusive Management Services and Business Cooperation Agreement, Consolidated Affiliated Entities grants to Hainan WFOE an irrevocable and exclusive purchase right, which allows Hainan WFOE to purchase, subject to compliance with the PRC laws, at its discretion, any or all of the assets and business of Consolidated Affiliated Entities at the lowest price as permitted under PRC laws and regulations.

The Exclusive Management Services and Business Cooperation Agreement shall remain in force during the business operation period of Hainan WFOE and the Consolidated Affiliated Entities unless otherwise terminated earlier by consensus of the all parties to the Exclusive Management Services and Business Cooperation Agreement. Hainan WFOE has the sole discretion and right to terminate the Exclusive Management Services and Business Cooperation Agreement with written notice at any time. Without Hainan WFOE's written consent, Consolidated Affiliated Entities and Registered Shareholders have no right to terminate the Exclusive Management Services and Business Cooperation Agreement.

*Exclusive Option Agreements*

On August 16, 2021, Hainan WFOE, Tianjin 58 Freight and Registered Shareholders entered into an exclusive option agreement. Further, on January 26, 2022, Hainan WFOE, each of the subsidiaries of Tianjin 58 Freight and their respective registered shareholder (being Tianjin 58 Freight) entered into several exclusive option agreements (collectively, the "**Exclusive Option Agreements**", each an "**Exclusive Option Agreement**"). Pursuant to the Exclusive Option Agreements, Hainan WFOE has the exclusive, unconditional and irrevocable right to require the respective registered shareholder of the Consolidated Affiliated Entities, upon occurrence of the following situations and subject to the requirements by Hainan WFOE, to transfer any or all of the equity interest in the respective Consolidated Affiliated Entity (the "**Equity Interest**") held by the respective registered shareholder of the Consolidated Affiliated Entities to it and/or a third party designated by it for free or considerations equivalent to the minimum purchase price permitted under the PRC laws and regulations:

- Hainan WFOE or the third party designated by it is permitted to hold any or all of the Equity Interest under the PRC laws; or

- Subject to the PRC laws, any situation as Hainan WFOE thinks is appropriate or necessary.

Subject to the terms and condition of the Exclusive Option Agreements and without violating the PRC law, Hainan WFOE shall have right to, at its discretion, exercise any or all of the right to acquire any or all of the Equity Interest. The time, method, amount and frequency of Hainan WFOE to exercise its right stipulated therein shall not be limited.

Under the Exclusive Option Agreements, the respective registered shareholder of the Consolidated Affiliated Entities agree that they will return to the relevant Consolidated Affiliated Entity, Hainan WFOE or its designated party any consideration received, in the event that Hainan WFOE exercises the option under the respective Exclusive Option Agreement to acquire the Equity Interest.

Under the Exclusive Option Agreements, the respective registered shareholder of the Consolidated Affiliated Entities undertake that, subject to the PRC laws and regulations and after taxes required by PRC laws and regulations have been paid, before their transferring the Equity Interest to Hainan WFOE, they shall deliver the dividends, bonus, or any other property distributed from the Consolidated Affiliated Entities to Hainan WFOE or any third party designated by Hainan WFOE as soon as possible and within three (3) days after receipt of such dividends, bonus or any other property.

Further, pursuant to the Exclusive Option Agreement, the Consolidated Affiliated Entities and the respective registered shareholder of the Consolidated Affiliated Entities have, separately and jointly, covenanted that:

- During the term of the Exclusive Option Agreement, except the pledge provided in the Equity Pledge Agreement (as defined below) or with Hainan WFOE's prior written consent, the respective registered shareholder of the Consolidated Affiliated Entities shall not transfer any Equity Interest to any third party, and shall not create any pledge, mortgage, guarantee, or any other right in the benefit of any third party in the Equity Interest held by the respective registered shareholder of the Consolidated Affiliated Entities, and shall ensure that the Equity Interest is free from any claim of any third party;

- Without Hainan WFOE's prior written consent, they will not supplement, change or amend the Articles of Association and bylaws of the Consolidated Affiliated Entities in any manner, increase or reduce registered capital or change structure of registered capital of the Consolidated Affiliated Entities in any other manner;

# Report of Directors

- They will not enter into any material contract or change the scope of business of the respective Consolidated Affiliated Entity;

- Subject to the PRC laws and regulations, they shall extend the operation period of the Consolidated Affiliated Entities based on the operation period of Hainan WFOE and cause the operation period of the Consolidated Affiliated Entities the same as that of Hainan WFOE or adjust the operation period of the Consolidated Affiliated Entities based on the requirements of Hainan WFOE;

- They shall operate the Consolidated Affiliated Entities' corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs, and shall obtain all governmental permits and licenses that are necessary for the business of the Consolidated Affiliated Entities;

- They shall use their best efforts to maintain and increase the asset value of the respective Consolidated Affiliated Entity, and shall not terminate any material contract to which the respective Consolidated Affiliated Entity is a party or entered into any agreement that affect the respective Consolidated Affiliated Entity's financial status and asset value;

- They shall not create, succeed, warrant or allow any debt except the account payable occurred in ordinary course, provided however, such account payable shall not be created by loan from any other person without the prior written consent of Hainan WFOE;

- They shall inform Hainan WFOE immediately of any litigation, arbitration or administrative proceeding that will occur or may occur related to the assets, businesses, revenues of the Consolidated Affiliated Entities;

- They shall not announce or pay any dividend to the shareholders without prior written consent of Hainan WFOE;

- They shall appoint persons designated by Hainan WFOE as directors, supervisors and/or senior management of the Consolidated Affiliated Entities, and/or remove the incumbent directors, supervisors and/or senior management of the Consolidated Affiliated Entities at Hainan WFOE's request and complete all relevant filing procedures. Hainan WFOE also has the right to request them to replace the aforesaid persons;

- Without the prior written consent of Hainan WFOE, they shall not at any time following the date of the execution sell, transfer, license or dispose in any manner any asset of the Consolidated Affiliated Entities, or allow the encumbrance hereon of any asset of the Consolidated Affiliated Entities, unless the Consolidated Affiliated Entities is able to prove that the such sale, transfer, license, deposition or encumbrance is necessary for the business of the Consolidated Affiliated Entities in ordinary course and the transaction amount of one single transaction shall not higher than RMB100,000;

- In the event that during the term of the Exclusive Option Agreement the respective Consolidated Affiliated Entity liquidates or dissolves, subject to the PRC laws and regulations, they shall designate person recommended by Hainan WFOE to constitute the liquidation group and manage the asset of the Consolidated Affiliated Entities. The respective registered shareholder of the Consolidated Affiliated Entities hereby confirm that in the event of liquidation or dissolution of the Consolidated Affiliated Entities, they shall deliver all the asset distribute in the liquidation and dissolution to Hainan WFOE or its designated party in the manner that is permitted by the PRC law; and

- In the event of death, incapacity, marriage, divorce or other circumstances that may affect the exercise of the equity interest in the Consolidated Affiliated Entities held directly or indirectly by the respective registered shareholder of the Consolidated Affiliated Entities, successors of the respective registered shareholder of the Consolidated Affiliated Entities (including their spouse, children, parents, siblings and grandparents) shall be deemed to be a party to the Exclusive Option Agreement and shall succeed to and assume all of the respective registered shareholder of the Consolidated Affiliated Entities' rights and obligations thereunder and transfer the relevant Equity Interest to Hainan WFOE or its designated party in accordance with the then applicable laws and the Exclusive Option Agreement.

*Powers of Attorney*

Each of the Registered Shareholders has executed a power of attorney dated August 16, 2021, and Tianjin 58 Freight (being the registered shareholder of its subsidiaries) has executed several power of attorney dated January 26, 2022 (collectively, the "**Powers of Attorney**"), pursuant to which, each of the Registered Shareholders and Tianjin 58 Freight (being the registered shareholder of its subsidiaries) has irrevocably appointed Hainan WFOE or its designated persons or our Directors or their successors (including any liquidator replacing a Director, but excluding any person who is not independent or who may give rise to a conflict of interest) on his/its behalf and at the such person's own will to exercise the rights including, but not limited to, the following:

(a) proposing the shareholders' meeting according to articles of association of the Consolidated Affiliated Entities, participating in the shareholders' meeting of the Consolidated Affiliated Entities and executing relevant resolutions;

(b) exercising all the rights of shareholder of the Consolidated Affiliated Entities on shareholders' meetings according to relevant laws and regulations and the articles of association of the Consolidated Affiliated Entities, including but not limited to the right to nominate, the right to vote and the right to appoint;

(c) representing the Registered Shareholders or Tianjin 58 Freight, in the case of its subsidiaries to submit documents which shall be submitted by the shareholder of the Consolidated Affiliated Entities to relevant competent governmental authorities;

(d) exercising the right of dividend, the right to sell, transfer or assign, pledge or dispose all or part of Equity Interest owned by the Registered Shareholders or Tianjin 58 Freight, in the case of its subsidiaries, the right of distribution of residual properties after the liquidation of the Consolidated Affiliated Entities provided under the laws and articles of association of the Consolidated Affiliated Entities;

(e) constituting the liquidation group and exercising the authorities of liquidation group during the liquidation in the event of liquidation or dissolution of the Consolidated Affiliated Entities, including but not limited to the management of the Consolidated Affiliated Entities' assets;

(f) reviewing the resolutions of shareholders' meeting and the resolutions of the board meeting of the Consolidated Affiliated Entities, recording the financial statements and report of the Consolidated Affiliated Entities; and

(g) any other rights as a shareholder of the Consolidated Affiliated Entities.

# Report of Directors

The Registered Shareholders or Tianjin 58 Freight, in the case of its subsidiaries have undertaken that their authorities under the Powers of Attorney will not give rise to any actual or potential conflict of interest with Hainan WFOE and/or its overseas holding companies (including our Company). In the event of any potential conflict of interest between the Registered Shareholders or Tianjin 58 Freight, in the case of its subsidiaries and Hainan WFOE and/or its overseas holding companies (including our Company), the Registered Shareholders or Tianjin 58 Freight, in the case of its subsidiaries will, subject to the relevant provisions of the PRC laws and regulations, give priority to protect and not prejudice the interests of Hainan WFOE or its overseas holding companies (including our Company).

The Powers of Attorney shall remain valid for the duration of the Exclusive Management Services and Business Cooperation Agreement.

*Equity Pledge Agreement*

Pursuant to the equity pledge agreement dated August 16, 2021 by and among Hainan WFOE, Tianjin 58 Freight and Registered Shareholders (the "**Equity Pledge Agreement**"), the Registered Shareholders agreed to unconditionally and irrevocably pledge all their respective Equity Interest and the equity interests arising from the increase in capital of Tianjin 58 Freight with the consent of Hainan WFOE, including the dividends and bonuses accrued from such equity interests (hereinafter referred to as the "**Pledged Equity Interest**") to Hainan WFOE as security for the performance of all obligations of the Consolidated Affiliated Entities and the Registered Shareholders under the Exclusive Management Services and Business Cooperation Agreement, the Exclusive Option Agreement, the Powers of Attorney and the Spouse Consent Letters (as defined below) (hereinafter collectively referred to as "**Master Agreements**").

The Pledged Equity Interest under the Equity Pledge Agreement secures all obligations of the Consolidated Affiliated Entities and the Registered Shareholders under the Master Agreements (including but not limited to any amounts, penalties, damages, dividends, profits or any asset payable but not paid to Hainan WFOE), any fees for exercising the creditor's rights and the pledge right, and any other related expenses, and shall not be limited to the amounts of secured creditor's right recorded in relevant governmental authority.

The pledge thereunder shall be effective from the date of registration of the pledge with competent governmental authorities to the date on which the Master Agreements are completely performed, invalidated or terminated (the later date shall prevail). In the term of pledge, if the Consolidated Affiliated Entities and the Registered Shareholders fail to perform any of their obligations under the Master Agreements, or in case of occurrence of any of the events provided below, Hainan WFOE shall have the right but not obligated to dispose the Pledged Equity Interest in accordance with the provisions of the Equity Pledge Agreement.

(a) Tianjin 58 Freight and the Registered Shareholders violate their material obligations or covenants and warranties under the Equity Pledge Agreement, or any covenants and warranties made by them in the Equity Pledge Agreement are seriously untrue;

(b) The Consolidated Affiliated Entities and the Registered Shareholders violate any of their obligations or covenants and warranties under the Master Agreements, or any covenants and warranties made by them in the Master Agreements are seriously untrue;

(c) Any obligation of the Consolidated Affiliated Entities or the Registered Shareholders under the Equity Pledge Agreement is regarded as illegal or void;

(d) The termination of business, dissolution or bankruptcy of the Consolidated Affiliated Entities;

(e) The Consolidated Affiliated Entities and/or the Registered Shareholders are involved in any disputes, litigations, arbitrations, administrative procedures or any other legal procedures or administrative query, actions or investigations that deemed reasonably by Hainan WFOE to have material adverse effect on the following events: (i) the capacity of the Registered Shareholders to perform its obligations under the Equity Pledge Agreement or the Master Agreements, or (ii) the capacity of the Consolidated Affiliated Entities to perform its obligations under the Equity Pledge Agreement or the Master Agreements; and

(f) Any other events of the disposal of the Pledged Equity Interest according to applicable laws and regulations. The equity pledge registration by the Registered Shareholders with the relevant PRC authorities as required by the relevant PRC laws and regulations has been completed on August 24, 2021.

On January 26, 2022, each Consolidated Affiliated Entity (each being a subsidiary of Tianjin 58 Freight) and their respective shareholder (being Tianjin 58 Freight) entered into an equity pledge agreement with Hainan WFOE. Such equity pledge agreements have similar terms as the Equity Pledge Agreement in relation to Tianjin 58 Freight. The relevant equity pledges were completed in February 2022.

### The extent to which the Contractual Arrangements relate to requirements other than the foreign ownership restriction

All of the Contractual Arrangements are subject to the restrictions as set out on pages 261 to 278 of the Prospectus. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements had been unwound as the regulatory restrictions that led to their adoptions were not removed since the Listing Date and up to December 31, 2022.

### Listing Rules implications and waiver from the Stock Exchange

As certain members of the Registered Shareholders, namely Mr. CHEN and Mr. YAO are our connected persons, the transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Group and are subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business, fair and reasonable or to the advantage of our Group and in the interests of our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

# Report of Directors

In relation to the Contractual Arrangements, we have applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange has granted, a waiver from (i) strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, under Rule 14A.53 of the Listing Rules for the fees payable to Hainan WFOE from our Consolidated Affiliated Entities under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject to the conditions:

(a) no change without independent non-executive Directors' approval;

(b) no change without independent Shareholders' approval;

(c) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities;

(d) the Contractual Arrangements may be renewed and/or reproduced upon expiry or when justified by business expediency, without obtaining Shareholders' approval, on substantially the same terms and conditions as the Contractual Arrangements; and

(e) our Group will disclose details relating to the Contractual Arrangements on an ongoing basis.

### Confirmation from independent non-executive Directors

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried during the year ended December 31, 2022 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended December 31, 2022, (iii) any new contracts entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended December 31, 2022 are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

### Confirmation from the Company's Auditor

PricewaterhouseCoopers, the auditor of our company, has confirmed in a letter to the Board that, with respect to the Contractual Arrangements mentioned above during the year ended December 31, 2022:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions under the Contractual Arrangements have not been approved by the Company's Board of Directors;

(ii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) nothing has come to their attention that causes them to believe that dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of the equity interests of Consolidated Affiliated Entities which are not otherwise subsequently assigned or transferred to the Group.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

For the year ended December 31, 2022, none of the Directors or their respective associates had any interest in business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group which would require disclosure under Rule 8.10 of the Listing Rules.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director, in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he/she is acquitted.

The Company has maintained directors' liability insurance to protect the Directors against any potential legal actions. During the Relevant Period and up to the date of this annual report, permitted indemnity provision (as defined in section 9 of the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong)) was and is being in force for the benefit of the Directors.

## AUDIT COMMITTEE

The Audit Committee had, together with the management and external auditor of the Company (the "**Auditor**"), reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2022. The Audit Committee considered that the annual results of the Group for the year ended December 31, 2022 are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

## CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 67 to 88 of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules (the "**Public Float Waiver**"), to allow the minimum percentage of the Company's issued share capital to be held by the public to be 19.11% (or such higher percentage as is held by the public upon completion of any exercise of the over-allotment option). For details, please refer to the section headed "Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance" in the Prospectus. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Public Float Waiver during the Relevant Period and as of the date of this annual report.

# Report of Directors

## AUDITOR

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, Certified Public Accountants and Registered Public Interest Entity Auditor. The auditor of the Company has not changed since the Listing Date. PricewaterhouseCoopers will retire and, being eligible, offer themselves for reappointment as auditor of the Company at the Company's upcoming annual general meeting. A resolution for their reappointment as auditor of the Company will be proposed at the Company's upcoming annual general meeting.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

All references above to other sections, reports or notes in this report form part of this annual report.

On behalf of the Board
**CHEN Xiaohua**
*Chairman and Executive Director*

Hong Kong, March 24, 2023

# Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2022.

## CORPORATE GOVERNANCE PRACTICES

The Group 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 CG Code as its own code of corporate governance. Save as disclosed in this annual report, the Company has, to the best knowledge of the Board, complied with all applicable code provisions as set out in Part 2 of the CG Code during the Relevant Period.

Code provision C.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. As the Company was only listed on the Stock Exchange on June 24, 2022, the chairman of the Board did not hold any meeting with the independent non-executive Directors during the Relevant Period. As of the date of this annual report, the chairman of the Board has held one meeting with the independent non-executive Directors without the presence of other Directors.

## THE BOARD

### Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

# Corporate Governance Report

## CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

### 1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

### 2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

### Board Composition

As at December 31, 2022 and the date of this annual report, the Board comprises 4 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors as follows:

**Executive Directors:**
Mr. CHEN Xiaohua (陳小華) *(Chairman of the Board)*
Mr. HE Song (何松) *(Co-Chief Executive Officer)*
Mr. LAM Hoi Yuen (林凱源) *(Co-Chief Executive Officer)*
Mr. HU Gang (胡剛)

**Non-executive Directors:**
Mr. YE Wei (葉偉) *(resigned on November 15, 2022)*
Mr. LEUNG Ming Shu (梁銘樞)
Mr. SHUAI Yong (帥勇) *(resigned on September 9, 2022)*
Mr. WANG Ye (王也)

**Independent non-executive Directors:**
Mr. KWAN Ming Sang Savio (關明生) *(resigned on November 26, 2022)*
Mr. NI Zhengdong (倪正東)
Mr. TANG Shun Lam (鄧順林)
Mr. ZHAO Hongqiang (趙宏強)
Ms. MI Wenjuan (米雯娟) *(appointed on November 26, 2022)*

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the Relevant Period, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. Among the three independent non-executive Directors, Mr. ZHAO Hongqiang has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

None of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as the identity of the public companies or organisations and the time involved to the issuer, Directors have agreed to disclose their commitments and any subsequent change to the Company in a timely manner.

## Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") in order to enhance the effectiveness of our Board and to maintain high standards of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and the contribution that the selected candidates will bring to our Board. Under the current composition of our Board, our Board has a balanced mix of knowledge, skills and experience, including experience in e-commerce, finance, corporate management, accounting and financial markets. Our Directors have a diverse educational background including economics, financial accounting, information technology and management. Furthermore, the Board has a wide range of age, ranging from 36 years old to 67 years old.

# Corporate Governance Report

Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the CG Code. Our Nomination Committee will, from time to time and at least once annually, monitor and evaluate the implementation of the Board Diversity Policy to ensure its continued effectiveness.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity and will continue to promote gender diversity of the Board. To ensure gender diversity of our Board in the long run, the Company will identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals, which will be reviewed by the Nomination Committee periodically. The Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. We plan to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. We are of the view that such strategy will offer chances for our Board to identify capable female employees to be nominated as a member of the Board in future.

The Nomination Committee and the Board have reviewed the membership, structure and composition of the Board, and are of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

*Measurable Objectives*

As disclosed in the Prospectus, the Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and the management levels. To enhance gender diversity of the Board, the Company had set a measurable objective at the time of Listing that at least one female Director shall be appointed no later than one year from the Listing Date. During the Relevant Period, Ms. MI Wenjuan has been appointed as an independent non-executive Director by the Board with effect from November 26, 2022, and she shall be re-elected as a Director at the forthcoming AGM in accordance with Article 16.2 of the Article of Association. The Nomination Committee and the Board are of the view that the Company has achieved the objective after the appointment of Ms. MI Wenjuan as a female Director during the Relevant Period. At as December 31, 2022 and up to the date of this annual report, the Board considered an appropriate balance of diversity perspectives of the Board is maintained.

For the purpose of implementation of the Board Diversity Policy, the measurable objectives adopted include (a) at least one-third of the members of the Board shall be independent non-executive directors; (b) at least one of the members of the Board shall have obtained accounting or other professional qualifications; and (c) at least one of the members of the Board shall be female.

The Board has also assessed the Group's diversity profile annually of all levels of employees and apply the diversity policy to attract, retain and motivate employees from the widest possible pool of available talent. As of December 31, 2022, the Group had 1,126 full-time employees (including senior management), of whom the number of female employees (including senior management) accounted for approximately 39%. For the purpose of implementation of the gender diversity for the Group's workforce, the Company plans to hold more trainings on women's care and childcare, parent-child activities. Based on the Board's review, there was no mitigating factor or circumstance which makes achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

### Independent Non-executive Directors and Board Independence Evaluation Mechanism

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Group's strategies, performance and control, as well as ensure that the interests of all Shareholders are considered. All independent non-executive Directors possess appropriate academic, professional qualifications or related financial management experience. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors.

The Company has received from each independent non-executive Director an annual confirmation of his/her independence, and the Company considers such Directors to be independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules.

# Corporate Governance Report

## Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development seminars and programmes to develop and refresh their knowledge and skills. The Company has also engaged external legal advisers to provide training to Directors on updates of the Listing Rules as well as the latest changes in relevant rules and regulations.

According to the information provided by the Directors, a summary of training received by the Directors throughout the year ended December 31, 2022 is as follows:

| Name of Directors | Nature of Continuous Professional Development Programmes |
|---|---|
| **Executive Directors** | |
| Mr. CHEN Xiaohua (陳小華) *(Chairman of the Board)* | A, B |
| Mr. HE Song (何松) *(Co-Chief Executive Officer)* | A, B |
| Mr. LAM Hoi Yuen (林凱源) *(Co-Chief Executive Officer)* | A, B |
| Mr. HU Gang (胡剛) | A, B |
| **Non-executive Directors** | |
| Mr. LEUNG Ming Shu (梁銘樞) | A, B |
| Mr. WANG Ye (王也) | A, B |
| **Independent Non-executive Directors** | |
| Mr. NI Zhengdong (倪正東) | A, B |
| Mr. TANG Shun Lam (鄧順林) | A, B |
| Mr. ZHAO Hongqiang (趙宏強) | A, B |
| Ms. MI Wenjuan (米雯娟) | A, B |

*Notes:*

A: Attending trainings conducted by lawyers and/or internal seminars and/or conferences and/or forums

B: Reading materials relevant to corporate governance, director's duties and responsibilities, Listing Rules and other relevant laws and regulations applicable to the Directors

### Chairman and Co-Chief Executive Officers

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

The Chairman of the Board and the co-chief executive officers of the Company (the "**Co-Chief Executive Officers**") are currently two separate positions held by Mr. CHEN Xiaohua, Mr. HE Song and Mr. LAM Hoi Yuen, respectively, with clear distinction in responsibilities. The Chairman of the Board is responsible for providing strategic advice and guidance on the business development of the Group, while the CO-Chief Executive Officers are responsible for overall strategic planning, business directions and the day-to-day management of the Group.

### Appointment and Re-election of Directors

Each of the executive Directors has signed a service contract with the Company for an initial term of three years commencing from the Listing Date, until terminated in accordance with the terms and conditions of the services contract or by not less than 30 days notice by the executive Director. The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years commencing (i) from the Listing Date (in the case of Mr. YE Wei, Mr. LEUNG Ming Shu, Mr. SHUAI Yong, Mr. WANG Ye, Mr. KWAN Ming Sang Savio, Mr. NI Zhengdong, Mr. TANG Shun Lam and Mr. ZHAO Hongqiang); (ii) from November 26, 2022 (in the case of Ms. MI Wenjuan), until terminated in accordance with the terms and conditions of appointment letter. Each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive Directors are not entitled to any remuneration. The appointments of the non-executive Directors and independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the of Association.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service contract or appointment letter with any members of the Group, excluding contracts expiring or determinable by any members of the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, one-third of the Directors (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) are subject to retirement by rotation at every AGM and each Director (including those appointed for a specific term) shall retire by rotation at least once every three years at an AGM. Any Director newly appointed by the Board to fill a causal vacancy of the Board or as an addition to the Board, and that Director shall hold office only until the first AGM after his/her appointment and shall then be eligible for re-election at that AGM.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

# Corporate Governance Report

## Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

As the Company was only listed on June 24, 2022, during the Relevant Period, 3 Board meetings were held. The attendance of each Director at these meetings is set out in the table below:

| **Directors** | **Attended/Eligible to attend the Board meeting(s)** |
|---|---|
| **Executive Directors:** | |
| Mr. CHEN Xiaohua (陳小華) *(Chairman of the Board)* | 3/3 |
| Mr. HE Song (何松) *(Co-Chief Executive Officer)* | 3/3 |
| Mr. LAM Hoi Yuen (林凱源) *(Co-Chief Executive Officer)* | 3/3 |
| Mr. HU Gang (胡剛) | 3/3 |
| **Non-executive Directors:** | |
| Mr. YE Wei (葉偉) *(resigned on November 15, 2022)* | 1/1 |
| Mr. LEUNG Ming Shu (梁銘樞) | 2/3 |
| Mr. SHUAI Yong (帥勇) *(resigned on September 9, 2022)* | 1/1 |
| Mr. WANG Ye (王也) | 3/3 |
| **Independent Non-executive Directors:** | |
| Mr. KWAN Ming Sang Savio (關明生) *(resigned on November 26, 2022)* | 1/1 |
| Mr. NI Zhengdong (倪正東) | 3/3 |
| Mr. TANG Shun Lam (鄧順林) | 3/3 |
| Mr. ZHAO Hongqiang (趙宏強) | 3/3 |
| Ms. MI Wenjuan (米雯娟) *(appointed on November 26, 2022)* | 1/1 |

## Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Relevant Period.

During the Relevant Period, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

## Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

## Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors and has delegated the corporate governance duties to the Audit Committee which includes:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company.

# Corporate Governance Report

## BOARD COMMITTEES

### Audit Committee

As at December 31, 2022, the Audit Committee comprises three members, namely Mr. ZHAO Hongqiang (chairman), Mr. TANG Shun Lam and Mr. NI Zhengdong, all of them are independent non-executive Directors.

The principal duties of the Audit Committee include the following:

1. to review the relationship with the Company's external auditor by reference to the work performed by the Company's external auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditor;

2. to review the financial statements and any significant financial reporting judgments contained in them;

3. to oversee the Company's financial reporting system, internal control system and risk management system;

4. to perform the Company's corporate governance functions, including but not limited to, developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Relevant Period, 2 meetings of the Audit Committee were held to discuss and review, among others, the unaudited interim results and interim report of the Group for the six months ended June 30, 2022, the report on review of condensed consolidated financial statements for the six months ended June 30, 2022 prepared by the external auditor relating to accounting issues and major findings in course of review, as well as the audit planning for the annual audit for the year ended December 31, 2022.

Attendance of each Audit Committee member is set out in the table below:

| **Directors** | **Attended/Eligible to attend** |
|---|---|
| Mr. ZHAO Hongqiang *(Chairman)* | 2/2 |
| Mr. TANG Shun Lam | 2/2 |
| Mr. NI Zhengdong | 2/2 |

### Nomination Committee

As at December 31, 2022, the Nomination Committee comprises 3 members, including 2 independent non-executive Directors namely Mr. NI Zhengdong (chairman) and Ms. MI Wenjuan, 1 executive Director namely Mr. CHEN Xiaohua. During the Reporting Period, Mr. KWAN Ming Sang Savio ceased to be a member of the Nomination Committee upon his resignation as independent non-executive Director with effect from November 26, 2022.

The principal duties of the Nomination Committee include the following:

1. to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

3. to assess the independence of independent non-executive Directors;

4. to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors (in particular the chairman or chairlady and the chief executive);

5. to review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosures of its progress its review results in the annual report of the Company annually; and

6. where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, it should set out in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent; (ii) if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; (iii) the perspectives, skills and experience that the individual can bring to the Board; and (iv) how the individual contributes to diversity to the Board.

# Corporate Governance Report

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Relevant Period, 2 meetings of the Nomination Committee were held to assess and consider the candidate of proposed independent non-executive Director in accordance with the Company's director nomination policy, recommend to the Board the proposed appointment of independent non-executive Director, and review the effectiveness of the Board Diversity Policy.

Attendance of each Nomination Committee member is set out in the table below:

| **Directors** | **Attended/Eligible to attend** |
|---|---|
| Mr. NI Zhengdong *(Chairman)* | 2/2 |
| Mr. KWAN Ming Sang Savio *(resigned on November 26, 2022)* | 0/0 |
| Mr. CHEN Xiaohua | 2/2 |
| Ms. MI Wenjuan *(appointed on November 26, 2022)* | 1/1 |

## Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the CG Code for selecting and recommending candidates for directorships.

The Company recognizes the importance of having a qualified and competent Board to achieve the Company corporate strategy as well as promote shareholder value. The Company believes that a Board that possesses a balance of skill set, experience, expertise and diversity of perspectives enhances decision-making capability and the overall effectiveness of the Board. The Board is committed to ensuring that proper nomination and election processes are in place for the selection and nomination of Directors.

The nomination committee of the Company shall identify, assess, select and nominate suitable director candidates to the Board for it to consider for appointment. The ultimate responsibility for the selection and appointment of Directors rests with the Board as a whole.

The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

*Selection Criteria*

The Nomination Committee shall identify director candidates with appropriate qualifications in accordance with the provisions under the Listing Rules, the Articles of Association of the Company and applicable laws and regulations. The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to criteria, having due regard to the benefits of diversity on the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, sufficient time to effectively carry out their duties, their services on other listed and non-listed companies should be limited to reasonable numbers, qualifications including accomplishment and experience in the relevant industries the Company's business is involved in, independence, reputation for integrity, potential contributions that the individual(s) can bring to the Board and commitment to enhance and maximise Shareholders' value.

*Nomination Process*

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) To consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from an independent agency firm and proposals from shareholders of the Company with due consideration given to the criteria;

(b) To adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(c) Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(d) To make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(e) The Board will have the final authority on determining the selection of nominees.

For the re-election of Directors at the general meeting, the Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors, including its attendance at Board meetings, Board committee meetings and general meetings (if applicable), and his/her level of participation and performance on the Board. The Nominating Committee shall require the nominee to submit updated biographical information and the consent to be re-elected as a Director; and should review and determine whether retiring Directors still meet the criteria for Director selection. The Nominating Committee shall then make recommendations to the Board on the re-election of Directors.

The Nomination Committee will from time to time review this policy, monitor its implementation to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practice and makes recommendation on any proposed revisions as may be required to the Board for approval.

The Nomination Committee and the Board have reviewed the Director Nomination Policy and considered it to be effective.

# Corporate Governance Report

## Remuneration Committee

As at December 31, 2022, the Remuneration Committee comprises 3 members, including 2 independent non-executive Directors namely Mr. TANG Shun Lam (chairman) and Mr. NI Zhengdong, 1 executive Director namely Mr. HU Gang.

The principal duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

2. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

3. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

4. to make recommendations to the Board on the remuneration of non-executive Directors;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

6. to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

7. to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

8. to ensure that no director or any of his/her associates is involved in deciding his/her own remuneration; and

9. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee has adopted the second model described in code provision E.1.2(c) of the CG Code (i.e. make recommendation to the Board on the overall remuneration policy and structure relating to individual executive Directors and senior management of the Group).

During the Relevant Period, 2 meeting of the Remuneration Committee was held to discuss, consider and recommend to the Board the proposed remuneration for the newly appointment independent non-executive Director. No material matters relating to share schemes under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee during the Relevant Period.

Attendance of each Remuneration Committee member is set out in the table below:

| **Directors** | **Attended/Eligible to attend** |
|---|---|
| Mr. TANG Shun Lam *(Chairman)* | 2/2 |
| Mr. NI Zhengdong | 2/2 |
| Mr. HU Gang | 2/2 |

### Remuneration of Directors and Senior Management

The Company has adopted a directors and senior management remuneration policy to maintain fair and competitive packages of the Directors and senior management. For determining the remuneration packages of each Director and senior management, market rates and factors such as Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration.

Particulars of the remuneration of the five highest paid individuals and the Directors for the year ended December 31, 2022 are set out in Notes 9 and 10 to the consolidated financial statements. Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management whose particulars are contained in the section headed "Directors and Senior Management" in this annual report for the year ended December 31, 2022 by band is set out below:

| **Remuneration band** | **Number of individual** |
|---|---|
| Nil to RMB1,000,000 | 3 |
| RMB 1,000,001 to RMB2,000,000 | 1 |

# Corporate Governance Report

### Environmental, Social and Governance Committee

As at December 31, 2022, the ESG Committee comprises 3 members, including 3 executive Directors namely Mr. HE Song (chairman), Mr. LAM Hoi Yuen and Mr. HU Gang.

The principal duties of the ESG Committee include the following:

1. reviewing and monitoring the Company's ESG strategies, policies and practices in order to ensure that they align with the Company's needs and comply with the applicable laws, regulations and regulatory requirements and international standards;

2. identifying the relevant matters that significantly affect the operation of the Group and/or the interest of other important stakeholders in the ESG aspects;

3. monitoring and assessing material ESG issues, the assessment results of which should be reported by the ESG Committee to the Board;

4. reviewing the Company's ESG report and making recommendations to the Board for approval;

5. supervising and reviewing the work of the Company's ESG working group, assessing and reviewing the Company's ESG performance against targets; and

6. performing other ESG related duties delegated by the Board.

The written terms of reference of the ESG Committee are available on the websites of the Stock Exchange and the Company.

As the ESG Committee was established on December 6, 2022, during the year ended December 31, 2022, no meeting of the ESG Committee was held.

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2022 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 125 to 131 of this annual report. In preparing the financial statements for the year ended December 31, 2022, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimated that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Company has established and maintained risk management and internal control systems consisting of policies and procedures appropriate for its business operations, and is dedicated to continuously improving these systems. Such systems aim to manage rather than eliminate the risk of failure to achieve business objectives, promote effective and efficient operations, reasonably ensure the reliability of financial reports and comply with applicable laws and regulations and protect the assets of the Group. The Board is responsible for the risk management and internal control systems and reviewing their effectiveness. The Board can only give reasonable but not absolute assurance that there will be no material misrepresentation or loss.

The risk management and internal control system of the Group comprises a well established organisational structure and comprehensive policies and standards.The Group's risk management and internal control measures focus on various aspects of its business operations, such as financial reporting, information system, internal control, human resources, ESG, anti-corruption and regulatory compliance.

### Financial Reporting Risk Management

The Company has put in place a set of accounting policies in connection with the financial reporting risk management, including accounting manual, budget management policies, treasury management policies, expense management policies, and employee reimbursement policies. The Company has various procedures and IT systems in place to implement its accounting policies, and the finance department reviews its management accounts based on such procedures. For example, the Company implements budget plan through the IT system and monitor various operating expenses in real time. The system makes timely warning of the risk of cost overruns. The Company also provides regular training to finance department employees to ensure that they understand financial management and accounting policies and implement them during daily operations.

### Information System Risk Management

The Company has implemented various internal procedures and controls to ensure that data is protected and that leakage and loss of any information is avoided. The operations team and data security team are responsible for monitoring the operation of the information system in real time. They regularly perform data recovery tests and use cyber attack simulations to improve the data protection capability.

### Human Resources Risk Management, Anti-Corruption and Whistleblowing Policy

The Company has put in place an employee handbook and a code of conduct which have been distributed to all employees. The handbook contains internal rules and guidelines regarding anti-corruption, conflicts of interests, confidentiality and intellectual property protection, work ethics, and fraud prevention mechanisms. The Company provides employees with regular training as well as guidance on the requirements contained in the employee handbook. The Company has put in place an anti-corruption policy to safeguard against any corruption within the Company. The policy explains potential bribery and corruption conduct and anti-bribery and corruption measures. The Company has also put in place whistleblowing policy and measures for employees and those who deal with the Company to raise concerns, on an anonymous basis, about any non-compliance incidents and acts, including bribery and corruption.

# Corporate Governance Report

## Regulatory Compliance Risk Management

The Company is subject to evolving regulatory requirements across multiple jurisdictions, including requirements to obtain and renew certain licenses, permits, approvals and certificates for the business operations in various jurisdictions. In order to manage ongoing compliance with the laws and regulations applicable to the Group's business effectively, the Company has implemented several internal control measures. In particular, the Company designated personnel to regularly monitor changes in laws, regulations and policies issued by the relevant government authorities in the jurisdictions the Group operates, to ensure obtaining requisite licenses to operate the Group's business and has the up-to-date understanding with the applicable requirements. In addition, the Company requires its legal department to review the status of its licenses and permits on a regular basis. The Company continually improves its internal policies on regulatory compliance according to changes in laws, regulations and industry standards, and updates internal protocols for legal documents. The chief financial officer of the Company shall continually review the implementation of regulatory compliance risk management policies and measures to ensure the policies and implementation of the relevant policies are effective and sufficient.

## Internal Audit

The Company maintains an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee and senior management on any issues identified. The internal audit department members hold regular meetings with management to discuss any internal control issues the Company faces and the corresponding measures to solve such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are channeled to the committee on a timely basis. The Audit Committee then discusses the issues with, and reports to, the Board, if necessary.

## Inside Information

The Company has put in place appropriate internal control procedures and to avoid improper handling of inside information which may constitute insider trading or breach of any other statutory duty. At any time, access to inside information is limited to the relevant personnel (i.e. the Directors, senior management and relevant employees of the Company) and as the situation requires until it is disclosed or released in accordance with applicable laws and regulations. Directors, senior management and relevant employees of the Company who are in possession of potential inside information and/or inside information are required to take reasonable steps to ensure that adequate safeguards are in place to ensure the strict confidentiality of inside information and that recipients understand their responsibility to keep the information confidential.

## Effectiveness of Risk Management and Internal Control

The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the Reporting Period. The review covered all material risks and controls, including financial, operational, ESG and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programs and budget of the Company's accounting, financial reporting, internal audit and financial functions to be adequate. The Board considers that the current risk management and internal control measures effectively and adequately cover the existing businesses of the Group, and will continue to be optimized in line with the business development of the Group.

## AUDITORS' RESPONSIBILITY AND REMUNERATION

Our Company appointed PricewaterhouseCoopers as the external auditor for the 2022 financial year. A statement by PricewaterhouseCoopers about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report at pages 125 to 131.

Details of the fees paid and payable in respect of the audit and non-audit services provided by PricewaterhouseCoopers and their affiliated firms for the 2022 financial year are set out in the table below:

| **Services rendered for our Company** | **Total fees paid and payable** *RMB'000* |
|---|---|
| IPO services | 14,559 |
| Audit services related to the Group | 7,500 |
| Non-audit services *(Note)* | 559 |
| Total | 22,618 |

*Note:* Non-audit services mainly include ESG and tax advisory services.

## COMPANY SECRETARY

The Company has engaged Ms. YU Wing Sze of TMF Hong Kong Limited (a company secretarial service provider) as its company secretary. The primary corporate contact person at the Company is Mr. HU Gang, an executive Director of the Company.

During the Reporting Period, Ms. YU has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

## DIVIDEND POLICY

According to our Articles of Association and applicable laws and regulations, the decision on whether to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. We will evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

Subject to the Cayman Companies Act and the Articles of Association, through a general meeting, we may declare dividends in any currency, but no dividend may be declared unless out of either profit or share premium account and no dividend shall exceed the amount recommended by our Board. Any declaration of dividends will be at the absolute discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. Our Board may also from time to time pay interim dividends as our Board believes to be justified by the profits of our Company, as well as special dividends on shares of any class of such amounts and on such dates as it deems fit. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment. We cannot guarantee in what form dividends will be paid in the future. As advised by our legal advisor on Cayman Islands law, Maples and Calder (Hong Kong) LLP, under the Companies Act (As Revised) of the Cayman Islands, a position of accumulated losses does not necessarily restrict us to declare and pay dividends to our Shareholders as dividends may be declared and paid out of our share premium account notwithstanding our profitability.

As we are a holding company, our ability to declare and pay dividends will also depend on the availability of dividends received from our subsidiaries, including our PRC companies. PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

The Board have reviewed the Company's dividend policy and considered it to be effective.

## GENERAL MEETING

The Company became listed on June 24, 2022. No general meeting was held after the Listing.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The annual general meeting of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Board and the chairmen of the Board Committees will attend the AGMs to answer Shareholders' questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at gogoxholdings.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Company has established several channels to communicate with the Shareholders as follows:

(i) Corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkexnews.hk and the Company's website at gogoxholdings.com;

(ii) Periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) Corporate information is made available on the Company's website;

(iv) AGMs and extraordinary general meetings provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(v) The Hong Kong branch share registrar of the Company serves the Shareholders in respect of Share registration, dividend payment and related matters.

During the Reporting Period, the Company has reviewed the implementation and effectiveness of the Shareholders' communication policy. The Board is of the view that the Shareholders' communication policy of the Company has facilitated sufficient shareholders' communication and considered the policy is effective and adequate.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

### Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association.

The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, Shares representing not less than one-tenth of the voting rights, on a one vote per Share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

As regards the Shareholders to propose a person other than a Director for election as a Director, the procedures for Shareholders are available on the website of the Company.

### Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at Room 212, Building C, Kaide Building Complex, No.7 Rongyuan Road, Huayuan Industrial Park, Binhai Hi-tech Zone, Tianjin, the PRC (email address: ir@gogox.com).

## CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company has been amended and restated with effect from the Listing Date, the latest version of which are available from the websites of the Company and the Stock Exchange.

Save as disclosed above, during the year ended December 31, 2022, there was no change in the memorandum and articles of association of the Company.

# Environmental, Social and Governance Report

## ABOUT THE ESG REPORT

### Report Description

This is the Environmental, Social and Governance ("ESG") report of GOGOX HOLDINGS Limited. (hereinafter "the Company", "our Company", "we", or "GOGOX") (SEHK:02246) (the "ESG Report"). We aim to disclose in the ESG Report the concepts and practices on sustainable development of the Group in a transparent manner and enhance the mutual understanding and communication of various stakeholders of the Company.

### Reporting Boundary

Unless otherwise stated, the ESG Report covers the period from 1 January 2022 to 31 December 2022 (the "Reporting Period"), which is the same period covered by the annual report of 2022 of the Group. All data involved in the ESG Report are derived from internal documents or statistical reports of the Company.

### Basis of Preparation

The ESG Report is prepared in accordance with Appendix 27 *Environmental, Social and Governance Reporting Guide* (the "ESG Reporting Guide") to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "Listing Rules") by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). We follow the principles of materiality, quantitative, balance and consistency, and strive to fully represent our current management status and performance results in terms of environmental, social and governance for the year.

"Materiality": The ESG Report has been prepared to identify key stakeholders and their concerns about ESG issues, and to make targeted disclosures in "Responsible Governance" section in the ESG Report based on the relative materiality of their concerns.

"Quantitative": The ESG Report presents the key metrics at the environmental and social levels in quantitative terms, and the measurement criteria, methodologies, assumptions and/or calculation tools for the KPIs in the ESG Report, as well as the sources of conversion factors used, are described in the corresponding places.

"Balance": The ESG Report follows the balance principle and objectively presents the Group's ESG performance and management status.

"Consistency": Unless otherwise indicated, the data disclosed in the ESG Report are statistically consistent with previous years.

# Environmental, Social and Governance Report

### Feedback on the ESG Report

We attach great importance to the views of our stakeholders and the ESG Report is available in English and Chinese for readers' reference. The electronic version of the report is available on the Company's website (gogoxholdings.com) or on the website of the Hong Kong Stock Exchange (https://www.hkexnews.hk). If you have any comments and suggestions on the ESG management of the Company, please contact us via email, we look forward to your valuable comments.

E-mail: kgsale@daojia-inc.com
Tel: +(86) 13910123896

## BOARD STATEMENT

Our Board attaches great importance to ESG management and has established a three-tier ESG management structure, including the Board of Directors, the ESG Committee and the ESG Working Group. Our Board has a collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks at least once a year.

The Company regularly assesses the importance of ESG issues, and address the process and results are detailed in the "Stakeholders Communication and Material Issues Analysis" section in the ESG Report. The Board ensures that the Company has an appropriate and effective ESG risk management and internal control system in place, and makes recommendations on the development of ESG management policies and strategies.

During the Reporting Period, the Company has established environmental objectives related to its business operations, and regularly reviews the progress and performance of the ESG objectives. For more details, please see the "Environmental Key Performance Tables" section in the ESG Report.

The above ESG-related matters are disclosed in detail in the ESG Report, which was reviewed and approved by the Board in March 2023.

The Board of Directors
March 2023

## RESPONSIBLE GOVERNANCE

We are committed to promoting corporate social responsibility and sustainability to integrate corporate and social values into all major aspects of our business operations. We see corporate social responsibility as part of our core development philosophy, with a vision to drive sustainable development in the industry, and actively explore the path of sustainable development and value creation.

### 1. ESG Management

Our ESG management system provides a solid foundation for ESG plan development, regular assessment and management of related risks. By establishing the ESG governance system, we will manage ESG-related risks more effectively, maintain effective communication and good relationship with multiple stakeholders including regulators, investors, customers and the public, and continuously improve corporate governance to achieve sustainable development of our business.

The Board is responsible for establishing, adopting and reviewing the Group's ESG vision, policies and objectives, and assessing, identifying and addressing ESG-related risks at least once a year. The logistics business department of GOGOX is currently responsible for managing ESG issues (e.g. promoting the use of NEVs). GOGOX established the ESG Committee in 2022, led by the chief executive officers (CEOs) to ensure that operations are in line with the ESG commitments of GOGOX. The ESG Committee is responsible for supervising and assessing significant ESG issues, such as climate-related risks and opportunities, and will report its findings to the Board, which the Board will then review such significant ESG issues and develop corresponding key ESG strategies. The ESG Committee holds regular meetings and reports to the Board. We implement and monitor the ESG strategy on an ongoing basis to comply with the recommendations and requirements in applicable laws, regulations and guidance.

In accordance with the ESG management guidelines of the Hong Kong Stock Exchange, we have established a three-tier ESG governance structure for governance, management and execution to implement our key ESG tasks under the top-down oversight mechanism, achieve improvements in service level and maintain the steady operation of the Company. We will continue to promote the development of the real-time delivery industry in a faster and more stable direction.

# Environmental, Social and Governance Report

**The three-tier ESG governance structure of GOGOX:**

| | |
|---|---|
| The Board | Evaluate, monitor and approve significant ESG-related matters |
| The ESG Committee | Coordinate the management of ESG-related issues and provide sustainability advice to the Board |
| ESG Working Group | Under the guidance of the ESG Committee, be responsible for ESG-related communication, measure implementation and information disclosure |

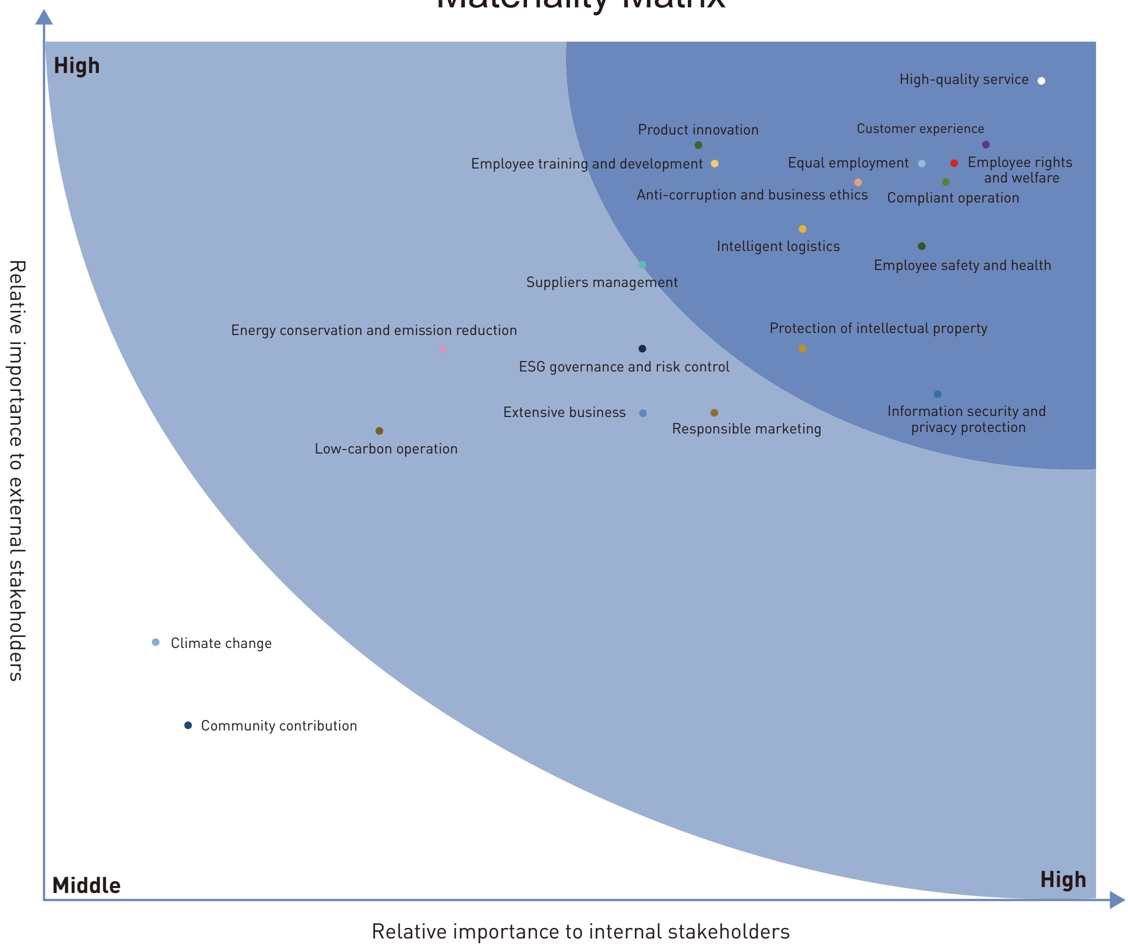
## 2. Stakeholders Communication and Material Issues Analysis

GOGOX values the impact of our business on our stakeholders and pays attention to their opinions. By maintaining regular contact with our stakeholders, including shareholders, employees, suppliers, customers and consumers, government and regulatory authorities, industry organizations, professional bodies, media, communities and so on, we continue to communicate efficiently and closely with each stakeholder. Based on the demands of our stakeholders, we are constantly improving our ESG efforts. The following table shows the channels of communication with specific stakeholders.

| | |
|---|---|
| ① **Issue identification** | Based on the content of excellent reports in the same industry, and in combination with the disclosure requirements of the guidelines, we carried out material issue research, and finally identified 20 ESG issues closely related to our Company's business. |
| ② **Conduct research** | The material issue questionnaire was set up and distributed online. Investors, customers, employees, suppliers and other internal and external stakeholders participated in the evaluation, and 237 valid questionnaires were finally collected. |
| ③ **Result analysis** | Based on the analysis of the results of the questionnaire, we ranked the issues from the two dimensions of "importance to the internal stakeholders" and "importance to external stakeholders" to obtain the following ESG Materiality matrix. |

To further focus on the ESG priorities of GOGOX and to respond to the relevant demands of stakeholders timely, we have continuously maintained communication with stakeholders, researched material issues, and collected feedback from multiple parties through the online distribution of questionnaires to assess ESG issues which are important to the Company and stakeholders in the current business environment and make them the focus of information disclosure in the ESG Report.

Materiality Matrix



## GREEN OPERATION

The Company builds a green and low-carbon business model, obtains and rationally allocates shipping demand, reduces empty backhauls, increases vehicle utilization and promotes the use of NEVs in logistics services. In 2022, in its domestic and international business, GOGOX is committed to improving the efficient order matching mechanism, realizing real-time intelligent deployment, reducing the waiting time of drivers, thereby reducing the empty load rate and unnecessary carbon emissions and fuel consumption; meanwhile, it will increase the proportion of NEVs, actively cooperate with new energy commercial vehicle brands, car manufacturers and dealer partners, and establish the GOGOX Green Freight Alliance to extend its influence to partners and provide low-carbon logistics solutions to all parties. We will provide low-carbon logistics solutions to promote the sustainable development of the freight industry and actively respond to the national "double carbon" goal. The contribution of GOGOX to the green development of the industry has been recognized by all parties in the community, and GOGOX was awarded the "2022 Green Sustainable Development Contribution Award" at the 2022 International Green Zero Carbon Festival. In our daily work, the Company upholds the concept of green development, constantly improves and upgrades environmental management measures, reduces solid and other waste emissions, continuously improves the efficiency of resource utilization, and actively controls the impact of the Company's operations on the surrounding ecological environment. GOGOX has taken the initiative to respond to the opportunities and challenges brought by climate change, combined with its own business characteristics, and actively taken countermeasures.

### 1. Green Logistics

#### *1.1 New Energy Vehicles (NEVs)*

GOGOX is a leader in promoting sustainable development of the intra-city logistics industry and society in general. In Chinese mainland, we have been pioneering the use of legally compliant NEVs for intra-city logistics services. The Chinese mainland government has introduced policies to promote the use of NEVs in intra-city logistics, and compared with internal combustion engine vehicles, NEVs have fewer restrictions on the passage of urban areas, and enjoy subsidies and other preferential policies. We cooperate with manufacturers of NEVs, assisting drivers to purchase or rent vehicles with discounts, which can increase the share of NEVs available on the platform and contribute to environmental sustainability. In 2022, we facilitated sales of 1,625 NEVs, and 55.2% of orders on our platform in Chinese mainland were fulfilled by NEVs. Specifically, in Shenzhen, the percentage of orders completed by NEVs through our platform increased from 54.7% in January 2021 to 88.5% in December 2022.

In the process of expanding its overseas logistics business, GOGOX always adheres to the philosophy of green development and environmental protection, committing to promoting the transformation of the freight logistics industry from traditional transportation to green and new energy freight all over the world. In Singapore and Korea, GOGOX is actively involved in local green transportation activities and collaborates with business organizations. We provide emission-free deliveries with NEVs for certain enterprise customers to fulfill their vision of sustainable expansion.

## CASE: GOGOX OFFERED ZERO-EMISSION DELIVERIES FOR IKEA SINGAPORE

To support *Singapore Green Plan 2030*, GOGOX launched collaborative projects with Cycle & Carriage on zero-emissions deliveries for IKEA Singapore. In this partnership, GOGOX used the Maxus e Deliver 3 electric vans provided by Cycle & Carriage for parcel deliveries to reduce carbon emissions and support the city towards a more sustainable future.

# Environmental, Social and Governance Report

GOGOX continues to work on supply-side structural reform, contributing to global green development, which gains recognition from society. At the 2022 International Green Zero-Carbon Festival, GOGOX was honored the "2022 Green Sustainability Contribution Award" (as shown below). In the future, GOGOX will continue to promote the green development of the crosstown freight industry and plan to further promote the use of NEVs. By the end of 2023, GOGOX will further increase the percentage of orders completed by NEVs on its platform, and this measure will help reduce the consumption of gasoline and reduce carbon emissions.


2022 Green Sustainable Development Contribution Award

### *1.2 Smart Order Dispatching System*

GOGOX has established a smart dispatching system that uses algorithms to predict the time and location of orders, which promptly solves problems such as order scheduling and idling, greatly reducing driver waiting and idling time. Through our smart order dispatching system, we unlock idle capacities and increase transportation supply without putting more vehicles on the road, thereby minimizing deadhead miles, energy use and carbon emissions. Leveraging our enhanced technologies, the rate of deadhead, which is calculated by dividing the deadhead mileage by the driving mileage per month, decreased from 25% in 2018 to 20% in 2021 and further decrease to 19% in 2022, which ultimately contributed to saving energy and decreasing carbon emissions, and we target to decrease the rate of deadhead to 17% by the end of 2023 with our improved technologies.

### *1.3 The Green Logistics Industry Alliance*

In 2021, we jointly established the Green Logistics Industry Alliance to further promote the use of NEVs and digitalization of the logistics industry. We and the Green Logistics Industry Alliance were awarded the Top 50 Solutions for Logistics and Supply Chain Industry in 2021 by China Logistics Times and Global Commerce and International Logistics Summit Forum. With excellent corporate experience in building a green industry chain system and promoting the sustainable development of the freight industry, we were selected by China Business Herald News Weekly as the "Excellent Case of Business Innovation in China 2021-2022" (as shown below).


Excellent Case of Business Innovation in China 2021-2022

The Green Logistics Industry Alliance consists of two parts: one part is the original equipment manufacturers ("OEMs") and dealers of NEVs, and the other part is the drivers and the transportation capacity provided. By establishing the alliance, GOGOX will realize the co-construction of the two parts and reach the purpose of new energy popularity. The alliance connects vehicles, people and transportation services, forming a freight ecology. As a platform enterprise, GOGOX is committed to serving to connect all people and promote and popularize green freight logistics.

# Environmental, Social and Governance Report

## 2. Green Office

The Company actively promotes the concept of green office in daily operations, and implemented a number of measures to enhance employees' awareness of saving water and energy, reduce the waste of office supplies, and create a green and low-carbon office mode to reduce environmental impact.

### *2.1 Energy Saving and Emission Reduction*

In order to realize green development and strengthen environmental and resource management, the Company has formulated documents such as policies on use of electricity and air conditioners in offices to regulate and guide the work of energy saving and consumption reduction in accordance with the *Environmental Protection Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China* and other relevant laws and regulations in the operating area, and continuously explore ways to improve resource utilization efficiency and reduce carbon emissions.

In terms of energy saving and consumption reduction, GOGOX supervises electricity-using equipment and arranges inspections to promote employees to take the initiative to turn off air conditioners, lights and other office equipment when leaving the workplace and meeting rooms, and turn off electricity-using facilities in unoccupied office areas. We also closely monitor electricity usage, and strengthen the standby management of office electrical equipment. Most of the office electrical equipment has standby power consumption, consciously according to the work needs in non-use hours, take measures such as cutting off power and hibernating, to reduce unnecessary power consumption and extend the service life of the equipment. The Company conducts green office training for employees, asks them to take the initiative to turn off power appliances when they leave the office, and suggests adjusting the appropriate brightness when using computers and tablets. At the same time, GOGOX attaches great importance to the conservation, recycling and reuse of resources. The Company encourages its procurement team to purchase office supplies made of recyclable materials. In addition, the Company has adopted water-saving equipment in office areas, such as water-saving pipes and sensor taps, to promote the reduction of unnecessary water consumption, and has upgraded the overall work area with energy-saving and environmentally friendly LED lights.

In terms of reducing emissions, GOGOX conducts emission monitoring to track the level of air pollutants (e.g., carbon monoxide) and carbon dioxide in the building by daily inspection. It is also equipped with an intelligent ventilation system that can automatically adjust the ventilation according to the level of air pollutants and $CO_2$ in the office area. We also promote our employees to adopt online office tools to enable online office, electronic approval and paperless office to save paper and physical consumables. As an online logistics platform, GOGOX is not applicable to the use of packaging materials.

### *2.2 Waste Management*

GOGOX continuously strengthens the management of all kinds of solid waste generated in its operation and strictly complies with relevant national laws and regulations in storage, transportation, and disposal, to prevent the risk of environmental pollution and improve the efficiency of utilization of waste. GOGOX recycles and reuses end-of-life electronic equipment of the data center so that electronic waste can be recycled and reused to the maximum extent.

In terms of waste management, we use toner, toner cartridges and other equipment sparingly, recommend the black and white, double-sided model when printing, and advocate a secondary use of paper. We attach great importance to hazardous waste. We collect hazardous waste (such as toner cartridges, ink cartridges, used batteries, etc.) generated during our daily work uniformly, and then entrust third-party companies with waste disposal service qualifications to carry out harmless disposal of items that meet the standards for end-of-life destruction. At the same time, the Company actively promotes garbage classification in the office building according to the requirements of the *Regulations on the Management of Domestic Waste in Beijing*. GOGOX sets up classified garbage bins and popularizes the knowledge of garbage classification among employees to encourage them to implement the policies of garbage classification and advocate a green lifestyle.

### *2.3 Water Management*

In terms of improving the efficiency of water consumption, GOGOX has formulated the *Management Code for Water and Electricity in Office Workplace* to guide all employees to establish awareness of water conservation, caring for water facilities and equipment, and ensuring that the water taps are turned off in time to avoid wastage. We also advocate caring for water supply facilities and reporting the damage to water supply facilities to the Customer Experience Department so that we can arrange for the timely repair to ensure normal water supply. We use water-saving products for sanitary ware in office buildings, install induction taps in bathrooms, and strengthen the daily inspection of water supply facilities to eliminate the phenomenon of running and dripping. We also installed direct drinking water systems in the office building, instead of barreled water, to improve water efficiency.

## 3. Response to Climate Change

In recent years, climate change has been an issue of great global concern. A global carbon-neutral blueprint is gradually being laid out to achieve the goals of the *Paris Agreement*. China has put forward the great goal of peaking $CO_2$ emissions by 2030 and striving to achieve carbon neutrality by 2060, demonstrating unprecedented determination in the new journey to response to climate change. GOGOX also actively identifies and assesses climate change risks and takes measures to respond to climate change in its daily operations, based on its own business characteristics.

To respond to the national goals of "Carbon Peaking and Carbon Neutrality", we develop carbon emission reduction targets and pay attention to the relevant laws, regulations and policies issued by the governments overseas, strengthen communication with various regulatory authorities, and provide timely analysis and feedback to adjust the Company's operating strategies. In terms of green freight, GOGOX refines energy management and gradually expand the proportion of NEVs used; We also reduce driver waiting and the rate of deadhead through smart order dispatching system, thereby minimizing its environmental impact. In addition, we establish and maintain the Green Logistics Industry Alliances. We promote and popularize the concept of green transportation and green packaging, and create a low-carbon and environmentally friendly green logistics industry chain through industry collaboration to respond to the concerns of investors, consumers, suppliers and local communities about climate change. In our daily operations, we adhere to the concept of green office and encourage our employees to reduce carbon emissions in their daily business activities.

## 4. Environmental Key Performance Tables

GOGOX has set environmental goals in the context of the Company's current situation and its overall development strategy. We continue to leverage our technological capabilities and industry influence to improve our climate resilience and sustainable competitiveness. The goals for the carbon, waste, energy and water efficiency dimensions and the steps taken to achieve them are as follows, and the steps taken to achieve these goals are detailed in the "Green Logistics" and "Green Office" sections.

- **Carbon Emissions Target**
  - Reduce greenhouse gas emissions intensity in 2023 compared to 2022;
- **Reduction Targets**
  - All GOGOX work areas achieve waste separation;
  - Hazardous waste (e.g. toner cartridges, ink cartridges, used batteries) are 100% disposed of harmlessly by qualified suppliers;
- **Energy Efficiency Target**
  - Office electricity consumption density in 2023 is no higher than that in 2022;
- **Water Efficiency Targets**
  - The density of office water consumption in 2023 is no higher than that in 2022;
  - The Company decreases water and operating expenses.

**Key Performance Indicators: Energy and Resources Consumption[1]**

| Indicator | 2022 |
|---|---|
| **Total energy consumption (MWh)[2]** | **487.25** |
| **Per capita energy consumption (MWh/number of employees)** | **0.67** |
| **Energy consumption intensity (MWh/million RMB)** | **0.63** |
| Direct energy consumption (MWh) | **14.74** |
| Gasoline (MWh) | **14.74** |
| Indirect energy consumption (MWh) | **472.51** |
| Electric power (MWh) | **472.51** |
| **Water consumption (tonnes)[3]** | **4,965.15** |
| **Per capita water consumption (tonnes/number of employees)** | **6.78** |
| **Water consumption density (tonnes/million RMB)** | **6.42** |

1. Unless otherwise stated, the environmental data presented in this section covers only the Group headquarters, the office premises of affiliated companies and the head warehouse.

2. The energy consumption data is calculated based on the consumption of electricity and fuel and the relevant conversion factors in the General Principles for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2020), which is the national standard of Chinese mainland.

3. The main water sources used by the Group are municipal tap water and outsourced bottled drinking water ,and there is no issue sourcing water that is fit for purpose.

**Key Performance Indicators: Emissions[1]**

| Indicator | 2022 |
|---|---|
| **Total greenhouse gas emissions(Tonnes of carbon dioxide equivalent[2]** | **320.58** |
| **Per capita greenhouse gas emission (Tonnes of carbon dioxide equivalent/number of employees)** | **0.44** |
| **Greenhouse gas emission intensity (Tonnes of $CO_2$ equivalent/million RMB)** | **0.41** |
| **Direct emission (Tonnes of carbon dioxide equivalent)** | **3.61** |
| Gasoline | **3.61** |
| **Indirect emission (Tonnes of carbon dioxide equivalent)** | **316.97** |
| Purchased electricity | **316.97** |
| **Non-hazardous waste (Tonnes)[3]** | **7.56** |
| **Per capita non-hazardous waste (Tonnes/number of employees)** | **0.01** |
| **Non-hazardous waste density (Tonnes/million RMB)** | **0.0098** |
| **Hazardous waste (Tonnes)[4]** | **0.0068** |
| **Per capita hazardous waste (Tonnes/number of employees)** | **0.0000093** |
| **Hazardous waste density (Tonnes/million RMB)** | **0.00001** |
| Selenium-containing, carbon-containing waste (Tonnes) | **0.0068** |

1. Unless otherwise stated, the environmental data presented in this section covers only the Group headquarters, the office premises of affiliated companies and the head warehouse.

2. The list of greenhouse gas includes carbon dioxide, methane and nitrous oxide, mainly from the use of purchased electricity, gasoline and diesel. Greenhouse gas emissions are calculated in accordance with the Emission Factors of China's Regional Grid Baseline for 2019 Emission Reduction Projects published by the Ministry of Ecology and Environment of the People's Republic of China and the 2006 IPCC Guidelines for National Greenhouse Gas Inventory published by the Intergovernmental Panel on Climate Change (IPCC), and are presented as carbon dioxide equivalent.

3. Non-hazardous waste shall be disposed of by garbage removal units, mainly waste paper, waste office stationery and food waste generated in the office area.

4. Hazardous waste, including waste toner cartridges, ink cartridges and fluorescent tubes, is all disposed of by qualified third-party recyclers.

## HIGH-QUALITY LOGISTICS SYSTEM

### 1. Smart Logistics

With the rapid development of the Internet of Things, big data, cloud computing, automation and other emerging technologies, the logistics industry is gradually changing from human-intensive to technology-intensive, technology-driven to reduce costs and increase efficiency. We leverage data and technology to build efficient supply chains, lower costs for shippers, increase earnings for drivers, and minimize environmental impact. Relying on our own online intra-city logistics platform, GOGOX provides transparent, flexible and efficient solutions, and sets transaction practices that promote transparency, trust and efficiency, which better satisfy the ever-evolving logistics demands from new economies, such as e-commerce merchants and new retail concepts.

#### *1.1 Effective Logistics System*

GOGOX uses advanced technology and artificial intelligence-driven algorithms to create an elastic logistics solution that can quickly and effectively respond to dynamic user needs. We use proprietary technology to manage interaction in the dynamic real world and provide a better user experience. In the whole process of logistics system from order placement to order completion, GOGOX has six core technologies: demand prediction, smart order dispatching, automated order pricing, optimized route recommendation, digitalized driver assessment, and risk management.

Relying on our advanced matching system and routing technologies, we build a more reliable and efficient logistics system to support our growing user base and superior user experience. Meanwhile, it helps us optimize our service fees, shipping fares paid by shippers, driver's earnings and ultimately our financial performance.

- **Quick response**: Leveraging cutting-edge technologies, we are able to match drivers with shippers intelligently and efficiently in a median of ten seconds after shippers place orders, creating an optimal user experience. The accumulation of massive market data reinforces the development of our technological system, allowing us to achieve incremental gains in efficiency and quality of service as we grow.

- **Smart matching**: We use intelligent matching algorithms to track demand and order amount in real-time to predict the number of drivers with the capacity or intent to accept orders during a certain period in a day. If we detect insufficient driver capacity in certain regions or periods of time, our platform may offer drivers certain incentives to manage capacity.

### *1.2 Trust and Logistics Safety*

The safety of shippers and drivers is a top priority for GOGOX. We conduct our business in strict compliance with the *Highway Law of the People's Republic of China, Road Traffic Safety Law of the People's Republic of China*, *Regulations of the People's Republic of China on Road Transport, the Road Traffic Ordinance of Hong Kong, the Road Traffic Act of Singapore, the Carriage by Road Act of India (2007), the Law on Road Traffic of Vietnam (2008), the Trucking Transport Business Act* of Korea, and other relevant laws, regulations and policies of the countries in which we operate both domestically and internationally. We are committed to creating a safe environment during and after each logistics delivery in each market we operate in. GOGOX enhances our level of trust and safety with comprehensive security mechanisms, a real-time tracking system, in-app panic buttons and well-trained customer support teams.

#### 1.2.1 Transparent Pricing Mechanism

GOGOX implements an automated order pricing mechanism that provides shippers and drivers with transparent, easy-to-understand pricing. In Chinese mainland, drivers charge shippers freight rates based on the type of vehicle used, the distance between pick-up and drop-off locations, the number of drivers available, the shipper's needs and the prevailing market rates in the local logistics market. In overseas markets, GOGOX typically offers a fixed fee schedule based on the type of vehicle used and the distance between pickup and drop-off locations, with the option for shippers to offer additional cash incentives to drivers during peak periods. In addition, all price-related adjustments must be collected after a driver input process, and then discussed and voted on by the driver service committee made up of both drivers and employees.

#### 1.2.2 Safety Measures

GOGOX protects each freight with comprehensive safety features, which enable drivers to make one-button emergency calls to the police and turn on recording protection during the entire route and shippers to track the goods using the real-time tracking function of our platform. And there is a "Drivers' School" section in drivers' app that pushes safety knowledge to drivers from time to time, such as tips on safe driving in bad weather or on mountain roads, to improve their safety awareness. We adopt policies to restrict maximum driving hours, such as sending push notifications to remind drivers to take a break after a certain period of continuous driving. GOGOX maintains adequate insurance coverage for goods and logistics delivered through its platform. We also establish a procedure to respond to emergent public safety incidents. In addition, GOGOX prohibits all car-following behavior to ensure the safety of freight and people.

GOGOX Racing's prevention efforts during the epidemic were divided into three areas. First, we established measures to protect drivers, such as stopping orders in risky areas and requiring all registered drivers to wear masks, etc.; second, we established measures to protect users, such as requiring drivers to upload health codes and nucleic acid test reports to meet epidemic prevention regulations. Also, we require drivers to comply with personal hygiene regulations and disinfect before each logistics delivery. Thirdly, the driver-related data will be synchronized with the government epidemic prevention department to facilitate the government's investigation and livelihood protection work.

The contraband safety inspection is a necessary tool to ensure the safety of GOGOX, customers, drivers and the country. In the *Regulations for Platform Drivers* formulated by GOGOX, the *List of Contraband* is clearly stipulated, requiring drivers to check goods before transportation and strictly follow laws and internal regulations when finding contraband, immediately and clearly inform customers and cancel orders immediately based on the actual situation. Moreover, GOGOX blocks the words related to dangerous chemicals on the platform to prevent such orders and reduce the occurrence of contraband transportation, which maintains national security and protects customers' rights.

## 2. Driver Management and Services

### *2.1 Driver Management*

We attach importance to drivers' qualification management and set strict requirements for drivers' admission and assessment. GOGOX verifies a driver's documentation including, among others, personal identification, driver's licenses and vehicle registration license before the driver could register with our platform. We also require drivers to maintain all mandatory insurance. In Chinese mainland, we also conduct a background check for a driver's criminal history. After a driver has successfully registered on our platform, we usually conduct follow-up reviews on drivers to ensure their continuing qualification to use our platform. In Hong Kong, we conduct periodic reviews on the status of drivers' license and insurance coverage to ensure their continuous qualification to provide services on our platform.

In terms of driver trainings and assessment, we provide our registered drivers with several types of training. All newly registered drivers are required to undergo a series of training programs, including standard of services, policies, and safety standards. In Hong Kong, to ensure the registered drivers fully understand and follow our policies, we push notifications on mobile applications to remind drivers to comply with laws, regulations and our policies and provide additional training to those drivers who breach our policies. Our system is able to evaluate the performance of our registered drivers automatically, based on numerous factors, including the performance evaluation provided by shippers, order pickup rate, order completion rate and service quality. Drivers with a higher evaluation rating may be dispatched or recommended for orders with higher financial rewards. Further, we engage human resource agencies and fleet operators to provide drivers to fulfill orders on our platform. These professional entities manage drivers directly and contribute to enhanced service quality.

### *2.2 Services for Driver*

We believe a successful platform achieves growth in a sustainable manner while considering the interests of all stakeholders. We conduct our business by our motto "Customers First, Drivers Oriented", insisting on the tenet of "we serve drivers well, drivers serve users". Undertaking corporate social responsibility, we empower drivers with technologies and offer them opportunities to increase earnings flexibly. GOGOX continuously establish relevant measures to strengthen protection of drivers' rights and interests in different aspects. The contribution made by GOGOX in implementing the protection of the rights and interests of workers in the new industry and promoting the health of the short-haul trucking industry has been recognized by society. In January 2022, GOGOX was named as the pioneer enterprise of the year in the "Technology Enterprise Pioneer List" held by China.com.

#### 2.2.1 Premium Driver Program

In Chinese mainland, to improve drivers' service quality and loyalty, we launched a premium driver program in November 2020. Drivers who joined our platform through human resource agencies and fleet operators are automatically designated as premium drivers. We also promote owner-operators to premium drivers based on their order completion rate, average time spent providing services via our platform per day, and the average rating given by shippers. We dispatch orders to the premium drivers on a priority basis, which provides them with a more stable income stream. This in turn encourages them to improve their service quality and enhance their loyalty to our platform.

2.2.2 Occupational Safety of Driver

GOGOX attaches importance to the occupational health and safety of drivers. In the past year, GOGOX participated in the development of the Ministry of Human Resources and Social Security's occupational injury protection plan for the freight industry, conducted a pilot of occupational injury protection in several provinces and several platforms, and provided the drivers who provide logistics services through GOGOX platform with personal injury insurance. Focusing on the industry characteristics and occupational features of the freight logistics industry, GOGOX strongly protects the occupational health and safety of the freight drivers.

In addition, as we expand our business overseas, we place equal emphasis on protecting the safety of local drivers. For example, in the past year, GOGOX's business team in Singapore has joined the local Advisory Committee on Platform Workers as a corporate representative in the writing of a report on recommendations to strengthen platform worker protection, including looking into strengthening financial protection for platform workers in case of work injury, to assist with the government making changes to legislation in future.

2.2.3 Driver Welfare

- **Home of Drivers**: We have established Home of Drivers in 30 cities in Chinese mainland, which are dedicated facilities for drivers to take a rest, receive training and socialize.

- **COVID-19 Care**: After the outbreak of COVID-19, we have exempted drivers' take rate in 37 cities for a certain period to alleviate the negative impact of the pandemic on drivers' earnings.

- **Freight Union**: In September 2021, Kuaigou Dache Freight Union was established in Tianjin, which is the first union for workers engaged in online freight deliveries. In September 2022, Kuaigou Dache Freight Union in Zhengzhou was established. The organization aims to protect the basic labour rights and safety of freight drivers, becoming a "welfare gas station" for platform drivers. Drivers can apply to join the union voluntarily through the "GOGOX Drivers App", and enjoy a number of rights and interests protection services such as serious illness and disaster assistance, medical expense assistance, hospitalization compensation, skills training, psychological counseling and legal assistance.

# Environmental, Social and Governance Report

- **Drivers' Service Committee**: We have established a drivers' service committee, to formulate our platform rules for protecting the rights and interests of drivers and improving driver service standards. The committee has four working groups – Revenue Enhancement Group, Proposal Group, Rules Optimization Group and Employment Environment Group. In 2022, each working group worked on the protection of drivers' rights and interests from multiple aspects, collected drivers' feedback through multiple channels, and made targeted adjustments to optimize internal rules so that drivers can truly participate in the management and operation of the platform.

## CASE: FLEET EMPOWERMENT

In 2022, GOGOX platform carried out the training and group building of the cooperative tripartite fleet through online/offline channels. More than ten live broadcasts have been carried out in the online channels. Through various forms such as anchor training, team discussion and so on, the topics such as the update of the rules of the tripartite channels of GOGOX, the analysis of the team operation data, and the operation experience of excellent teams/drivers have been introduced and shared, covering more than 20 key cooperative cities of the three parties in charge of the team, and the total number of viewers in the live broadcast room is over 18,000. On December 21, 2022, the offline GOGOX cooperation channel conference was held in Shenzhen, and 22 excellent operation teams, 5-star vehicle business partners and three annual reputation teams were selected, sharing the excellent business operation experience of various partners simultaneously.

## 3. Service Quality

GOGOX continues to optimize the quality of service to improve customer satisfaction with us. In the GOGOX platform, the daily service for enterprises and consumers is directly provided by the freight drivers, so the service quality of the cargo drivers is the key to user satisfaction. GOGOX adheres to the service policy of "Customers First, Drivers Oriented, we serve the driver well, the driver serves the user well", focusing on the quality of service for customers and drivers.

### *3.1 Customer Service Team*

GOGOX has set up a customer service department to uniformly collect customer feedback on major businesses of platform services and enterprise services. This includes receiving inquiries, suggestions and complaints from cargo owners, drivers and other types of partners in the process of using GOGOX.

In order to cultivate excellent customer service talents and continuously improve the quality of customer service, GOGOX regularly conducts training for the customer service department. In addition, GOGOX also regularly organizes middle and back-office technicians to conduct training in front-line customer service, so that middle and back-office technicians can participate in responding to complaints timely when the complaints involve technical issues, solving customer complaints problems and improving the efficiency of customer complaint resolution.

### *3.2 Standardize and Optimize Customer Service Mechanism*

Ensuring that all customer service processes and service standards are audited and confirmed by legal affairs, internal audit and internal control departments, GOGOX improves and standardizes the customer service mechanism by managing and analyzing customer complaint data, assessing and controlling customer satisfaction rate and complaint rate, finding and implementing long-term solutions according to the complaint problems. We clarify the responsibility of customer complaint processing and follow-up so that users' voices and demands can be quickly accepted and feedback, to give users a good complaint experience and provide users with better logistics services in the future.

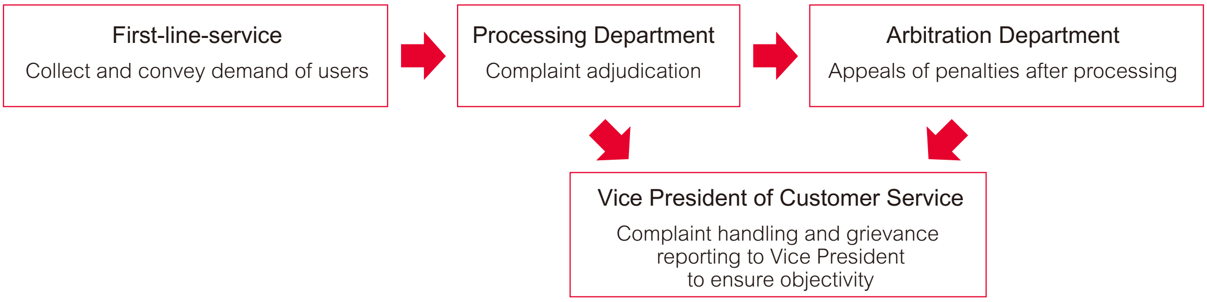
Standardization and optimization measures:

| | |
|---|---|
| Customer Complaint Data Compliance | 1) All customer complaint data is recorded in the system under the premise of compliance.<br>2) Hiring a third-party data department for statistical analysis and challenges. |
| Customer Service and Assessment Mechanism | 1) Authorize the first line to carry out the rapid resolution of customer complaints to avoid referral and waiting.<br>2) The assessment of the relevant departments all involves indicators such as user satisfaction, complaint rate and so on.<br>3) Organize and classify all customer complaint problems and require horizontal business departments to propose long-term solutions. |

# Environmental, Social and Governance Report

*3.3 Customer Complaint Handling*

In order to strengthen communication with users, GOGOX has opened five different channels, such as the APP complaint portal, telephone, online message system, etc., to facilitate customers and drivers to provide timely feedback on problems and fully understand the voice of users. GOGOX established a closed-loop program for handling customer complaint issues, with the following specific processes.




In 2022, in order to improve the efficiency of customer complaint handling. We aligned the business and customer service departments to jointly solve the core problems in customer service such as complaint rate, and positive/negative feedback rate, and to share the responsibility and performance assessment. For the problems raised by users, the customer service department and the business department are required to jointly propose long-term solutions in terms of products, operations and technology.

In 2022, the customer service department of GOGOX doubled the maximum acceptable limit in a single day, solving the problem of inaccessible phone lines during peak volume periods. We improved the accuracy and completion of customer complaint handling and greatly avoided further severity of customer complaints. The total number of customer complaints received in 2022 was 64,987. The timely collaboration with corresponding departments in customer service has improved the efficiency of complaint handling, and the customer complaint closure rate reached 99.997% in 2022, while the collaboration of multiple departments also addressed the root cause of disputes and was able to propose subsequent long-term solutions. Therefore, in 2022, there were no negative incidents related to service quality and consumer rights protection for GOGOX.

## COMPLIANCE MANAGEMENT

### 1. Integrity Building

We strictly abide by the *Anti-Unfair Competition Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery*, the *Corporate Tax Act* of Korea, the *Foreign Investment Promotion Act* of Korea, and other relevant domestic and overseas laws and regulations, as well as the policies of each business location, and implement the anti-corruption regulations of GOGOX, including but not limited to the *GOGOX Anti-Corruption Monitoring Management Regulations, GOGOX Conflict of Interest Management Measures and GOGOX Employee Handbook*, all of which have been issued at the company level. These internal systems have been published and signed by all employees. We adhere to the attitude of "zero tolerance for corruption" and practice the core values of the Company.

Every year, GOGOX conducts anti-corruption training for different business lines of the Company. The Company conducts anti-corruption training for recruiting staff, explaining the Company's rules and "high-tension" behaviors, and clearly informing the Company's internal inspectors and penalties for violation. In addition, GOGOX regularly conducts integrity awareness training for employees and verifies the effectiveness of the training through examinations. We also conduct integrity training for suppliers. Meanwhile, we have organized the Board members and employees to participate in anti-corruption training during the Reporting Period. We pay attention to internal and external reports and complaints, publish the reporting E-mail and telephone number to the public, and receive reports and complaints from the reporting portal on the driver's APP. These reports are summarized to the Internal Audit and Supervision Department for investigation and processing while protecting the anonymity of whistle-blowers. In 2022, six anti-corruption trainings were organized by GOGOX, in which a total of ten directors and more than 200 employees were trained. In 2022, there were no embezzlement lawsuits filed and concluded against GOGOX or its employees.

### 2. Supply Chain Management

In accordance with the *GOGOX Procurement Management Regulation* and related supplier management regulations established internally, GOGOX evaluates and manages the quality of products and services and the business reputation of partner suppliers, regulates the Company's procurement behavior, maintains good cooperative relationships and improves business quality. The Company is committed to building a responsible supply chain, ensuring high-quality delivery of products and services, working with upstream and downstream partners to establish close cooperative relationships, and continuously working with supplier partners to build a win-win cooperative ecosystem.

#### *2.1 Supplier management system and process*

GOGOX continues to improve the whole process of the supply chain management system and establish an entire life-cycle management system. We clarify the requirements for qualified suppliers, standardize the process from supplier registration to management, actively maintain supplier relationships, and make progress together with suppliers.

- **Access stage:** Considering the actual situation, the procurement department and the related departments select the suppliers to be invited from the supplier pool and the market on merit. We examine the factors such as delivery, price, operational and technical capability, environment, safety and social responsibility of all parties, and conduct access evaluation to ensure maximum procedural compliance, fairness and transparency. For single-source projects, full and reasonable justification must be provided and approved.

- **Selection stage:** The selected supplier must sign a confidentiality agreement with us, and no party shall disclose or divulge or provide any confidential information which was obtained based on the cooperation to any third party in any way under any circumstances, to protect the Company's data security and employee information security. Meanwhile, for projects that can be e-tendered after internal evaluation, we will select online suppliers based on the Measures for Electronic Bidding to promote the digitalization of the industry and reduce carbon emissions.

- **Evaluation stage:** In accordance with the relevant provisions of supplier management, GOGOX will regulate suppliers regularly in accordance with the supplier evaluation procedures and implement classification and grading management of suppliers based on the evaluation results. We implement differential procurement policies and payment policies for suppliers of different levels and provide true and objective feedback on the cooperation and performance of suppliers. The performance rating will be used as a reference for the renewal and shortlisting of suppliers.

  Suppliers with "excellent" ratings for two years can be included in the Annual Excellent Partner List after being announced and reported to the joint CEOs. In principle, suppliers included in this list can be given incentives including priority shortlisting, priority quota, priority contract renewal, priority settlement, etc. in that year.

  For suppliers' bad behaviors (bad performance, leaking information, adulteration and forgery, illegal bidding), we will dispose of them accordingly. For suppliers who seriously violate business ethics, they will be entered into the supplier blacklist and permanently excluded from the database, and zero tolerance will be implemented.

In addition, GOGOX is committed to ensuring that our business ecology does not harm the environment, climate, interests of employees, so we actively incorporate the corresponding principles into our supplier management. Besides considering suppliers' quotations and supply capabilities, we also take into account environmental requirements in the supplier selection process. In terms of supplier selection and access, GOGOX follows a merit-based invitation, examines the supplier's ESG performance, checks the supplier's environmental management system certification, and pays attention to the supplier's negative public opinion. In addition, we are committed to regulating the behaviour of suppliers in the fields of environment, society and labour rights, referring to environmental management assessment procedures to evaluate the performance of suppliers and make differential procurement and payment strategies based on the assessment results to ensure the implementation of the green procurement concept.

### 2.2 *Integrity Procurement Management*

As the important partners of the Company, suppliers affect the Company's operating costs and product quality. The Company follows the principles of fairness, justice, openness, integrity and business ethics, advocates sunshine procurement, integrity and fairness, simplicity and efficiency, resolutely resists prevaricating, fraud and bribery in the procurement process, attracts more high-quality suppliers to the Company's supplier pool, and promotes win-win cooperation with suppliers.

In the aspect of procurement, GOGOX formulates the regulation of GOGOX procurement personnel following the *Anti-Unfair Competition Law of the People's Republic of China*, the *Measures for the Administration of Government Procurement by No-Bid Procurement Methods and Measures for the Administration of Bidding for the Government Procurement of Goods and Services*, combined with the actual management of GOGOX. Meanwhile, the business activities of GOGOX in cooperation with suppliers also abide by the Code of Integrity and Business Ethics and sign the Anti-Commercial Bribery Clause with suppliers, which is also combined with the internal audit mechanism of GOGOX to ensure the integrity and fairness of procurement.

| **Supplier region division** | **Unit** | **Number** |
|---|---|---|
| **Total suppliers** | **Unit** | **416** |
| Chinese mainland | Unit | 395 |
| Hong Kong, Macao and Taiwan in China | Unit | 16 |
| Overseas regions | Unit | 5 |

Note: This data refers to procurement suppliers, excluding cooperative suppliers, such as moving cooperation, fleet cooperation, vehicle cooperation, goods transportation, etc.

# Environmental, Social and Governance Report

## 3. Brand Management

### *3.1 Intellectual Property Rights Protection*

Intellectual property rights protection is an important guarantee for the success of innovation. GOGOX attaches great importance to the work related to intellectual property rights, and strictly abides by the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations of the place of operation to ensure that intellectual property rights have rules and regulations to follow, and to standardize the exploration, application, tracking, maintenance and management of various intellectual property rights within the Company.

GOGOX always attaches importance to the protection of its own intellectual property rights, while respecting the intellectual property achievements of others. We are aware of the risks involved in the protection of intellectual property rights, and have taken action to avoid infringing on the intellectual property rights of others and to protect our own intellectual property rights by increasing the protection of intellectual property rights, establishing and improving an early warning mechanism for intellectual property rights, and taking contractual binding precautions.

- **Increase the protection of intellectual property rights**
  Based on business needs, we actively carry out the application and protection of intellectual property rights, such as trademarks, patents and soft documents, and increase capital investment in this field to ensure that the actual acquisition of the above-mentioned intellectual property rights covers the basic needs of our business and avoid infringing on the legitimate rights and interests of other third parties.

- **Establishment and improvement of the intellectual property rights early-warning mechanism**
  We conduct a feasibility analysis of the technology before filing technology patent applications to avoid duplicate applications and reduce the risk of infringement. Before filing trademark applications in actual business, we will conduct screening and risk assessment through our official website and agents, and promptly make risk indications for possible infringement risks encountered during business development.

- **Take contract-binding precautions**
  In the management of intellectual property rights, the Company actively uses the legal effect of contracts to prevent risks. For example, in procurement contracts, suppliers are explicitly required to ensure that their products do not infringe on the intellectual property rights of others and the penalties for breach of contract; business cooperation contracts also specify the ownership of intellectual property rights of both parties and the terms of breach of contract; and cooperative development contracts specify the ownership of intellectual property rights of research and development results.

When there is an incident of external infringement of our intellectual property rights, the Legal Department of the Company will immediately confirm the infringement issue with all relevant departments of the Company based on the information provided by the business and, on the premise of information alignment and factual verification to confirm the infringement, issue a legal letter in a timely manner and, if necessary, send a lawyer's letter to the infringing party requesting the other party to stop the infringement as soon as possible and compensate the Company for the corresponding losses (if any). As of the end of the Reporting Period, the Company has never had any litigation related to intellectual property rights.

We regularly conduct training on patent mining and copyright applications. During the training, we conduct in-depth discussions on technical requirements and patent issues under the latest laws and evaluate the patent ideas proposed by the Company one by one to confirm their applicability. As of December 2022, GOGOX has been granted a total of 278 trademarks, 23 patents and 22 software copyright, providing strong support for business needs and ensuring the use of intellectual property rights during business development.

### *3.2 Responsible Marketing*

Based on compliance, GOGOX will continue to build a responsible person marketing model, and strictly abide by the laws and regulations of the place of operation such as the *Advertising Law of the People's Republic of China, the Interim Measures for the Administration of Internet Advertising*, and ensure the compliance and sustainability of advertising marketing. In the advertising business, GOGOX will carry out legal and compliance reviews, and will timely identify relevant risks and jointly evaluate solutions with the business department when reviewing the promotion content and partner agreement.

#### CASE: MARKETING COMPLIANCE SELF-CHECK

To ensure the legal compliance of the Company's advertising content, the Legal Department of GOGOX, in cooperation with various departments, launched a self-examination and rectification of product compliance. In June 2022, the Legal Department, in cooperation with the product department, conducted a compliance self-examination of the content of the marketing copy of the user-side APP of GOGOX, and investigated the compliance of the content of the push copy of the user-side APP marketing activities, to further improve the legal and healthy release of the Company's advertising content.

# Environmental, Social and Governance Report

## 4. Data Security and Privacy Protection

Protecting user privacy and data security is the basis for the steady development of enterprise business. As an Internet enterprise, GOGOX provides services to users through Internet technology, and always puts information security in a critical position. We strictly abide by the *Cybersecurity Law of the People's Republic of China, Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, Personal Data (Privacy) Ordinance (Hong Kong), Personal Data Protection Act (Singapore), Act on the Protection and Use of Location Information (Korea), Digital Personal Data Protection Bill (India)* and other relevant laws and regulations at home and abroad to establish a complete information security management system to ensure the Company's data security and protect the user's personal information.

### *4.1 Management structure and system development*

In order to strengthen the security management of GOGOX and its associated main company, the Company has set up the Network and Information Security Working Committee, which is led by the joint CEOs of the Company and consists of three security management groups: the Network and Information Security Management Group, the Personal Information Protection and Data Security Management Group, and the Internet Information Content Security Management Group, The corresponding senior management personnel shall be assigned to take charge of the safety of the team and implement the safety-related work.

In order to ensure the security of data and user information, GOGOX has established a sound internal system: in terms of network security, *GOGOX Network and Information Security Management System* has been developed internally; In order to ensure the security of sensitive data of GOGOX, Data Security Management Specification and Sensitive Data Processing Specification are set up for data security; In order to protect the legitimate rights and interests of the Company's users and standardize the user's personal information processing activities, the *User Personal Information Protection System* has been formulated. In addition, according to the industry plan, GOGOX formulated the corresponding *Data Classification and Control Strategy* according to the *Data Classification and Classification Strategy*, adopted different control requirements according to different levels, and proposed data encryption and data desensitization specifications internally.

### *4.2 Establishment of security mechanism*

GOGOX carries out the whole process of data security protection and guarantees users' privacy and security rights. GOGOX has developed the Data Life Cycle Management specification, which defines the management requirements within the whole cycle. The measures to ensure data security include minimal data acquisition at the data acquisition stage, step by step examination and approval of sensitive and large amounts of data, encryption of transmitted data and channels, etc. GOGOX only collects the necessary user information in the corresponding scene, and will clearly prompt and apply to the user before collecting. All key positions responsible for the operation or access to data have signed confidentiality agreements, while security departments monitor sensitive behaviors of privileged personnel and application traffic data. GOGOX has established data security monitoring and audit system to carry out comprehensive data security control.

GOGOX paid attention to the promotion and implementation of information security awareness. In 2022, it carried out a training and questionnaire assessment on information security awareness for all staff, and also carried out an email phishing exercise for all staff to strengthen their awareness of threat prevention, and conducted training on data security obligations and construction content for key personnel.

**Training on data security and privacy protection conducted by GOGOX in 2022**

1) In October 2022, all members of the Security Department of GOGOX participated in the "Tianjin High-tech Zone Enterprise Data Security Symposium" held by Tianjin Municipal General Administration Bureau to learn data security laws and regulations and the construction of enterprise data security systems.

2) In November 2022, the person in charge of privacy protection of GOGOX participated in the external training "Personal Information Protection of Mobile Internet Applications" conducted by China Information and Communications Academy and Telecommunication Technology Laboratory to learn the current situation and trend of personal information protection legislation at home and abroad.

3) In December 2022, the Security Department carried out internal training on data security laws and regulations, the Company's existing internal data security system, and hierarchical control of data security. The personnel of the Product Department, the Technology Department, and the Legal Department participated in the training meeting.

### *4.3 Data security accident management and emergency work*

We always put data security in first place. There is a clear "data security emergency plan" in the "network security emergency plan" of the GOGOX. When a data security event occurs, we should start the emergency response mechanism in time, take measures to prevent the expansion of the hazard and eliminate the security risks. According to the different information channels of data leakage, there is a data leakage event troubleshooting guide as a guide for the event location research and judgment when monitoring and locating data leakage events. After the troubleshooting, the incident shall be recorded in accordance with the "Information Security Incidents and Emergency Specifications" of the GOGOX. If it is confirmed that the data leakage security incident has occurred, the emergency response shall continue to be carried out in accordance with the data security emergency plan in the "Network Security Emergency Plan".

# Environmental, Social and Governance Report

## TALENT DEVELOPMENT

Talent is the fundamental driving force for the development of enterprises, and GOGOX insists on "people-oriented" and pursues the common growth of employees and the Company. We fully respect and strictly protect the rights and interests of employees, and are committed to creating a fair and just workplace atmosphere, a safe and healthy working environment and a diverse and inclusive corporate culture for all employees. At the same time, we help our employees to grow comprehensively, provide diversified training support, build a broad platform for their talents and creativity and reward each employee's hard work and dedication through a competitive compensation and a comprehensive welfare system.

### 1. Talent Hiring and Care

GOGOX makes staff recruitment plans every year according to the development needs of our business and changes in the talent market to strengthen our workforce. GOGOX complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China, the Law on the Protection of Minors* and other laws and regulations, as well as the *Employment Ordinance (Hong Kong)* and the *Employment of Foreign Manpower Act (Singapore)* in overseas regions, and has formulated the *Recruitment Management System and Detailed Implementation Rules for GOGOX*, standardizing a series of recruitment processes such as recruitment channels and recruitment processes. We set up recruitment standards from both general and personalized aspects, focusing on the professional ability of the appointee while examining the suitability of his or her values and other soft skills with the Company. We recruit new employees through internal channels, such as internal recommendations, and external channels, such as online recruiting and headhunting, and strive to ensure a high degree of match and high-quality talent delivery through a strict, fair, just and open standardized hiring process. We adhere to the principle of equal employment, guarantee the diversification of talents, strictly prohibit any form of discrimination, and insist on treating employees of different nationalities, ethnicities, genders, religious beliefs and cultural backgrounds equally. At the same time, the recruitment of talent in GOGOX prohibits the employment of child labour and forced labour and sets up a strict audit in the recruitment and onboarding process. If child labour violations are found, the Company will immediately take serious action against those responsible according to the severity of the situation and report the situation to the labour security administrative department. During the Reporting Period, there were no incidents of child or forced labour at GOGOX.

GOGOX respects and protects the rights and interests of our employees in the process of recruitment, employment and dismissal. The Company complies with the *Labour Law of the People's Republic of China* and relevant overseas laws and regulations and has established the internal *Employee Handbook and Performance Management Measures* of GOGOX, which stipulate anti-discrimination and differential treatment, restrictions on working hours, protection of the rights and interests of female employees, ensuring a fair and reasonable compensation system, and promoting the employment of people with disabilities. GOGOX provides employees with benefits such as Five Insurance and One Pension, statutory rest periods and travel subsidies, and protects the legal rights and interests of every employee equally. The Company fully respects every employee and advocates equality of personality, and refuses any form of insulting discrimination.

**Key Performance Indicators: Employment and Employee Turnover Rate**

| Indicator | | 2022 |
|---|---|---|
| **Number of employees by gender (person)** | Male | **682** |
| | Female | **444** |
| **Number of employees by age group (person)** | <30 years old | **571** |
| | 30-50 (inclusive) years old | **540** |
| | >50 (exclusive) years old | **15** |
| **Number of employees by employment type (person)** | Full-time employee | **1,117** |
| | Part-time employee | **9** |
| **Number of employees by employee level (person)** | Senior Management | **45** |
| | Middle Management | **186** |
| | Grassroots employees | **895** |
| **Number of employees by region(person)** | Chinese mainland | **760** |
| | Hong Kong, Macau and Taiwan, China | **191** |
| | Overseas | **175** |
| **Employee turnover rate by gender (%)[1]** | Male | **40.2** |
| | Female | **34.7** |
| **Employee turnover rate by age (%)** | <30 years old | **40.6** |
| | 30-50 (inclusive) years old | **35.2** |
| | >50 (exclusive) years old | **44.4** |
| **Employee turnover rate by region (%)** | Chinese mainland | **37.9** |
| | Hong Kong, Macau and Taiwan, China | **35.5** |
| | Overseas | **41.9** |

Note: 1. Total employee turnover rate = number of employees who left during the Reporting Period/(number of employees at the end of the Reporting Period + total number of employees who lost during the Reporting Period) *100%.

GOGOX focuses on employee care and creates a happy workplace for employees by organizing rich employee activities to inspire them to work. In the past year, GOGOX has planned relevant activities for employees during important holidays and provided a variety of benefits, such as holiday gift boxes, start-up bonuses, eyeglass cleaning, skin testing, and customized dinners. In order to enrich the spare time of employees, the Company holds various employee care activities such as birthday parties, internal theme bazaars, flea markets, etc. In addition, GOGOX attaches great importance to the care of female employees. The Company has set up a mother and baby room in the work area, and carries out special activities on March 8 Women's Day every year. The Company puts all humanistic care into practice to reward employees' efforts, enhance their happiness and sense of belonging, and strengthen team cohesion.

## CASE: MID-AUTUMN FESTIVAL EMPLOYEE CARE ACTIVITIES

On September 8, 2022, near the evening of the Mid-Autumn Festival holiday, GOGOX prepared a Mid-Autumn Mooncake gift box for all employees. In addition, the Company also prepared a Mid-Autumn Festival limited dinner for employees in the tea break area on the third floor, including fresh and sweet fruits, special grilled cold noodles, Chongqing small noodles and marinated fried chicken, so that each team could take this opportunity to have a small gathering. While enjoying the food and festive atmosphere, the employees also enhanced their communication with their colleagues and improved team cohesion.


Mid-Autumn Festival gift box

## 2. Employee Training and Development

GOGOX upholds the employment concept of "independent training, internal promotion" and provides employees with a clear development channel and a broad career platform. Combined with the Company's demand for talent ladder construction, GOGOX promotes the selection of outstanding personnel from within the Company and gives bold promotions. The Company has set up two routes for staff promotion: professional promotion and management promotion, ensuring that employees have 2-4 opportunities to apply for promotion each year. At the same time, the Company has established a transparent communication channel for employee promotion, and the Human Resources Department organizes the review of the job description to ensure that the whole process is fair, open and justice, and will provide timely feedback to employees on the review results and personal development proposal reports after the review. GOGOX is committed to "making the best use of people's talents". In order to let employees' abilities get more focused and clearer development, and to achieve effective matching between employees' abilities and positions, the Company tries to open up the transfer channel between departments as much as possible, so that employees can choose their growth path according to their own interests and abilities and get self-fulfilment in their careers.

GOGOX pays attention to staff development and talent cultivation, provides rich training resources for employees, and strives to help each employee realize his or her potential. The Company sets up targeted training programs for different types of employees, such as new employees, professionals and cadres, builds a perfect internal and external training system, and promotes high-quality development of talents with a systematic training mechanism.

| Type of Trainees | Training content |
|---|---|
| New employees | • Online onboarding training, including company values, culture, etc. |
| Professionals | • General Competence Training<br>• Business skills training |
| Management cadres | • External communication and internal training |

In terms of professional training, GOGOX focuses on the practicality and relevance of employee training, and is performance-oriented, aiming to help employees bridge the performance gap in their specific jobs through efficient and accurate training. The Company adopts the strategy of "hands-on training", and most of the training programs are based on practical work problems, inviting internal instructors or star employees to discuss and interact with each other, meeting the needs of employees in the concrete practice of ability improvement and helping them grow together with the Company.

# Environmental, Social and Governance Report

**Key Performance Indicators: Employee Training**

| Participant data for 2022 | | Percentage (%) |
|---|---|---|
| Number of trainees by gender | Male | 54.0% |
| | Female | 46.0% |
| Number of trainees by employee level | Senior Management | 7.0% |
| | Middle Management | 33.0% |
| | Grassroots employees | 60.0% |

| Training hours data for 2022 | | Duration (Hour) |
|---|---|---|
| Average training hours by gender | Average training time for male | 43.20 |
| | Average training time for female | 40.57 |
| Average training hours by employee level | Average training time for senior management | 19.40 |
| | Average training time for middle management | 30.88 |
| | Average training time for grassroots employees | 9.78 |

## 3. Employee Health and Safety

GOGOX attaches great importance to the physical and mental health and safety of its employees and creates a safe and comfortable working environment for them. The Company has established a health and safety management system for employees in compliance with the laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Labor Law of the People's Republic of China, Fire Protection Law of the People's Republic of China, Occupational Safety and Health Ordinance (Hong Kong), Work Injury Compensation Act (Singapore), Workplace Safety and Health Act (Singapore)* and the Administration for Industry and Commerce Regulations.

GOGOX actively fulfills its employer responsibilities and provides a variety of thoughtful care and services to protect the physical and mental health of its employees. In addition to the basic protection of five insurance and one pension, GOGOX has purchased supplementary commercial insurance for employees. The Company organizes regular physical examinations for all employees every year (except during the epidemic) and invites relevant experts to conduct health knowledge lectures from time to time so that employees can find, pay attention to and manage their health problems in a timely manner. At the same time, in order to help employees regulate their emotions, relieve stress and strengthen communication, the Company also organizes outdoor activities for employees from time to time to help them establish a sunny mindset and take practical actions to protect their health.

GOGOX insists on the principle of "safety first" and always pays attention to the occupational health and work safety of our employees. We have established a safety program and an internal code of conduct that specifies a number of safety measures to protect the health and safety of our employees in the workplace. We have an occupational safety management system to identify risks and have adopted a code of conduct to implement fire and operational safety guidelines and enable employees to comply with the requirements for reporting accidents. The Company continues to strengthen safety management in the workplace and conducts regular fire safety inspections and safety emergency drills in the office. For example, in the fire safety training drill, employees need to receive two parts of safety training, namely, visual observation drill and fire scene self-rescue and escape practice, to improve their ability of fire hazard detection, firefighting and self-rescue and escape and evacuation, so as to reduce the possibility of injury accidents and enhance their safety awareness. During the Reporting Period, we did not have any major workplace accidents or encounter any significant non-compliance issues in relation to applicable safety laws and regulations.

**Employee health and safety situation**

| Indicator | | Number |
|---|---|---|
| Number of deaths due to work | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |
| Death rate due to work | 2020 | 0 |
| | 2021 | 0 |
| | 2022 | 0 |
| Number of working days lost due to work injury | 2022 | 0 |

Note: The number of working days lost due to employee death and work injury is subject to the identification of work injury by the local social insurance administrative department.

# Environmental, Social and Governance Report

## SOCIAL CARE

GOGOX is committed to contributing its own strength to the society. In the past year, we have participated in the fight against the COVID-19, provided free transportation capacity for the logistics demand increased by the epidemic in many places, and assisted in the coordination of material transportation. At the same time, we are actively engaged in social activities and public welfare undertakings, giving back to the society with practical actions in terms of charitable donations, public welfare donations, community and educational support.

### 1. Logistics Inclusive

During the epidemic, GOGOX always pays close attention to the changes in the epidemic situation in domestic and foreign, considering serving society and protecting people's livelihood as its own responsibility. GOGOX uses the advantages of our platform, provides safe and efficient delivery services for the transportation of living materials and epidemic prevention materials, and helps the cities maintain normal operation, which demonstrates the social responsibility and commitment of the enterprise. By using our network platform in Shanghai, Shenzhen, Zhengzhou, Hong Kong and other cities and regions, we quickly organize forces and actively cooperate with local governments to ensure the transportation and timely distribution of epidemic prevention materials to residents in certain areas. In the future, GOGOX will continue to devote itself to social welfare and build a better city together with the whole society.

### CASE: SUPPORTING LOCAL EPIDEMIC PREVENTION

In April 2022, during the lockdown of Shanghai to prevent and control the epidemic, GOGOX actively participated in the work of supporting Shanghai to ensure the supply. After the outbreak of the epidemic, the corporate business team of GOGOX in Shanghai immediately promoted epidemic prevention to platform drivers and organized drivers who could participate in the transportation of epidemic prevention materials to serve the livelihood of residents. Most of the goods transported by GOGOX were epidemic prevention supplies, community group purchases, milk powder and other daily necessities. From April 10 to April 29, about 600 tons of supplies were transported through the coordination of GOGOX, and more than 36,000 spots of logistics and transport coordination were completed.

In February 2022, the fifth round of COVID-19 broke out in Hong Kong. To support Hong Kong's fight against the epidemic, the Hong Kong regional business team of GOGOX actively responded to the continuously growing logistics demand for epidemic prevention materials by helping NGO and social welfare organizations collect and deliver epidemic prevention materials for free, and donated RAT Kits, blankets, masks and other materials. In addition, GOGOX cooperated with the Hong Kong Red Cross to provide point-to-point on-site service for citizens in need to protect their daily needs.

## 2. Public Charity

All along, GOGOX has been actively practicing the social responsibility of corporate citizenship, sticking to the original intention and giving back to society. In 2022, GOGOX actively responded to the needs of the government, employees and the public on building a better homeland, and contributed to social development by carrying out diversified public welfare and charity projects. During the Reporting Period, the total investment amount of GOGOX in various public welfare investment activities reached RMB162,000.

## CASE: CONTRIBUTING TO THE HONG KONG RED CROSS CHARITY DONATION CAMPAIGN

In the run-up to Christmas in December 2022, the Hong Kong team of GOGOX cooperated with the local Red Cross to provide support capacity for the "Love • Accompany" of their annual "Pass it On" fundraising campaign. GOGOX organized the platform's drivers to deliver the charity sale items to the outdoor charity sale sites. Our contribution to local humanitarian works was highly recognized by the Hong Kong Red Cross.


## CASE: UNITED TIANE DAOJIA LAUNCHED PUBLIC WELFARE DONATION

GOGOX and Tiane Daojia launched the fourth season of "Love not idle warmth to home" – "1 + clothes" warmth plan public welfare activities successfully concluded. More than 100 participants donated used clothes this season, and received more than 2,400 pieces of used clothes, shoes, books and other stationery. The donation areas were Lhasa, Tibet, Daliang, Sichuan and Yushu, Qinghai.

With the development of business in overseas regions, the Company always insists on unifying commercial value and social value. While improving its core business, GOGOX actively participates in the public welfare of overseas communities, especially through cooperation with local enterprises and organizations to realize the care for the socially underprivileged.

**Community Support:** In 2022, our team in Korea partnered with a local food company to deliver food to elementary schools in underprivileged communities to provide relief to underprivileged children.

**Education Support:** Our team in India participated in the "Velicham Social Marathon 2022" to support the education of underprivileged children with disabilities, and provided energy drinks and T-shirts to the participants of the event.

# Independent Auditor's Report

羅兵咸永道

**To the Shareholders of GOGOX HOLDINGS LIMITED**
*(incorporated in the Cayman Islands with limited liability)*

## Opinion

### What we have audited

The consolidated financial statements of GOGOX HOLDINGS LIMITED (the "Company") and its subsidiaries (the "Group"), which are set out on pages 132 to 255, comprise:

- the consolidated balance sheet as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

# Independent Auditor's Report

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition in relation to logistics services provided to enterprise customers and service income from logistics services platform
- Impairment assessment of goodwill

| **Key Audit Matter** | **How our audit addressed the Key Audit Matter** |
|---|---|
| **Revenue recognition in relation to logistics services provided to enterprise customers and service income from logistics services platform** | |
| Refer to Note 2.22, Note 4(d) and Note 5 to the consolidated financial statements. | The main procedures performed in relation to revenue recognition: |
| The Group is principally engaged in the provision of logistics services to enterprise customers and platform services which use technology to connect the transacting users and logistics and delivery service providers in Chinese mainland, Hong Kong, Singapore, Republic of Korea, and other Eastern and Southern Asian countries. | • We evaluated the appropriateness of the revenue recognition policies as adopted by the Group;<br>• We understood, evaluated and tested the internal controls in relation to the recognition of revenue; |

## Key Audit Matters (Continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Revenue recognition in relation to provision of logistic and delivery solution services and platform services (Continued)** | |
| During the year ended 31 December 2022, revenue from logistics services provided to enterprise customers and service income from logistics services platforms amounted to approximately RMB472 million and RMB244 million respectively, the aggregate of which represented approximately 93% of total revenue of the Group.<br><br>We focused on this area as significant efforts were spent on auditing revenue due to the magnitude of the revenue amounts recognised, and the significance of data being captured and processed by the relevant information technology systems (collectively the "IT Systems") in relation to revenue recognised from logistics services provided to enterprise customers in Chinese mainland and service income from logistics services platforms in all locations. | • We tested revenue transactions, on a sample basis, by examining the key terms and attributes of the underlying contracts, checking the delivery notes and cash receipts to supporting evidence, and recalculated the revenue amount recognised.<br><br>In addition to the above procedures, the following procedures have been performed in relation to the revenue recognition of logistics services provided to enterprise customers in Chinese mainland and service income from logistics services platforms in all locations:<br><br>• We understood, evaluated and tested the general control environment of the IT Systems;<br><br>• We tested the application controls of the IT Systems used in initiation, processing and recording of transactions relevant to the financial reporting;<br><br>• We tested the mathematical accuracy and the completeness of the system generated reports that summarised the key inputs for the calculation of revenue by using computer-assisted audit techniques; recalculated the revenue amounts and agreed to the consolidated financial statements.<br><br>Based on the procedures performed, we found revenue recognised by the Group was supportable by the evidence obtained. |

# Independent Auditor's Report

## Key Audit Matters (Continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|

**Impairment assessment of the goodwill**

Refer to Note 2.8, Note 2.9, Note 4(a) and Note 17 to the consolidated financial statements.

As at 31 December 2022, the balance of goodwill arising from the acquisition of GoGoVan was approximately RMB1,048 million. In accordance with HKAS 36 "Impairment of Assets", the Group is required to test goodwill for impairment annually, or more frequently if impairment indicator exists.

Management performed the impairment assessment with support from external valuer and determined its recoverable amount, which was measured at the higher of fair value less costs of disposal ("FVLCOD") and value in use ("VIU"). The assessment involved significant management judgements and estimates in the determination of valuation model and the application of assumptions in the model. The key assumptions applied include compound annual growth rate of revenue, compound annual growth rate of operating cost and expenses, long term growth rate and discount rate used in the forecast period.

Based on results of the impairment assessment, management concluded there was no impairment of goodwill as at 31 December 2022.

We focused on this area as the balance of goodwill was significant to the consolidated financial statements and management's impairment assessment involved significant judgments and estimates.

The main procedures performed in relation to the impairment assessment of goodwill include the following:

- We understood the internal controls in relation to the identification of impairment indicators and impairment assessment performed on goodwill;
- We assessed the competence, capabilities and objectivity of the external valuer engaged by the Group;
- We compared the figures included in prior year forecasts with current year actual results to evaluate the effectiveness of the management's estimation process;
- We evaluated the appropriateness of the valuation methodology adopted by management with the assistance of our internal valuation specialist.
- We tested the mathematical accuracy of the underlying calculations included in the valuation model;
- We, with the assistance of our internal valuation specialist, challenged the reasonableness of key assumptions used in the valuation model by referencing to external industry data and the Group's historical financial information; and
- We evaluated management's sensitivity analysis on key assumptions adopted as to assess potential impacts on the recoverable amount.

Based on the procedures performed, we found that management's impairment assessment of goodwill was supportable by evidence obtained.

## Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in GOGOX HOLDINGS LIMITED 2022 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including Corporate Information, and Chairman's Statement prior to the date of this auditor's report . The remaining other information, including Financial Highlights and Summary, Management Discussion and Analysis, Directors and Senior Management, Report of Directors, Corporate Governance Report, Environmental, Social and Governance Report and the other sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

## Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit committee is responsible for overseeing the Group's financial reporting process.

# Independent Auditor's Report

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Chun Yu.

**PricewaterhouseCoopers**
*Certified Public Accountants*

Hong Kong, 24 March 2023

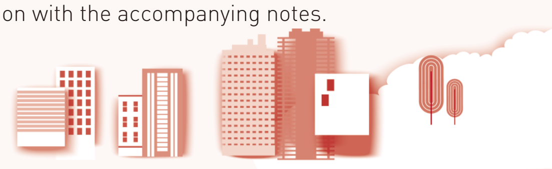
# Consolidated Statement of Comprehensive Income

| | Notes | Year ended 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 5 | **773,248** | 660,857 |
| Cost of revenue | 8 | **(511,639)** | (419,133) |
| **Gross profit** | | **261,609** | 241,724 |
| Selling and marketing expenses | 8 | **(320,820)** | (334,966) |
| General and administrative expenses | 8 | **(792,866)** | (186,828) |
| Research and development expenses | 8 | **(72,239)** | (34,748) |
| (Impairment losses)/reversal of impairment losses on financial assets | 3.1(b) | **(4,248)** | 50 |
| Other income | 6 | **8,590** | 4,163 |
| Other gains/(losses), net | 7 | **7,674** | (3,425) |
| **Operating loss** | | **(912,300)** | (314,030) |
| Finance income, net | 11 | **2,440** | 1,039 |
| Changes in fair value of financial liabilities at fair value through profit or loss | 30(d) | **(308,063)** | (559,613) |
| Share of net profit of a joint venture accounted for using the equity method | | **8** | 28 |
| **Loss before income tax** | | **(1,217,915)** | (872,576) |
| Income tax credit/(expenses) | 12 | **8,774** | (259) |
| **Loss from continuing operations** | | **(1,209,141)** | (872,835) |
| Loss from discontinued operation | 32 | **—** | (19) |
| **Loss for the year** | | **(1,209,141)** | (872,854) |
| **Other comprehensive losses:** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Changes in fair value of convertible redeemable preferred shares due to own credit risk (Note 30(a)) | | **(31,039)** | 32,141 |
| Changes in fair value of other financial liabilities due to own credit risk (Note 30(c)) | | **—** | (504) |
| Currency translation differences | | **(158,452)** | 59,200 |
| *Items that may be subsequently reclassified to profit or loss* | | | |
| Currency translation differences | | **33,434** | (13,283) |
| Currency translation differences on discontinued operation | | **—** | 2 |
| **Total other comprehensive (losses)/income** | | **(156,057)** | 77,556 |
| **Total comprehensive loss for the year** | | **(1,365,198)** | (795,298) |

# Consolidated Statement of Comprehensive Income

| | Notes | Year ended 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **Loss for the year attributable to:** | | | |
| Equity holders of the Company | | **(1,205,408)** | (872,854) |
| Non-controlling interests | | **(3,733)** | — |
| | | **(1,209,141)** | (872,854) |
| **Loss for the year attributable to the equity holders of the Company arises from:** | | | |
| Continuing operations | | **(1,205,408)** | (872,835) |
| Discontinued operation | | **—** | (19) |
| | | **(1,205,408)** | (872,854) |
| **Total comprehensive loss for the year attributable to:** | | | |
| Equity holders of the Company | | **(1,361,327)** | (795,298) |
| Non-controlling interests | | **(3,871)** | — |
| | | **(1,365,198)** | (795,298) |
| **Total comprehensive loss for the year attributable to the equity holders of the Company arisen from:** | | | |
| Continuing operations | | **(1,361,327)** | (795,281) |
| Discontinued operation | | **—** | (17) |
| | | **(1,361,327)** | (795,298) |
| **Loss per share for loss from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)** | | | |
| Basic and diluted | 13 | **(2.40)** | (2.16) |
| **Loss per share attributable to the equity holders of the Company (expressed in RMB per share)** | | | |
| Basic and diluted | 13 | **(2.40)** | (2.16) |

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.



# Consolidated Balance Sheet

| | Notes | As at 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Right-of-use assets | 15 | **21,046** | 8,467 |
| Property, plant and equipment | 16 | **6,938** | 5,116 |
| Intangible assets | 17 | **52,448** | 68,346 |
| Goodwill | 17 | **1,048,062** | 1,020,338 |
| Investment in a joint venture | | **2,036** | 2,028 |
| Prepayments, deposits and other receivables | 20 | **7,113** | 3,061 |
| | | **1,137,643** | 1,107,356 |
| **Current assets** | | | |
| Accounts receivables | 19 | **96,709** | 65,232 |
| Prepayments, deposits and other receivables | 20 | **30,613** | 36,940 |
| Financial assets at fair value through profit or loss | 21 | **258,342** | — |
| Restricted cash | 22(b) | **70,839** | 101,477 |
| Cash and cash equivalents | 22(a) | **330,734** | 312,997 |
| | | **787,237** | 516,646 |
| **Total assets** | | **1,924,880** | 1,624,002 |
| **Equity** | | | |
| Share capital | 23 | **10** | 6 |
| Other reserves | 24 | **7,730,903** | 2,513,753 |
| Accumulated losses | | **(6,246,066)** | (4,589,568) |
| **Equity attributable to equity holders of the Company** | | **1,484,847** | (2,075,809) |
| **Non-controlling interests** | | **(764)** | — |
| **Total equity/(deficit)** | | **1,484,083** | (2,075,809) |

# Consolidated Balance Sheet

| | Notes | As at 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Convertible redeemable preferred shares | 30 | **—** | 3,224,447 |
| Lease liabilities | 15 | **13,028** | 907 |
| Deferred tax liabilities | 29 | **11,402** | 15,092 |
| | | **24,430** | 3,240,446 |
| **Current liabilities** | | | |
| Accounts payables | 26 | **51,832** | 43,594 |
| Accruals and other payables | 27 | **322,147** | 370,183 |
| Contract liabilities | 28 | **7,710** | 8,147 |
| Current tax liabilities | | **17,791** | 22,694 |
| Other tax liabilities | | **9,238** | 6,779 |
| Lease liabilities | 15 | **7,649** | 7,968 |
| | | **416,367** | 459,365 |
| **Total liabilities** | | **440,797** | 3,699,811 |
| **Total equity/(deficit) and liabilities** | | **1,924,880** | 1,624,002 |

The consolidated financial statements on pages 132 to 255 were approved for issue by the Board of Directors on 24 March 2023 and were signed on its behalf.

**HE Song**
*Director*

**HU Gang**
*Director*

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

| | Attributable to equity holders of the Company | | | |
|---|---|---|---|---|
| | Share capital RMB'000 (Note 23) | Other reserves RMB'000 (Note 24) | Accumulated losses RMB'000 | Total RMB'000 |
| **Balance as at 1 January 2021** | 7 | 2,137,572 | (3,718,768) | (1,581,189) |
| Loss for the year | — | — | (872,854) | (872,854) |
| Other comprehensive income/(loss): | | | | |
| Changes in fair value of convertible redeemable preferred shares due to own credit risk (Note 30(a)) | — | 32,141 | — | 32,141 |
| Changes in fair value of other financial liabilities due to own credit risk (Note 30(c)) | — | (504) | — | (504) |
| Currency translation differences | — | 45,919 | — | 45,919 |
| **Total comprehensive loss for the year** | — | 77,556 | (872,854) | (795,298) |
| Transfer of accumulated changes in fair value due to own credit risk upon derecognition of other financial liabilities at fair value through profit or loss to accumulated losses | — | (2,054) | 2,054 | — |
| **Transactions with equity holders:** | | | | |
| Contribution from shareholder (Note 24) | — | 298,553 | — | 298,553 |
| Equity-settled share-based compensation (Note 24) | — | 2,125 | — | 2,125 |
| Cancellation of ordinary shares (Note 23) | (1) | 1 | — | — |
| **Total transactions with equity holders** | (1) | 300,679 | — | 300,678 |
| **Balance as at 31 December 2021** | 6 | 2,513,753 | (4,589,568) | (2,075,809) |

# Consolidated Statement of Changes in Equity

| | Attributable to equity holders of the Company | | | | Non- | |
|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 23) | Other reserves RMB'000 (Note 24) | Accumulated losses RMB'000 | Sub-total RMB'000 | controlling interests RMB'000 | Total RMB'000 |
| **Balance as at 1 January 2022** | 6 | 2,513,753 | (4,589,568) | (2,075,809) | — | (2,075,809) |
| Loss for the year | — | — | (1,205,408) | (1,205,408) | (3,733) | (1,209,141) |
| Other comprehensive income loss: | | | | | | |
| Changes in fair value of convertible redeemable preferred shares due to own credit risk (Note 30(a)) | — | (31,039) | — | (31,039) | — | (31,039) |
| Currency translation differences | — | (124,880) | — | (124,880) | (138) | (125,018) |
| **Total comprehensive loss for the year** | — | (155,919) | (1,205,408) | (1,361,327) | (3,871) | (1,365,198) |
| **Transactions with equity holders:** | | | | | | |
| Exercise of share options | — | 147 | — | 147 | — | 147 |
| Equity-settled share-based compensation (Note 24) | — | 626,514 | — | 626,514 | — | 626,514 |
| Contribution from non-controlling shareholders of subsidiaries | — | — | — | — | 3,107 | 3,107 |
| Conversion of convertible redeemable preferred shares to ordinary shares (Note 23) | 3 | 3,739,016 | — | 3,739,019 | — | 3,739,019 |
| Deemed distribution to shareholders (Note 24) | — | 495,066 | (495,066) | — | — | — |
| Transfer of accumulated changes in fair value due to own credit risk upon derecognition of other financial liabilities at fair value through profit or loss to accumulated losses | — | (43,976) | 43,976 | — | — | — |
| Issuance of ordinary shares relating to initial public offering, netting of underwriting commission and other issuance costs (Note 23) | 1 | 556,302 | — | 556,303 | — | 556,303 |
| **Total transactions with equity holders** | 4 | 5,373,069 | (451,090) | 4,921,983 | 3,107 | 4,925,090 |
| **Balance as at 31 December 2022** | 10 | 7,730,903 | (6,246,066) | 1,484,847 | (764) | 1,484,083 |

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2022** | 2021 |
| | **Note** | **RMB'000** | **RMB'000** |
| **Cash flows from operating activities** | 33(a) | **(297,651)** | (358,624) |
| Income tax paid, net | | **(83)** | — |
| **Net cash used in operating activities** | | **(297,734)** | (358,624) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 16 | **(6,229)** | (2,396) |
| Purchase of intangible assets | 17 | **(447)** | — |
| Purchase of financial assets at fair value through profit or loss | | **(486,235)** | — |
| Proceeds from disposal of property, plant and equipment | | **1,063** | 6 |
| Proceeds from disposal of of financial assets at fair value through profit or loss | | **239,523** | — |
| Payment for investment in a joint venture | | **—** | (2,000) |
| Interest received from bank deposits | 11 | **3,239** | 2,739 |
| **Net cash used in investing activities** | | **(249,086)** | (1,651) |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of convertible redeemable preferred shares | 33(b) | **—** | 737,688 |
| Proceeds from issuance of ordinary shares relating to initial public offering | | **572,528** | — |
| Proceeds from exercise of share options | 24 | **147** | — |
| Repayment of convertible notes | 33(b) | **—** | (167,207) |
| Repayment of other borrowings | 33(b) | **—** | (104,652) |
| Advance from related parties | 33(b) | **—** | 9,531 |
| Repayment to related parties | 33(b) | **—** | (689) |
| Repayment of principal portions of lease liabilities | 33(b) | **(12,633)** | (7,476) |
| Repayment of interest portions of lease liabilities | 33(b) | **(799)** | (347) |
| Capital contribution from non-controlling interests | | **3,107** | — |
| Listing expenses paid | | **(10,258)** | (5,967) |
| **Net cash generated from financing activities** | | **552,092** | 460,881 |
| **Net increase in cash and cash equivalents** | | **5,272** | 100,606 |
| Cash and cash equivalents at beginning of the year | | **312,997** | 217,253 |
| Exchange differences on cash and cash equivalents | | **12,465** | (4,862) |
| **Cash and cash equivalents at end of the year** | 22 | **330,734** | 312,997 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Consolidated Financial Statements

## 1 General information

GOGOX HOLDINGS LIMITED (the "**Company**") was incorporated in the Cayman Islands on 8 June 2017 as an exempted company with limited liability. The registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, its controlled structured entities ("**Structured Entities**", "**Variable Interest Entities**" or "**VIEs**") and their subsidiaries ("**Subsidiaries of VIEs**"). (collectively, the "**Group**") are principally engaged in the provision of logistic and delivery solution services and platform services which uses technology to connect transacting user and logistic and delivery service provider in Chinese mainland, Hong Kong, Singapore, Republic of Korea ("**Korea**"), and other Eastern and Southern Asian Countries.

The Company completed its initial public offering on 24 June 2022 (the "**Listing**") and the Company's shares have been listing on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Group operates its business in the Chinese mainland primarily through contractual arrangements (the "**Contractual Arrangements**"). The Group entered into Contractual Arrangements with Tianjin 58 Daojia Freight Services Company Limited* ("**Tianjin 58 Freight**"), which enable the Group to exercise power over Tianjin 58 Freight and its key operating subsidiaries, Zhenjiang 58 Daojia Supply Chain Management Service Company Limited* ("**Zhenjiang 58 Supply Chain**"), Hainan 58 Daojia Supply Chain Management Service Company Limited* ("**Hainan 58 Supply Chain**"), 58 Daojia Freight Services Company Limited* ("**Hainan 58 Freight**"), Tianjin Kuaigou Freight Service Co., Ltd.* ("**Tianjin Kuaigou Freight**") and Kuaigo Dache (Tianjin) Information Service Co., Ltd.* ("**Kuaigo Dache (Tianjin) Information Service**") (together"**VIEs**"), and receive variable returns from its involvement in the VIEs and have the ability to affect those returns through its power over the VIEs. Therefore, the Group controls the VIEs and regards the VIEs as a controlled structured entity ("**Structured Entities**").

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Structured Entities. Uncertainties presented by the Chinese mainland legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Structured Entities. The directors of the Company, based on the advice from its legal counsel, consider that the Contractual Arrangements among Tianjin WFOE, Hainan WFOE, the VIEs and its equity holders are in compliance with the relevant Chinese mainland laws and regulations and are legally binding and enforceable. All these operating companies are treated as controlled Structured Entities of the Group and their financial statements have also been consolidated by the Group. See details in Note 18.

* English names are translated for identification purpose only.

# Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the consolidated financial statements. These policies have been consistently to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

### 2.1 Basis of preparation

#### *(a) Compliance with International Financial Reporting Standards ("IFRSs") and Hong Kong Companies Ordinance ("HKCO")*

The consolidated financial statements of the Group have been prepared in accordance with IFRSs and the disclosure requirements of HKCO Cap. 622.

#### *(b) Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, convertible redeemable preferred shares, warrants and convertible notes, which are measured at fair value.

#### *(c) Amendments to standards and accounting guidelines adopted by the Group*

| | |
|---|---|
| Amendments to International Accounting Standards ("**IAS**") 16 | Regarding property, plant and equipment: proceeds before intended use |
| Amendments to IFRS 3 | Regarding reference to the conceptual framework |
| Amendments to IFRS 37 | Regarding onerous contracts — cost of fulfilling a contract |
| Annual Improvements to IFRS Standards 2018-2020 | Improvements to IFRSs |

The adoption of amendments to standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## 2 Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

#### *(d) New amendments to standards and accounting guidelines not yet adopted*

Certain new amendments to standards and accounting guidelines have been published that are not mandatory for financial year beginning on 1 January 2022 and have not been early adopted by the Group.

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| IFRS 17 | Insurance contracts and the related amendments | 1 January 2023 |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of accounting policies | 1 January 2023 |
| Amendments to IAS 12 | Deferred tax related to assets and liabilities arising from a single transaction | 1 January 2023 |
| Amendments to IFRS 4 | Extension of the temporary exemption from applying IFRS 9 | 1 January 2023 |
| Amendments to IFRS 16 | Leases on sale and leaseback | 1 January 2024 |
| Amendments to IAS 1 | Classification of liabilities as current or non-current | 1 January 2024 |
| Amendments to IFRS 10 and IAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

### 2.2 Principles of consolidation

#### *(a) Subsidiaries*

Subsidiaries are all entities (including Structured Entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

## 2 Summary of significant accounting policies (Continued)

### 2.2 Principles of consolidation (Continued)

#### (b) *Subsidiaries controlled through Contractual Arrangements*

In order to comply with the Chinese mainland laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates its business operations within these areas in the Chinese mainland through certain Chinese mainland operating entities, whose equity interests are held by certain management members of the Group ("**Nominee Shareholders**"). The Group signed Contractual Arrangements with the Chinese mainland operating entities. The Contractual Arrangements include exclusive management services and business cooperation agreement, exclusive option agreements, equity pledge agreements, powers of attorney and spousal consents letters, which enable the Group to:

- govern the financial and operating policies of the Chinese mainland operating entities;
- exercise equity holder voting rights of the Chinese mainland operating entities;
- receive substantially all of the economic interest returns generated by the Chinese mainland operating entities in consideration for the technical support, consulting and other services provided exclusively by the Tianjin WFOE or Hainan WFOE, at the Tianjin WFOE or Hainan WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the Chinese mainland operating entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the Chinese mainland entities' payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, the Group has rights to control these entities. As a result, they are presented as entities controlled by the Group.

#### (c) *Joint arrangements*

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has a joint venture. Interests in a joint venture are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated balance sheet.

## 2 Summary of significant accounting policies (Continued)

### 2.2 Principles of consolidation (Continued)

#### *(d) Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

### 2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

# Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (Continued)

### 2.3 Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

## 2 Summary of significant accounting policies (Continued)

### 2.4 Separate financial statement

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statement exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "**CODM**"), who is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions.

### 2.6 Foreign currency translation

*(a) Functional and presentation currency*

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is United States Dollars ("**US$**"). The Group determined to present its consolidated financial statements in RMB.

*(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

## 2 Summary of significant accounting policies (Continued)

### 2.6 Foreign currency translation (Continued)

#### *(c) Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### *(d) Disposal of foreign operation*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

## 2 Summary of significant accounting policies (Continued)

### 2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| | |
|---|---|
| Leasehold improvements | Over the lease term or 3-5 years, whichever is shorter |
| Office furniture | 3-5 years |
| Vehicle | 3-5 years |
| Equipment | 3-5 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each financial period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### 2.8 Goodwill and intangible assets

*(i) Goodwill*

Goodwill is measured as described in Note 2.3. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses, if any. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 17(a)).

## 2 Summary of significant accounting policies (Continued)

### 2.8 Goodwill and intangible assets (Continued)

*(ii) Brand name*

Brand name acquired in a business combination are recognised at fair value on acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

*(iii) Other intangible assets*

Other intangible assets include service platform, customer relationship, computer software and license. They are initially recognised and measured at cost or fair value for intangible assets acquired through business combination. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

*(iv) Amortisation methods and periods*

The Group amortises these intangible assets with a limited useful life using the straight-line method over the following periods:

| | |
|---|---|
| Computer software | 3-10 years |
| Service platform | 3 years |
| Brand name | 10 years |
| Customer relationship | 6 years |
| License | 6 years |

When determining the length of useful lives of these intangible assets, management take into account the (i) estimated period during which such asset can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market. The useful lives of computer software, service platform and license are estimated based on the expected period of usage and economic benefits brought by the computer software and service platform, and is usually consistent with the time intervals of technological obsolescence or the licensing agreement. The useful life of brand name is estimated based on the shorter of legal registered period and the period over which the brand name is expected to generate economic benefit from the commercialization of the branded services. The useful life of customer relationship is estimated based on expected cooperation period with the enterprise customers.

## 2 Summary of significant accounting policies (Continued)

### 2.8 Goodwill and intangible assets (Continued)

#### *(v) Research and development*

Research expenditure and development expenditure that do not meet the following criteria are recognised as an expense as incurred:

- it is technically feasible to complete the intangible asset so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell intangible asset,
- it can be demonstrated how the intangible asset will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available, and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

### 2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 2 Summary of significant accounting policies (Continued)

### 2.10 Discontinued operation

A discontinued operation is a component of the entity that has been abandoned, disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income.

### 2.11 Investments and other financial assets

#### *(a) Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**"), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments only when its business model for managing those assets changes.

#### *(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## 2 Summary of significant accounting policies (Continued)

### 2.11 Investments and other financial assets (Continued)

#### *(c) Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss ("**FVPL**") are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three categories into which the Group classifies its debt instruments:

- Amortised cost: Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as and measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses), net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

- FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are classified as and measured at FVOCI. Movements in the carrying amount of these financial assets are taken through other comprehensive income, except for the recognition of impairment losses or reversals, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "other gains/(losses), net" in the consolidated statement of comprehensive income. Interest income from these financial assets is recognised using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net" and impairment loss are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are classified as and measured at FVPL. A gain or loss on a debt investment measured at fair value through profit or loss which is not part of a hedging relationship is recognised in profit or loss and presented in "other gains/(losses), net" for the period in which it arises.

# Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (Continued)

### 2.11 Investments and other financial assets (Continued)

#### *(d) Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised since initial recognition.

For other financial assets, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

### 2.12 Financial liabilities

#### *(a) Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs. When the fair value of financial liabilities differs from the transaction price on initial recognition, the Group recognises the difference as follows unless the difference arisen from the transactions with equity holders or fall into the scope of IFRS 2 — Share-based Payment:

a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

## 2 Summary of significant accounting policies (Continued)

### 2.12 Financial liabilities (Continued)

#### (b) *Subsequent measurement*

*Financial liabilities at amortised cost*

After initial recognition, financial liabilities at amortised cost are measured using the effective interest method unless the effect of discounting would be insignificant, in which case they are stated at cost.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of comprehensive income.

*Financial liabilities at fair value through profit or loss*

The Group designated convertible redeemable preferred shares and other financial instrument as disclosed in Note 30 as financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss is subsequently measured at fair value. Fair value changes relating to market risk are recognised in profit or loss, the component of fair value changes relating to the Group's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to own credit risk are not subject to recycling in profit or loss, but are transferred to accumulated losses when realised.

#### (c) *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

## 2 Summary of significant accounting policies (Continued)

### 2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.14 Accounts receivables

Accounts receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Accounts receivables are generally due for settlement within one year and therefore are all classified as current.

Accounts receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the accounts receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 19 for further information about the Group's accounting for accounts receivables and Note 3.1(b) for a description of the Group's impairment policies.

### 2.15 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and licensed payment platforms that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the consolidated balance sheet, and is not included in the total cash and cash equivalents in the consolidated statement of cash flows.

### 2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Convertible redeemable preferred shares are classified as financial liabilities, see Note 2.12 and Note 30.

## 2 Summary of significant accounting policies (Continued)

### 2.17 Accounts and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### 2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

*(a) Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

*(b) Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

## 2 Summary of significant accounting policies (Continued)

### 2.18 Current and deferred income tax (Continued)

#### *(b) Deferred income tax (Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 2.19 Employee benefits

#### *(a) Short-term obligation*

Liabilities for wages and salaries, including non-monetary benefits and annual leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

#### *(b) Post-employment obligations*

The Group operates various defined contribution pension plans. The defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

#### *(c) Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

## 2 Summary of significant accounting policies (Continued)

### 2.20 Equity-settled share-based payments

#### *(a) Equity-settled share-based compensation relating to 58 Daojia and GoGoVan Cayman*

Shared-based compensation to the Group's employees and consultants providing similar services as employee are granted under a share incentive plan of the holding companies, 58 Daojia and GoGoVan Cayman ("**Investors' Incentive Plan**"). Investors grant their share options to the Group's eligible employees and consultants. The Group has no obligation to settle the share-based payment transaction and measures the services received as an equity-settled share-based payment transaction. Investors' Incentive Plan is disclosed in Note 25.

In terms of the share options awarded to employees, the total amount to be expensed is determined by reference to the fair value of options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-marketing performance and service conditions are included in calculation of the number of share options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

In some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

#### *(b) Share-based awards relating to Daojia Limited*

The joint venture of 58 Daojia, Daojia Limited, operates a share-based compensation plans which cover certain employees of the Group. The Group has no obligation to settle the share-based payment transaction but also applies the principles of IFRS 2 "Share-based Payment" to measure the service received as an equity-settled share-based payment transaction.

# Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (Continued)

### 2.20 Equity-settled share-based payments (Continued)

#### *(c) Equity-settled share-based compensation relating to the Company*

The Group operates a 2021 Share Incentive Plan (the "**2021 Share Incentive Plan**"), under which it either (i) receives services from directors, employee and consultants providing similar services as employee in exchange for equity instruments of the Company or (ii) grants share options to other individuals under 58 Daojia or Daojia Limited. The fair value of options granted to directors, employee and consultants providing similar services as employee under the 2021 Share Incentive Plan is recognised as expenses over the requisite service period, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted on grant date:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. The fair value of options granted to other individuals under 58 Daojia or Daojia Limited where the Group has obligation to settle is recognised as a deemed distribution to shareholders over the vesting period with a corresponding increase in equity in accordance with IFRS 2.

#### *(d) Modification*

The Group may modify the terms and conditions on which share incentive awards were granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remaining of the vesting period.

#### *(e) Other share-based payments*

Cash-settled share-based payments transactions are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the financial instrument granted. The share-based payments is recognised as expenses in accordance with IFRS 2 "Share-based Payment" unless the goods or services qualify for recognition as assets.

## 2 Summary of significant accounting policies (Continued)

### 2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods or services in the ordinary course of the Group's activities.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified goods or services before that goods or services are transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified goods or services by another party. In this case, the Group does not control the specified goods or services provided by another party before that goods or services are transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Revenue is recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time.

# Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (Continued)

### 2.22 Revenue recognition (Continued)

Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfer over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services. Specific criteria where revenue is recognised are described below.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheet as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is requited before payment of that consideration is due.

*(a) Logistic services and platform services*

The Group provides logistic and delivery solutions services for customers who place logistic and delivery orders to the Group via multiple channels including the Group's platforms and other means. The Group has determined that it acts as a principal in these services as the Group is primarily responsible for the logistic and delivery solutions service which meet the service specification promised to customers. The Group identifies and directs logistic and delivery service providers to complete the orders. Also, the Group has full discretion in establishing fee rates for the services to customers. Revenues resulting from logistic and delivery solutions services are recognised over the period when the service is rendered on a gross basis while the net amounts paid to the logistic and delivery service providers are recorded in cost of revenue.

## 2 Summary of significant accounting policies (Continued)

### 2.22 Revenue recognition (Continued)

#### (a) *Logistic services and platform services (Continued)*

Meanwhile, the Group also provides platform services that facilitate matching logistic and delivery service providers with the logistic and delivery orders from transacting users. The Group has determined that it acts as an agent in the platform services. Upon the completion of a logistic and delivery order, the Group recognised the service income charged to the logistic and delivery service provider, who is regarded as the customer of platform services. The amount to be remitted to the logistic and delivery service provider from the cash payments made by transacting users net of the service income charged to logistic and delivery service provider, are recorded as payables to the logistic and delivery service provider. In case the Group charges a fixed amount to the logistic and delivery service providers for their use of platform over a certain period of time, the Group recognises the fixed amount on a straight-line basis over the usage period.

#### (b) *Value-added services*

Value-added services comprise primarily revenue generated from provision of fuel cards services, cargo compensation facilitation services and rental income (see Note 2.25). The Group determines it acts an intermediary to bring both parties together but not the primary contracting parties of these transactions. The Group recognises revenues on a net basis at point in time when the respective services are rendered.

#### (c) *Incentives*

The Group provides various types of incentives to transacting users and logistic and delivery service providers, including discounted coupons, direct payment deduction and discounts on services. The major accounting policy for incentives is described as follows.

(i) *Incentives to customers*

The Group records such incentives as deduction of revenue, to the extent of the revenue collected from the customers.

(ii) *Incentives to transacting users from platform services*

If substantial services to transacting users are provided by the third parties, the incentives at the Group's discretion in order to increase the number of logistic and delivery orders on the platform are recorded as selling and marketing expenses.

(iii) *Incentives to service providers of logistic and delivery services*

In circumstance where the Group is responsible for the logistic and delivery solutions service, the incentive to logistic and delivery service provider is recognised as cost of revenue as it is part of the Group's fulfilment costs for completion of the performance obligation.

# Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (Continued)

### 2.22 Revenue recognition (Continued)

#### *(d) Variable consideration*

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount.

The estimated amount of variable consideration is included in the transaction price only to the extent that is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

When there is change in circumstances, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to better predict the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

#### *(e) Practical expedients and exemptions*

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of 1 year or less.

### 2.23 Interest income

Interest income is presented within "finance income, net" when it is earned from financial assets that are held for cash management purposes.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

## 2 Summary of significant accounting policies (Continued)

### 2.25 Leases

*The Group as lessee*

The Group assesses whether a contract is or contains a lease at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in the consolidated statement of cash flows from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate specific to the lease, e.g. country, term, security and currency of the contract. In addition, the Group considers its recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating the incremental borrowing rates.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognised as an expense in the profit or loss in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term. The lease liability is presented in the 'Lease liabilities' line and the right-of-use assets are presented in the 'Right-of-use assets' line in the consolidated balance sheet. In addition, the principal portion of the lease payments and the interest component are presented within financing activities in the consolidated statement of cash flows.

*The Group as lessor*

Rental income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

# Notes to the Consolidated Financial Statements

## 2 Summary of significant accounting policies (Continued)

### 2.26 Dividends distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 2.27 Loss per share

*(a) Basic loss per share*

Basic loss per share is calculated by dividing:

— The loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares.

— By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

*(b) Diluted loss per share*

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

— The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

— The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects on the financial performance of the Group. Risk management is carried out by the senior management of the Group.

*(a) Market risk*

*(i) Foreign exchange risk*

The Group operates in Asian countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US$, Hong Kong Dollars ("**HK$**") Renminbi ("**RMB**") and Singapore dollars ("**SGD**"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The Group currently does not hedge transactions undertaken in foreign currencies but manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As at 31 December 2022 and 2021, the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities presented in RMB are as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | **RMB'000** | **RMB'000** |
| **Assets** | | |
| US$ | **1,713** | 1,650 |
| HK$ | **2** | — |
| RMB | **358** | 52 |
| SGD | **690** | 4 |
| | **2,763** | 1,706 |

Management considers that the Group is not exposed to any significant foreign exchange rate risk as there are no significant financial assets or liabilities of the Group denominated in the currencies other than the respective functional currencies of the Group's entities. No sensitivity analysis is thus presented.

# 3 Financial risk management (Continued)

## 3.1 Financial risk factors (Continued)

### *(a) Market risk (Continued)*

*(ii) Interest rate risk*

The Group's interest rate risk primarily arises from restricted cash, cash and cash equivalents, financial assets at fair value through profit or loss and other borrowing. Restricted cash and cash and cash equivalents carried at floating rates expose the Group to cash flow interest rate risk whereas financial assets at fair value through profit or loss and other borrowing carried at fixed rate exposes the Group to fair value interest rate risk.

As at 31 December 2022 and 2021, management considered that any reasonable changes in interest rate would not result in a significant impact on the Group's results and financial position, no sensitivity analysis is thus presented.

The Group regularly monitors its interest rate risk to ensure is no undue exposure to significant interest rate movements.

### *(b) Credit risk*

*(i) Risk management*

Credit risk arises from financial assets at fair value through profit or loss, accounts receivables, deposits and other receivables, restricted cash and cash and cash equivalents. The carrying amount of each class of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

For financial assets at fair value through profit or loss, the credit ratings of fair value through profit or loss are monitored for credit deterioration.

For cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions and licensed payment platforms. There has been no recent history of default in relation to these financial institutions and licensed payment platforms.

For accounts receivables, the Group has policies in place to ensure that transactions with credit terms are made to counterparties with an appropriate credit history. Management performs ongoing credit evaluations of its counterparties which the credit quality of these counterparties are assessed by taking into account their financial position, past experience and other factors.

For deposits and other receivables, management makes periodic assessment on the recoverability of deposits and other receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the sound collection history of receivables due from them, management believes that the credit risk inherent in the Group's outstanding deposits and other receivables balances due from them is low.

# 3 Financial risk management (Continued)

## 3.1 Financial risk factors (Continued)

### *(b) Credit risk (Continued)*

*(ii) Impairment of financial assets*

The Group has following types of financial assets that are subject to the expected credit loss model:

- Accounts receivables
- Deposits and other receivables
- Restricted cash
- Cash and cash equivalents

Accounts receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all accounts receivables. To measure the expected credit losses, accounts receivables were grouped based on similar credit risk characteristics and collectively assessed to likelihood of recovery, taking into account the industries that the customer are operating in, their aging category and past collection history.

The expected loss rates were determined based on the historical default rates and were adjusted to reflect forward-looking information in the macroeconomic environment that may affect the ability of counterparties to settle the receivables. The Group has identified the Business Climate Index to be the most relevant factors, and adjusts the historical loss rates based on expected changes in these factors.

# 3 Financial risk management (Continued)

## 3.1 Financial risk factors (Continued)

### *(b) Credit risk (Continued)*

*(ii) Impairment of financial assets (Continued)*

Accounts receivables (Continued)

On that basis, the loss allowance as at 31 December 2022 and 2021 were determined as follows for accounts receivables:

**At 31 December 2022**

| | 0-30 days | 31-60 days | 61-90 days | More than 90 days | Total |
|---|---|---|---|---|---|
| Gross carrying amount (RMB'000) | **58,890** | **22,168** | **9,255** | **22,085** | **112,398** |
| Loss allowance (RMB'000) | **(624)** | **(734)** | **(341)** | **(13,990)** | **(15,689)** |
| Net carrying amount (RMB'000) | **58,266** | **21,434** | **8,914** | **8,095** | **96,709** |
| Expected loss rate | **1%** | **3%** | **4%** | **63%** | **14%** |

**At 31 December 2021**

| | 0-30 days | 31-60 days | 61-90 days | More than 90 days | Total |
|---|---|---|---|---|---|
| Gross carrying amount (RMB'000) | 46,118 | 13,492 | 4,021 | 19,774 | 83,405 |
| Loss allowance (RMB'000) | (1,063) | (590) | (134) | (16,386) | (18,173) |
| Net carrying amount (RMB'000) | 45,055 | 12,902 | 3,887 | 3,388 | 65,232 |
| Expected loss rate | 2% | 4% | 3% | 83% | 22% |

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### *(b) Credit risk (Continued)*

*(ii) Impairment of financial assets (Continued)*

Accounts receivables (Continued)

The loss allowances for accounts receivables as at 31 December 2022 and 2021 reconcile to the opening loss allowances is as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| At the beginning of the year | **18,173** | 18,376 |
| Provision/(reversal of provision) for impairment of accounts receivables | | |
| — from continuing operations | **4,727** | (50) |
| Write-off of provision for impairment | **(7,205)** | (136) |
| Currency translation differences | **(6)** | (17) |
| At the end of the year | **15,689** | 18,173 |

Accounts receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of financial difficulties. Impairment losses on accounts receivables are charged to profit or loss, and subsequent recoveries of amounts previously written off are credited against the same line item.

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### *(b) Credit risk (Continued)*

*(ii) Impairment of financial assets (Continued)*

Other financial assets at amortised cost

For deposits and other receivables deposits, cash and cash equivalents and restricted cash, it is measured as either 12-months expected credit losses or lifetime expected credit loss, depending on whether there has been significant increase in credit risk since initial recognition. Other financial assets that are not credit-impaired on initial recognition are classified in 'Stage 1' and the expected credit losses are measured as 12-months expected credit losses. If a significant increase in credit risk of other financial asset has occurred since initial recognition, the financial asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit losses are measured as lifetime expected credit loss. If any financial asset is credit-impaired, it is then moved to 'Stage 3' and the expected credit loss is measured as lifetime expected credit loss.

Management makes periodic assessments on these financial assets based on historical settlement records and past experience. As at 31 December 2022 and 2021, the loss allowance of approximately RMB321,000 and RMB800,000 were recognised for other financial assets at amortised cost.

Net impairment losses on financial assets recognised in consolidated statement of comprehensive income.

During the years ended 31 December 2022 and 2021, the following losses/(reversals) were recognised in profit or loss in relation to impaired financial assets:

| | **Year ended 31 December** | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Impairment losses/(reversal of) impairment losses on accounts receivables | **4,727** | (50) |
| Impairment losses on deposits and other receivables | **(479)** | — |
| Impairment losses/(reversal of) impairment losses on financial assets | **4,248** | (50) |

# 3 Financial risk management (Continued)

## 3.1 Financial risk factors (Continued)

### (c) *Liquidity risk*

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets including cash and cash equivalents or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Less than 1 year RMB'000 | Between 1 and 2 years RMB'000 | Between 2 and 5 years RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **As at 31 December 2022** | | | | |
| Accounts payables | **51,832** | **—** | **—** | **51,832** |
| Accruals and other payable (excluding non-financial liabilities) | **251,927** | **—** | **—** | **251,927** |
| Lease liabilities | **8,577** | **6,929** | **7,102** | **22,608** |
| | **312,336** | **6,929** | **7,102** | **326,367** |

| | Less than 1 year RMB'000 | Between 1 and 2 years RMB'000 | Between 2 and 5 years RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **As at 31 December 2021** | | | | |
| Accounts payables | 43,594 | — | — | 43,594 |
| Accruals and other payable (excluding non-financial liabilities) | 294,451 | — | — | 294,451 |
| Lease liabilities | 8,239 | 808 | 141 | 9,188 |
| | 346,284 | 808 | 141 | 347,233 |

Details of convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss are presented in Note 30.

# 3 Financial risk management (Continued)

## 3.2 Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group monitors capital (including share capital, share premium and preferred shares on an as-if-converted basis) by regularly reviewing the capital structure. As part of this review, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31 December 2022 and 2021, the directors of the Company consider that the capital risk of the Group is minimal as the Group's capital structure is mainly financed by interest-bearing borrowing from a related party, convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss during the reporting periods.

## 3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statement. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## 3 Financial risk management (Continued)

### 3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 December 2022 and 2021:

| | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
|---|---|---|---|---|
| **As at 31 December 2022** | | | | |
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss (Note 21) | **—** | **258,342** | **—** | **258,342** |
| | **—** | **258,342** | **—** | **258,342** |
| **As at 31 December 2021** | | | | |
| **Financial liabilities** | | | | |
| Convertible redeemable preferred shares (Note 30) | — | — | 3,224,447 | 3,224,447 |
| | — | — | 3,224,447 | 3,224,447 |

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended 31 December 2022 and 2021.

# Notes to the Consolidated Financial Statements

## 3 Financial risk management (Continued)

### 3.3 Fair value estimation (Continued)

#### *(a) Financial instruments in Level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 31 December 2022, the Group's financial assets at Financial assets at fair value through profit or loss are measured at fair value through profit or loss. The fair values are categorised as level 2 which are quoted prices available from over-the-counter markets. See Note 21 for disclosures relevant to financial assets at financial assets at fair value through profit or loss.

#### *(b) Financial instruments in Level 3*

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The valuation of the level 3 instruments included convertible redeemable preferred shares, warrant and convertible notes that are not traded in an active market.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments,
- discounted cash flow analysis, and
- a combination of observable and unobservable inputs, including discount rate, risk-free interest rate, discount for lack of marketability ("**DLOM**"), and expected volatility, etc.

Details of the movements and significant observable inputs used in the level 3 financial instruments are set out in Note 30.

#### *(c) Financial instruments at amortised cost*

The carrying amounts of the Group's financial assets measured at amortised costs, including accounts receivables, deposits and other receivables, cash and cash equivalents and restricted cash and the Group's financial liabilities measured at amortised costs, including accounts payables, accruals and other payables, amounts due to related parties and other borrowing, and lease liabilities approximate their fair values due to their short maturities or the interest rates are close to the market interest rates.

## 4 Critical accounting estimates and judgments

The preparation of consolidated financial statements require the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### (a) Impairment of non-financial assets

Goodwill is tested annually for impairment or more frequently if events or change in circumstances indicate that it might be impaired while non-financial assets included property, plant and equipment, intangible assets and other non-financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates.

Significant judgements and assumptions are required in the impairment assessment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and value-in-use; (iii) the selection of the most appropriate valuation techniques; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the recoverable amount used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

### (b) Fair value measurement of financial instruments at fair value through profit or loss

The fair values of the Group's financial assets, convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss, which are not traded in an active market, are determined by using valuation techniques. Significant judgements and assumptions are exercised by management in selecting valuation models and unobservable inputs at the end of each reporting periods. Changing the key assumptions used by management could materially affect the fair value of these financial liabilities and as a result affect the Group's financial position and results of operation. Details of the valuation models, key assumptions and inputs are disclosed in Note 21 and 30.

# Notes to the Consolidated Financial Statements

## 4 Critical accounting estimates and judgments (Continued)

### (c) Consolidation of Structured Entities through Contractual Arrangements

As disclosed in Note 2.2(b), the Group exercises control over certain Structured Entities and has the right to recognise and receive substantially all the economic benefits from them through the Contractual Arrangements. Management considers that the Group controls these Structured Entities notwithstanding that it does not have direct or indirect legal ownership in equity of these entities as the Group has power over the financial and operating policies of these entities and receives substantially all the economic returns generated from the business activities of these entities through these Contractual Arrangements. Accordingly, all these Structured Entities are accounted for as controlled Structured Entities and their financial statement have also been consolidated by the Company throughout the reporting periods.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Structured Entities. Uncertainties presented by the Chinese mainland legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Structured Entities. Significant judgement is involved in determining whether the Group is able to control these entities through these Contractual Arrangements. Management, after taking into account of the advice from its external legal advisors, considered that the Contractual Arrangements entered by the Group are in compliance with the relevant Chinese mainland laws and regulations and are therefore legally binding and enforceable.

### (d) Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group (i) controls the service provided to the customer, (ii) is primarily responsible for fulfilling the contract, and (iii) has discretion in establishing prices.

The Group determined it acts a principal in logistic services as the Group is primarily responsible for the logistic services and regards the transacting users who place the logistic and delivery orders via platforms or other means as customers.

Meanwhile, the Group determined it acts an agent in platform services as the Group facilitates matching logistic and delivery orders service providers with the logistic and delivery orders from the transacting users. The Group has charged service income to the logistic and delivery service providers for their use of platform. But the Group has no performance obligation to these transacting users and their access and use the platform is free of charge. Accordingly, the Group regards the logistic and delivery service providers as customers but not for transacting users in platform services.

## 4 Critical accounting estimates and judgments (Continued)

### (e) Share-based compensation

The Group measures the cost of share-based payments transactions with employees and consultants providing similar services as employee to the Group and other share-based compensation with reference to the fair value of the instruments at grant date or the date when services are rendered, whichever appropriate. Significant estimates and assumptions are involved in the determination of the fair value of financial instruments, which include the use of the most appropriate valuation model and inputs based on the terms and conditions of the grant. The assumptions and models used for the share-based payments are disclosed in Note 25.

### (f) Income taxes

The Group is subject to income taxes in the Chinese mainland and other jurisdictions. Significant judgement is required in determining the provision for income taxes in each of these jurisdictions. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

## 5 Segment reporting

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, mainly includes the directors of the Company that make strategic decisions. The Group evaluated its operating segments separately, and determined that it has reportable segments as i) Chinese mainland operations and ii) Hong Kong and overseas operations.

The CODM assesses the performance of the operating segments mainly based on revenue of each operating segment. Thus, segment results would present revenues for each segment only, which is in line with the CODM's performance review. There was no material inter-segment revenue during the years ended 31 December 2022 and 2021.

There were no separate segment assets and segment liabilities information provided to the CODM as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

# Notes to the Consolidated Financial Statements

## 5 Segment reporting (Continued)

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| | Chinese mainland operations RMB'000 | Hong Kong and overseas operations RMB'000 | Total RMB'000 | Chinese mainland operations RMB'000 | Hong Kong and overseas operations RMB'000 | Total RMB'000 |
| **Continuing operations** | | | | | | |
| Revenue: | | | | | | |
| Logistics services provided to enterprise customers | **127,977** | **344,339** | **472,316** | 123,359 | 249,447 | 372,806 |
| Service income from logistics services platforms | **192,476** | **51,617** | **244,093** | 210,803 | 47,342 | 258,145 |
| Value-added services (Note) | **27,411** | **29,428** | **56,839** | 9,398 | 20,508 | 29,906 |
| | **347,864** | **425,384** | **773,248** | 343,560 | 317,297 | 660,857 |
| Timing of revenue recognition for revenue from contracts with customers: | | | | | | |
| Over time | **140,300** | **346,584** | **486,884** | 175,883 | 251,429 | 427,312 |
| A point in time | **207,564** | **78,800** | **286,364** | 167,677 | 65,868 | 233,545 |
| Total | **347,864** | **425,384** | **773,248** | 343,560 | 317,297 | 660,857 |

Note: The value-added services included rental income from vehicle rental business amounted to approximately RMB49,000 and nil for the years ended 31 December 2022 and 2021, respectively.

Valued-added services also included provision of fuel card services with the gross merchandise volume of approximately RMB146,525,000 and RMB91,777,000 for the years ended 31 December 2022 and 2021, respectively.

## 5 Segment reporting (Continued)

### (a) Geographical information

The Group's operations are mainly located in the Chinese mainland, Hong Kong, Singapore and Korea. Information about the Group's revenue from continuing operations is analysed by location of the services provided.

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| The Chinese mainland | **347,864** | 343,560 |
| Hong Kong | **210,976** | 173,331 |
| Korea | **107,993** | 81,890 |
| Singapore | **63,855** | 56,915 |
| Other countries | **42,560** | 5,161 |
| | **773,248** | 660,857 |

Information about the Group's non-current assets (excluding financial assets) which is presented based on geographical location of the assets, is as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Continuing operations** | | |
| The Chinese mainland | **763,315** | 781,071 |
| Hong Kong | **357,815** | 319,672 |
| Singapore | **712** | 699 |
| Korea | **1,681** | 2,332 |
| Other countries | **7,263** | 521 |
| **Discontinued operation** | | |
| Taiwan | **—** | — |
| | **1,130,786** | 1,104,295 |

### (b) Information about major customers

No revenue from services provided to a single customer accounted for 10% or more of total revenue of the Group during the years ended 31 December 2022 and 2021.

## 6 Other income

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Continuing operations** | | |
| Government subsidies (Note) | **8,590** | 4,163 |

Note: Government subsidies mainly consisted of financial subsidies with no conditions attached granted by the local governments. During the year ended 31 December 2022, the financial subsidies of RMB3,392,000 (2021: RMB nil) in respect of the anti-epidemic fund granted by the Government of Hong Kong Special Administrative Region for which the conditions of the grants have been fully satisfied as at the end of the year.

## 7 Other gains/(losses), net

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Continuing operations** | | |
| Net foreign exchange losses | **(1,420)** | (1,701) |
| Fair value changes on financial assets at fair value through profit or loss | **3,188** | — |
| Others | **5,906** | (1,724) |
| | **7,674** | (3,425) |

## 8 Expenses by nature

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Continuing operations** | | |
| Auditor's remuneration | | |
| — Audit services | **7,500** | 485 |
| — Non-audit services | **559** | — |
| Depreciation and amortisation | **33,851** | 29,457 |
| Employee benefit expenses (including share-based compensation expenses) (Note 9) | **872,678** | 210,553 |
| Incentives to transacting users from platform services | **108,547** | 166,520 |
| Listing expenses | **45,664** | 33,812 |
| Management services fee charged by entities controlled by 58 Daojia (Note 34(a)) | **—** | 3,449 |
| Payment processing costs | **7,678** | 8,084 |
| Professional service costs | **28,687** | 29,788 |
| Promotion and advertising | **44,256** | 49,392 |
| Recruitment costs | **2,924** | 2,447 |
| Service charges | **34,386** | 20,457 |
| Short term lease expenses | **6,740** | 5,095 |
| Subcontracting fee | | |
| — logistics services providers | **382,067** | 309,708 |
| — others | **82,431** | 62,217 |
| Travelling expenses | **7,846** | 4,034 |
| Others | **31,750** | 40,177 |
| Total cost of revenue, selling and marketing expenses, research and development expenses and general and administrative expenses | **1,697,564** | 975,675 |

# Notes to the Consolidated Financial Statements

## 9 Employee benefit expenses

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| **Continuing operations** | | |
| Salaries and bonuses | **205,693** | 176,955 |
| Welfare and other employee benefits | **40,471** | 31,473 |
| Share-based compensation expenses (Note 25) | **626,514** | 2,125 |
| | **872,678** | 210,553 |

The subsidiaries in the Chinese mainland participate in employee social security plans established in the Chinese mainland, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. Except for the contributions made to these social security plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are paid to the respective labour and social welfare authorities and are expensed as incurred.

The Group also operates a Mandatory Provident Fund Scheme (the "**MPF scheme**") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD30,000. Contributions to the plan vest immediately. The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

### (a) Pensions-defined contribution plans

No forfeited contributions were available to reduce the contributions payable in future years at the end of each reporting periods.

As at 31 December 2022 and 2021, contributions of approximately RMB47,899,000 and RMB42,509,000 were payable, respectively.

## 9 Employee benefit expenses (Continued)

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the years ended 31 December 2022 and 2021 include 4 and nil directors, respectively, whose emolument is reflected in the analysis presented in Note 10. The emoluments paid and payable to the remaining 1 and 5 individuals during the years ended 31 December 2022 and 2021 are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Salaries and bonuses | **1,046** | 7,347 |
| Welfare and other employee benefits | **76** | 2,196 |
| Share-based compensation expenses | **32,952** | 26 |
| | **34,074** | 9,569 |

The emoluments fell within the following bands:

| | Number of individuals<br>Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| HK$1,000,001 to 1,500,000 | **—** | 1 |
| HK$1,500,001 to 2,000,000 | **—** | 1 |
| HK$2,000,001 to 2,500,000 | **—** | 1 |
| HK$2,500,001 to 3,000,000 | **—** | 1 |
| HK$3,500,001 to 4,000,000 | **—** | 1 |
| HK$39,500,001 to 40,000,000 | **1** | — |
| | **1** | 5 |

# Notes to the Consolidated Financial Statements

## 9 Employee benefit expenses (Continued)

### (b) Five highest paid individuals (Continued)

Employee benefit expenses were charged to the consolidated statement of comprehensive income as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Continuing operations** | | |
| Cost of revenue | **22,491** | 20,832 |
| Selling and marketing expenses | **100,455** | 68,186 |
| General and administrative expenses | **682,825** | 88,693 |
| Research and development expenses | **66,907** | 32,842 |
| | **872,678** | 210,553 |

## 10 Benefits and interests of directors

The remuneration of every director and chief executive during the years ended 31 December 2022 and 2021 is set out below:

For the year ended 31 December 2022:

| | Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking | | | | | |
|---|---|---|---|---|---|---|
| **Name** | **Fees RMB'000** | **Salary and bonus RMB'000** | **Allowances and benefit in kinds RMB'000** | **Employer's contribution to a retirement benefit scheme RMB'000** | **Equity settled share-based compensation RMB'000** | **Total RMB'000** |
| **Executive directors:** | | | | | | |
| Mr. Chen Xiaohua | — | 138 | — | — | 25,380* | 25,518 |
| Mr. He Song (note iii) | — | 1,288 | 63 | 14 | 171,703 | 173,068 |
| Mr. Lam Hoi Yuen | — | 961 | 167 | 15 | 55,418 | 56,561 |
| Mr. Hu Gang (note iii) | — | 926 | 63 | 14 | 47,640 | 48,643 |
| **Non-executive directors:** | | | | | | |
| Mr. Leung Ming Shu (note iv) | — | — | — | — | — | — |
| Mr. Wang Ye (note v) | — | — | — | — | — | — |
| Mr. Shuai Yong (note vii) | — | — | — | — | — | — |
| Mr. Ye Wei (note iv and viii) | — | — | — | — | — | — |
| **Independent non-executive directors:** | | | | | | |
| Mr. Ni Zhengdong (note vi) | — | 138 | — | — | — | 138 |
| Mr.Tang Shun Lam (note vi) | — | 138 | — | — | — | 138 |
| Mr. Zhao Hongqiang (note vi) | — | 138 | — | — | — | 138 |
| Ms. Mi Wenjuan (note ix) | — | 25 | — | — | — | 25 |
| Mr. Kwan Ming Sang Savio (notes vi and x) | — | — | — | — | — | — |
| | — | 3,752 | 293 | 43 | 300,141 | 304,229 |

* During the year ended 31 December 2022, the Group granted 19,848,470 of share options to Mr. Chen Xiaohua, part of which amounted RMB217,695,000 was recorded as deemed distribution to shareholders as the relevant options reward for his services for the parent company and the follow subsidiaries of the Group; the remaining portion of RMB25,380,000 was changed as equity-settled share-based payment expenses in the profit or loss in the consolidated statement of comprehensive income.

# Notes to the Consolidated Financial Statements

## 10 Benefits and interests of directors (Continued)

The remuneration of every director and chief executive during the years ended 31 December 2022 and 2021 is set out below: (Continued)

For the year ended 31 December 2021:

| | Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking | | | | | |
|---|---|---|---|---|---|---|
| Name | Fees RMB'000 | Salary and bonus RMB'000 | Allowances and benefit in kinds RMB'000 | Employer's contribution to a retirement benefit scheme RMB'000 | Equity settled share-based compensation RMB'000 | Total RMB'000 |
| Mr. Chen Xiaohua | — | — | — | — | — | — |
| Mr. Lam Hoi Yuen | — | 1,046 | 126 | 15 | — | 1,187 |
| Mr. Liu Zheng (note ii) | — | — | — | — | — | — |
| Mr. Yao Jinbo (note i) | — | — | — | — | — | — |
| Mr. Zhao Fu (note ii) | — | — | — | — | — | — |
| Mr. Shuai Yong | — | — | — | — | — | — |
| Mr. He Song (note iii) | — | 319 | 25 | 21 | — | 365 |
| Mr. Hu Gang (Note iii) | — | 265 | 25 | 21 | — | 311 |
| Mr. Leung Ming Shu (note iv) | — | — | — | — | — | — |
| Mr. Ye Wei (note iv) | — | — | — | — | — | — |
| Mr. Wang Ye (note v) | — | — | — | — | — | — |
| | — | 1,630 | 176 | 57 | — | 1,863 |

Notes:

(i) Resigned as director since 21 July 2021.

(ii) Resigned as director since 23 August 2021.

(iii) Appointed as executive director since 21 July 2021.

(iv) Appointed as non-executive director since 21 July 2021.

(v) Appointed as non-executive director since 23 August 2021.

## 10 Benefits and interests of directors (Continued)

Notes: (Continued)

(vi) Appointed as non-executive directors since 24 June 2022.

(vii) Resigned as non-executive director since 9 September 2022.

(viii) Resigned as non-executive director since 15 November 2022.

(ix) Appointed as independent non-executive director since 26 November 2022.

(x) Resigned as independent non-executive director since 26 November 2022.

Mr. Chen Xiaohua and Mr. Lam Hoi Yuen have been re-designed as "executive directors" since 13 August 2021. Mr. Chen Xiaohua is also the chairman of the board.

Mr. Kwan Ming Sang Savio, Mr. Ni Zhengdong, Mr. Tang Shun Lam and Mr. Zhao Hongqiang have been appointed as independent non-executive director since 13 August 2021 (effective from Listing Date).

### (a) Directors' retirement or termination benefits

None of the directors received or will receive any retirement or termination benefits during the years (2021: Nil).

### (b) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2022, the Company did not pay consideration to any third parties for making available directors' services (2021: Nil).

### (c) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

Other than the balances disclosed in Note 34, there are no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.

### (d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: Nil).

# Notes to the Consolidated Financial Statements

## 11 Finance income, net

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Continuing operations** | | |
| Finance income: | | |
| Interest income from bank deposits | **3,239** | 2,739 |
| Finance costs: | | |
| Interest expense on lease liabilities | **(799)** | (347) |
| Interest expense on other borrowing | **—** | (1,353) |
| Total finance cost | **(799)** | (1,700) |
| Finance income, net | **2,440** | 1,039 |

## 12 Income tax (credit)/expenses

The income tax (credit)/expenses of the Group is analysed as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Continuing operations** | | |
| Current income tax | **(4,820)** | 4,183 |
| Deferred income tax (Note 29) | **(3,954)** | (3,924) |
| | **(8,774)** | 259 |

## 12 Income tax (credit)/expenses (Continued)

### (a) Enterprise income tax in Chinese mainland ("EIT")

The income tax provision of the Group in respect of its operations in Chinese mainland was calculated at a tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof. The Chinese mainland income tax rate of all Chinese mainland subsidiaries during the years ended 31 December 2022 and 2021 was 25% on their taxable profits.

According to the relevant laws and regulations promulgated by the State Council of the Chinese mainland that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**"). The State Taxation Administration of the Chinese mainland announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction. The deduction percentage is changed to 200% from October 2022 to December 2022. For the year ended 31 December 2022, the Group decided to claim the Super Deduction for the Tianjin 58 Daojia Technology Co., Ltd. (2021: the Group decided not to claim the Super Deduction for the eligible group entity).

### (b) Hong Kong

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong, the Group's first HK$2 million of assessable profits under Hong Kong profits tax is subject to tax rate of 8.25%. The Group's remaining assessable profits above HK$2 million will continue to be subject to a tax rate of 16.5%.

For the year ended 31 December 2022, Hong Kong profits tax of one of the Hong Kong incorporated subsidiaries of the Group is calculated in accordance with the two-tiered profits tax rates regime (2021: No provision for Hong Kong profits tax has been made as the Group did not have any assessable profit subject to Hong Kong profits tax during the year.)

### (c) Other countries

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. As such, the operating results reported by the Company is not subject to any income tax.

The Group entities established under the International Business Companies Acts of British Virgin Islands ("**BVI**") are exempted from BVI income taxes.

Tax in other countries including Singapore and Korea have been provided for at the applicable rates on the estimated assessable profits less estimated available tax losses.

# Notes to the Consolidated Financial Statements

## 12 Income tax (credit)/expenses (Continued)

The income tax expenses for the year can be reconciled to the loss before tax from continuing operations per the consolidated statement of comprehensive income as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Loss from continuing operations before income tax | **(1,217,915)** | (872,576) |
| Tax calculated at domestic rates applicable in the jurisdiction concerned | **(186,578)** | (61,502) |
| Expenses not deductible for tax purposes | **121,390** | 44,502 |
| Income not subject to tax | **(273)** | (147) |
| Super deduction for research and development expenses | **(8,203)** | — |
| Other temporary differences not recognised | **(12,430)** | (6,730) |
| Utilisation of previously unrecognised tax losses | **(261)** | (704) |
| Tax losses not recognised | **77,581** | 24,840 |
| Income tax (credit)/expenses | **(8,774)** | 259 |

For the years ended 31 December 2022 and 2021, the weighted average applicable tax rates were 15.3% and 7.0%, respectively. The change in weighted average applicable tax rate was mainly caused by a change in mix of profits earned or losses incurred by the group entities.

## 13 Loss per share

### (a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| Loss attributable to the equity holders of the Company used in calculating basic loss per share: | | |
| — From continuing operations (in RMB'000) | **(1,205,408)** | (872,835) |
| — From discontinued operation (in RMB'000) | **—** | (19) |
| | **(1,205,408)** | (872,854) |
| Weighted average number of ordinary shares outstanding (in thousands of shares) | **503,293** | 403,342 |
| Basic loss per share | | |
| — From continuing operations (in RMB) | **(2.40)** | (2.16) |
| — From discontinued operation (in RMB) | **—** | — |
| | **(2.40)** | (2.16) |

### (b) Diluted loss per share

During the years ended 31 December 2022 and 2021, the Company had dilutive potential ordinary shares including share options, convertible redeemable preferred shares, warrants and convertible notes (Note 30).

As the Group incurred losses for the years ended 31 December 2022 and 2021, the potential ordinary shares were not included in the calculation of dilutive losses per share, which would be anti-dilutive. Accordingly, dilutive losses per share for the years ended 31 December 2022 and 2021 were same as the basic loss per share for the respective years.

# Notes to the Consolidated Financial Statements

## 14 Dividends

No dividends have been paid or declared by the Company and its subsidiaries during the years ended 31 December 2022 and 2021.

## 15 Leases

This note provides information for leases where the Group is a lessee.

### (a) Amounts recognised in the consolidated balance sheet

| Right-of-use assets | Leased premises RMB'000 |
|---|---|
| At 1 January 2021 | |
| Cost | 27,265 |
| Accumulated depreciation | (19,505) |
| Net book amount | 7,760 |
| Year ended 31 December 2021 | |
| Opening net book amount | 7,760 |
| Addition | 8,751 |
| Depreciation charge | |
| — from continuing operations | (7,278) |
| Remeasurement (Note) | (547) |
| Exchange difference | (219) |
| Closing net book amount | 8,467 |
| At 31 December 2021 | |
| Cost | 25,904 |
| Accumulated depreciation | (17,437) |
| Net book amount | 8,467 |

## 15 Leases (Continued)

### (a) Amounts recognised in the consolidated balance sheet (Continued)

| **Right-of-use assets** | **Leased premises RMB'000** |
|---|---|
| Year ended 31 December 2022 | |
| Opening net book amount | **8,467** |
| Addition | **24,605** |
| Depreciation charge | |
| — from continuing operations | **(11,862)** |
| Remeasurement (Note) | **(866)** |
| Exchange difference | **702** |
| Closing net book amount | **21,046** |
| At 31 December 2022 | |
| Cost | **45,343** |
| Accumulated depreciation | **(24,297)** |
| Net book amount | **21,046** |

Note: The amount represents the remeasurement of carrying amount to reflect lease modification or early termination.

The right-of-use assets represent the Group's rights to use underlying leased office under lease arrangements over the lease terms from 13 months to 5 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

| | **As at 31 December** | |
|---|---|---|
| **Lease liabilities** | **2022 RMB'000** | 2021 RMB'000 |
| Current portion | **7,649** | 7,968 |
| Non-current portion | **13,028** | 907 |
| | **20,677** | 8,875 |

The total cash outflow for leases during the years ended 31 December 2022 and 2021 was approximately RMB20,172,000 and RMB12,918,000, respectively.

## 15 Leases (Continued)

### (b) Amounts recognised in the consolidated statement of comprehensive income

The interest rate of each lease contracts is fixed at its contract date, and the weighted average interest rate of leases liabilities ranged from 1.42% to 9.4% throughout the years ended 31 December 2022 and 2021.

During the years ended 31 December 2022 and 2021, the consolidated statement of comprehensive income shows the following amounts relating to leases:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | **RMB'000** | **RMB'000** |
| **Depreciation of right-of-use assets from continuing operations** | | |
| Cost of sales | **382** | 325 |
| Selling and marketing expenses | **5,347** | 3,131 |
| General and administrative expenses | **4,570** | 3,598 |
| Research and development expenses | **1,563** | 224 |
| | **11,862** | 7,278 |
| Interest expense from continuing operations (included in finance cost) | **799** | 347 |
| Expenses relating to short term leases from continuing operations (included in cost of revenue) | **6,740** | 5,095 |

## 16 Property, plant and equipment

| | Office furniture RMB'000 | Vehicle RMB'000 | Equipment RMB'000 | Leasehold improvements RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **As at 1 January 2021** | | | | | |
| Cost | 1,225 | 262 | 11,069 | 10,026 | 22,582 |
| Accumulated depreciation | (854) | (104) | (7,743) | (6,253) | (14,954) |
| Net book amount | 371 | 158 | 3,326 | 3,773 | 7,628 |
| **Year ended 31 December 2021** | | | | | |
| Opening net book amount | 371 | 158 | 3,326 | 3,773 | 7,628 |
| Additions | 127 | 146 | 1,760 | 363 | 2,396 |
| Disposals | (11) | (5) | (4) | (414) | (434) |
| Depreciation | | | | | |
| — from continuing operations | (170) | (83) | (2,142) | (1,954) | (4,349) |
| Exchange difference | (16) | (5) | (50) | (54) | (125) |
| Closing net book amount | 301 | 211 | 2,890 | 1,714 | 5,116 |
| **As at 31 December 2021** | | | | | |
| Cost | 1,206 | 332 | 12,210 | 6,773 | 20,521 |
| Accumulated depreciation | (905) | (121) | (9,320) | (5,059) | (15,405) |
| Net book amount | 301 | 211 | 2,890 | 1,714 | 5,116 |
| **Year ended 31 December 2022** | | | | | |
| Opening net book amount | **301** | **211** | **2,890** | **1,714** | **5,116** |
| Additions | **155** | **37** | **3,116** | **2,921** | **6,229** |
| Disposals | **—** | **(121)** | **(494)** | **(212)** | **(827)** |
| Depreciation | | | | | |
| — from continuing operations | **(177)** | **(68)** | **(2,116)** | **(1,594)** | **(3,955)** |
| Exchange difference | **20** | **13** | **160** | **182** | **375** |
| Closing net book amount | **299** | **72** | **3,556** | **3,011** | **6,938** |
| **As at 31 December 2022** | | | | | |
| Cost | **1,464** | **174** | **14,536** | **8,171** | **24,345** |
| Accumulated depreciation | **(1,165)** | **(102)** | **(10,980)** | **(5,160)** | **(17,407)** |
| Net book amount | **299** | **72** | **3,556** | **3,011** | **6,938** |

# Notes to the Consolidated Financial Statements

## 16 Property, plant and equipment (Continued)

During the years ended 31 December 2022 and 2021, depreciation was charged to profit or loss as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Continuing operations:** | | |
| Cost of revenue | **105** | 184 |
| Selling and marketing expenses | **1,675** | 3,436 |
| General and administrative expenses | **1,817** | 451 |
| Research and development expenses | **358** | 278 |
| | **3,955** | 4,349 |

## 17 Goodwill and intangible assets

| | | Other intangible assets | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Goodwill<br>RMB'000 | Service platform<br>RMB'000 | Brand name<br>RMB'000 | Customer relationship<br>RMB'000 | Computer software<br>RMB'000 | License<br>RMB'000 | Subtotal<br>RMB'000 | Total<br>RMB'000 |
| **As at 1 January 2021** | | | | | | | | |
| Cost | 1,029,128 | 14,982 | 96,032 | 47,566 | 2,969 | – | 161,549 | 1,190,677 |
| Accumulated amortisation | – | (14,982) | (32,011) | (26,427) | (1,101) | – | (74,521) | (74,521) |
| Net book amount | 1,029,128 | – | 64,021 | 21,139 | 1,868 | – | 87,028 | 1,116,156 |
| **Year ended 31 December 2021** | | | | | | | | |
| Opening net book amount | 1,029,128 | – | 64,021 | 21,139 | 1,868 | – | 87,028 | 1,116,156 |
| Amortisation | | | | | | | | |
| – from continuing operations | – | – | (9,563) | (7,895) | (372) | – | (17,830) | (17,830) |
| Exchange differences | (8,790) | – | (504) | (195) | (153) | – | (852) | (9,642) |
| Closing net book amount | 1,020,338 | – | 53,954 | 13,049 | 1,343 | – | 68,346 | 1,088,684 |
| **As at 31 December 2021** | | | | | | | | |
| Cost | 1,020,338 | – | 95,211 | 47,111 | 2,731 | – | 145,053 | 1,165,391 |
| Accumulated amortisation | – | – | (41,257) | (34,062) | (1,388) | – | (76,707) | (76,707) |
| Net book amount | 1,020,338 | – | 53,954 | 13,049 | 1,343 | – | 68,346 | 1,088,684 |

## 17 Goodwill and intangible assets (Continued)

| | | Other intangible assets | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Goodwill RMB'000 | Service platform RMB'000 | Brand name RMB'000 | Customer relationship RMB'000 | Computer software RMB'000 | License RMB'000 | Subtotal RMB'000 | Total RMB'000 |
| **Year ended 31 December 2022** | | | | | | | | |
| Opening net book amount | 1,020,338 | — | 53,954 | 13,049 | 1,343 | — | 68,346 | 1,088,684 |
| Addition | — | — | — | — | 14 | 433 | 447 | 447 |
| Amortisation | | | | | | | | |
| – from continuing operations | — | — | (9,660) | (7,975) | (369) | (30) | (18,034) | (18,034) |
| Exchange differences | 27,724 | — | 1,346 | 306 | 40 | (3) | 1,689 | 29,413 |
| Closing net book amount | 1,048,062 | — | 45,640 | 5,380 | 1,028 | 400 | 52,448 | 1,100,510 |
| **As at 31 December 2022** | | | | | | | | |
| Cost | 1,048,062 | — | 97,798 | 48,441 | 2,840 | 430 | 149,509 | 1,197,571 |
| Accumulated amortisation | — | — | (52,158) | (43,061) | (1,812) | (30) | (97,061) | (97,061) |
| Net book amount | 1,048,062 | — | 45,640 | 5,380 | 1,028 | 400 | 52,448 | 1,100,510 |

During the years ended 31 December 2022 and 2021, amortisation was charged to the profit or loss as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022 RMB'000** | 2021 RMB'000 |
| **Continuing operations:** | | |
| Cost of revenue | **17,635** | 17,458 |
| General and administrative expenses | **399** | 372 |
| | **18,034** | 17,830 |

# Notes to the Consolidated Financial Statements

## 17 Goodwill and intangible assets (Continued)

### (a) Impairment test for goodwill

The goodwill mainly arose from the acquisition of the subsidiaries and Structured Entities of GoGo Tech Holdings Limited (collectively referred to as "**GoGoVan**") in 2017. GoGoVan is primarily engaged in the provision of logistics services and platform services in the Chinese mainland, Hong Kong and other Asian countries. Goodwill is attributable to the acquired market shares, future expansion prospect, economies of scale and synergies expected to be derived from combining the resources and operations of the Group following the acquisition.

Upon completion of the acquisition of GoGoVan, the Group integrated GoGoVan's business in the Chinese mainland into the Group's Chinese mainland operations in order to improve the operational efficiency, while GoGoVan's business in Hong Kong and other Asian countries was monitored separately. Thus, management considers that the operating segment which is the lowest level within the Group at which the goodwill is allocated for internal management purpose.

Management reviews the business performance and monitors goodwill resulted from the acquisition on operating segment level. The Group preformed its annual impairment test on goodwill by comparing the recoverable amounts of CGU or group of CGUs to the respective carrying amounts.

The summary of goodwill allocation for each operating segment is as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | **RMB'000** | **RMB'000** |
| Chinese mainland operations | **720,902** | 720,902 |
| Hong Kong and overseas operations | **327,160** | 299,436 |
| | **1,048,062** | 1,020,338 |

An impairment review of the goodwill arising from the acquisition of GoGoVan has been conducted by the management as at each year end. For the purpose of the impairment review, the recoverable amount of goodwill is determined based on fair value less cost of disposal calculations by using the discounted cash flow method. The Group believes that it is appropriate for the cash flow projections to cover an five-years period as at each year end.

## 17 Goodwill and intangible assets (Continued)

### (a) Impairment test for goodwill (Continued)

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

| | Chinese mainland operations | Hong Kong and overseas operations |
|---|---|---|
| **31 December 2022** | | |
| Compound annual growth rate of revenue | **36%** | **28%** |
| Compound annual growth rate of operating cost and expenses | **24%** | **22%** |
| Long term growth rate | **3%** | **3%** |
| Post-tax discount rate | **15.5%** | **15.5%** |
| **31 December 2021** | | |
| Compound annual growth rate of revenue | 50% | 50% |
| Compound annual growth rate of operating cost and expenses | 36% | 43% |
| Long term growth rate | 3% | 3% |
| Post-tax discount rate | 16.5% | 16.5% |

Management considers each operating segments, the Chinese mainland operations and Hong Kong and overseas operations, share similar characteristics, including business structure, market position, stage of development and business risk. Thus, it is reasonable to adopt consistent post-tax discount rate for both operating segments at the end of each financial reporting date.

# Notes to the Consolidated Financial Statements

## 17 Goodwill and intangible assets (Continued)

### (b) Impact of possible changes in key assumptions

*Chinese mainland operations*

Based on the result of the goodwill impairment testing, the estimated recoverable amount exceeded its carrying amount as at 31 December 2022 and 2021 by RMB148 million and RMB4,593 million. For sensitivity analysis, had there been compound annual growth rates of revenue of 31% and 17% in the FVLCOD calculations to arrive a breakeven recoverable amount for the years ended 31 December 2022 and 2021, respectively. In addition, any reasonable possible changes in the other key assumptions used in the fair value less cost of disposal calculation would not affect management's view on impairment as at the end of each financial reporting date.

*Hong Kong and overseas operations*

Based on the result of the goodwill impairment testing, the estimated recoverable amount exceeded its carrying amount as at 31 December 2022 and 2021 by RMB275 million and RMB4,366 million. For sensitivity analysis, had there been compound annual growth rates of revenue of 13% and 6% in the FVLCOD calculations to arrive a breakeven recoverable amount for the years ended 31 December 2022 and 2021, respectively. In addition, any reasonable possible changes in the other key assumptions used in the fair value less cost of disposal calculation would not affect management's view on impairment as at the end of each financial reporting date.

## 18 Subsidiaries

The Group's subsidiaries (including Structured Entities) are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| Name of entity | Place of incorporation and kind of legal entity | Principal activities | Particulars of registered/issued/ paid-in capital | Attributable equity interest of the Group As at 31 December 2022 | 2021 |
|---|---|---|---|---|---|
| **Subsidiaries directly held:** | | | | | |
| GoGoVan Holdings Limited | BVI, limited liability company | Investment holding | US$100 | **100%** | 100% |
| GGEx Holdings Limited | BVI, limited liability company | Investment holding | US$1,000 | **100%** | 100% |
| GoGo Energy Holdings Limited | BVI, limited liability company | Investment holding | US$100 | **100%** | 100% |
| GoGoX PRC Group Limited | Hong Kong, limited liability company | Investment holding | HK$1 | **100%** | 100% |
| **Subsidiaries indirectly held:** | | | | | |
| GOGOX Financial Holdings Limited | BVI, limited liability company | Investment holding | US$1 | **100%** | 100% |
| GoGoVan Australia Pty Limited | Australia, limited liability company | Investment holding | AUD100# | **100%** | 100% |
| GoGoVan Limited | Hong Kong, limited liability company | Investment holding | HK$100 | **100%** | 100% |
| HK Enterprise Logistics Limited | Hong Kong, limited liability company | Dormant | HK$100 | **100%** | 100% |
| GoGo Tech Limited | Hong Kong, limited liability company | Provision of information technology and logistics services | HK$10,000 | **100%** | 100% |
| GGEx Limited | Hong Kong, limited liability company | Provision of repair and maintenance services for motor vehicles | HK$100 | **100%** | 100% |
| GoGo Energy Limited | Hong Kong, limited liability company | Provision of fuel card arrangement services | HK$10,000 | **100%** | 100% |
| GoGo Energy Singapore Pte. Ltd. | Singapore, limited liability company | Provision of fuel card arrangement services | SGD100 | **100%** | 100% |
| GXRL Limited | Hong Kong, limited liability company | Property holding | HK$100 | **100%** | 100% |
| GoGoVan India Private Limited | India, limited liability company | Provision of logistic and delivery solution services | INR39,031,750 | **100%** | 100% |
| GoGo Pay Limited | Hong Kong, limited liability company | Provisional payment processing services to immediate holding company | HK$100 | **100%** | 100% |
| Kuaigo Dache (Tianjin) Carbon Technology Co., Ltd* | Chinese mainland, limited liability company | Technical service, development and consultation activities | US$1,500,000 | **100%** | N/A |
| Tianjin 58 Daojia* | Chinese mainland, limited liability company | Dormant | US$35,000,000 | **100%** | 100% |
| Shanghai Youban Network Technology Co., Ltd.* | Chinese mainland, limited liability company | Dormant | US$100,000 | **100%** | 100% |
| Hainan 58 Daojia* | Chinese mainland, limited liability company | Dormant | US$35,000,000 | **100%** | 100% |

# Notes to the Consolidated Financial Statements

## 18 Subsidiaries (Continued)

| Name of entity | Place of incorporation and kind of legal entity | Principal activities | Particulars of registered/issued/ paid-in capital | Attributable equity interest of the Group As at 31 December 2022 | 2021 |
|---|---|---|---|---|---|
| **Subsidiaries indirectly held: (Continued)** | | | | | |
| GoGoVan Singapore Pte. Ltd. | Singapore, limited liability company | Provision of logistic and delivery solution services | SGD6,744,000 | **100%** | 100% |
| GoGoVan Korea Co., Ltd.* | Korea, limited liability company | Provision of logistic and delivery solution services | As at 31 December 2021: KRW11,389,750,000<br>As at 31 December 2022: KRW14,918,330,000 | **100%** | 100% |
| GOGOX Vietnam Corporation | Vietnam, limited liability company | Provision of logistic and delivery solution services | VND23,000,000,000# | **51%** | 51% |
| GOGOX Tech Vietnam Co., Ltd | Vietnam, limited liability company | Computer programming activities | VND6,900,000,000# | **100%** | N/A |
| GOGOX Insurtech Limited | Hong Kong, limited liability company | Provision of insurance brokerage and consultancy service | HK$3,050,000 | **100%** | N/A |
| **Structured Entities (Note)** | | | | | |
| Tianjin 58 Freight* | Chinese mainland, limited liability company | Provision of logistic and delivery solution services | RMB1,000,000 | **100%** | 100% |
| Zhenjiang 58 Supply Chain* | Chinese mainland, limited liability company | Provision of logistic and delivery solution services | RMB21,000,000 | **100%** | 100% |
| Hainan 58 Supply Chain* | Chinese mainland, limited liability company | Provision of logistic and delivery solution services | RMB21,000,000 | **100%** | 100% |
| Hainan 58 Freight* | Chinese mainland, limited liability company | Provision of logistic and delivery solution services | RMB1,000,000 | **100%** | 100% |
| Tianjin Kuaigou Freight* | Chinese mainland, limited liability company | Provision of logistic and delivery solution services | RMB10,000,000 | **100%** | 100% |
| Kuaigo Dache (Tianjin) Information Service* | Chinese mainland, limited liability company | Technical service, development and consultation activities | RMB10,000,000 | **100%** | N/A |

Note: The Company does not have direct or indirect legal ownership in equity of the Structured Entities. Nevertheless, under certain Contractual Arrangements entered into with the Structured Entities and their registered owners, the Company and its other legally owned subsidiaries have rights to exercise power over the Structured Entities, receive variable returns from its involvement in the Structured Entities, and have the ability to affect those returns through its power over these Structured Entities. As a result, they are presented as Structured Entities of the Company.

* English names are translated for identification purpose only.

\# Australian Dollars ("**AUD**"), Indian Rupee ("**INR**"), Taiwan Dollars ("**NTD**"), Vietnamese Dong ("**VND**")

## 19 Accounts receivables

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Accounts receivables | **112,398** | 83,405 |
| Less: loss allowance | **(15,689)** | (18,173) |
| Accounts receivables, net | **96,709** | 65,232 |

The Group generally grants credit period ranging from 30 days to 60 days to its customers for different revenue streams. Aging analysis of accounts receivables based on invoice date is as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| 0 to 30 days | **58,266** | 45,055 |
| 31 to 60 days | **21,434** | 12,902 |
| 61 to 90 days | **8,914** | 3,887 |
| Over 90 days | **8,095** | 3,388 |
| | **96,709** | 65,232 |

The carrying amounts of accounts receivables approximate their fair values and are denominated in the following currencies:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| RMB | **25,721** | 19,931 |
| HK$ | **26,554** | 20,452 |
| SGD | **13,434** | 9,869 |
| KRW | **20,423** | 13,126 |
| Others | **10,577** | 1,854 |
| | **96,709** | 65,232 |

Information about the impairment of accounts receivables and the Group's exposure to credit risk can be found in Note 3.1.

# Notes to the Consolidated Financial Statements

## 20 Prepayments, deposits and other receivables

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| **Non-current assets** | | |
| Rental and other deposits | **6,857** | 3,061 |
| Prepayments | **256** | — |
| | **7,113** | 3,061 |
| **Current assets** | | |
| Prepayments | **7,218** | 5,746 |
| Prepayments for listing expenses | **—** | 7,014 |
| Value-added tax recoverables | **5,422** | 4,637 |
| Rental and other deposits | **7,726** | 12,012 |
| Other receivables | **3,648** | 8,331 |
| Loan to a joint venture company (Note 34) | **6,920** | — |
| | **30,934** | 37,740 |
| Less: loss allowance | **(321)** | (800) |
| | **30,613** | 36,940 |

## 21 Financial assets at fair value through profit or loss

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Wealth management products | **258,342** | — |

The movement of Financial assets at fair value through profit or loss are as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| At January 1 | **—** | — |
| Additions | **486,235** | — |
| Disposals | **(239,523)** | — |
| Fair value changes on financial assets at fair value through profit or loss (Note 7) | **3,188** | — |
| Currency translation differences | **8,442** | — |
| | **258,342** | — |

Note:

The wealth management products which are unlisted and carry interest at fixed rates ranging from 1.2% to 1.6% per annum and repayable on demand.

The fair values of all of the Group's financial assets at FVPL are categorised as level 2 which are quoted prices available from over-the-counter markets.

For the methods and assumptions used in determining the fair value of the above instruments, please refer to Note 3.3.

# Notes to the Consolidated Financial Statements

## 22 Cash and cash equivalents and restricted cash

### (a) Cash and cash equivalents

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Cash at bank and in hand | **324,827** | 306,409 |
| Cash at licensed payment platforms (Note i) | **5,907** | 6,588 |
| Total cash and cash equivalents | **330,734** | 312,997 |

Cash and cash equivalents are denominated in the following currencies:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| RMB | **300,833** | 147,315 |
| US$ | **9,376** | 149,940 |
| HK$ | **11,366** | 10,194 |
| Others | **9,159** | 5,548 |
| | **330,734** | 312,997 |

The cash and cash equivalent as at 31 December 2022 and 2021 are denominated in RMB and US$, respectively.

Note (i): Cash at licensed payment platforms are denominated in RMB, represent cash that were deposited with licensed payment platforms in the Chinese mainland. The balances were unsecured and interest free.

As at 31 December 2022 and 2021, cash and cash equivalents of approximately RMB302,204,000 and RMB288,960,000, respectively, were deposited with banks in the Chinese mainland.

The conversion of the RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the Chinese mainland government.

## 22 Cash and cash equivalents and restricted cash (Continued)

### (b) Restricted cash

Restricted cash are denominated in the following currencies:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| HK$ | **938** | 818 |
| RMB | **69,606** | 99,716 |
| Others | **295** | 943 |
| | **70,839** | 101,477 |

As at 31 December 2022 and 2021, approximately RMB938,000 and RMB1,761,000 were deposited at banks as guarantees in relation to the provision of fuel cards services.

As at 31 December 2022, approximately RMB69,606,000 was deposited into a designated account at the bank in relation to the deposits and prepayments from platform users (2021: 99,716,000).

As at 31 December 2022 and 2021, approximately RMB295,000 were deposited at banks as guarantees in relation to the provision of logistics services (2021: nil).

# Notes to the Consolidated Financial Statements

## 23 Share capital

### Authorised:

| | Number of ordinary shares at US$ 0.0000025 each '000 | Number of Class A ordinary shares at US$ 0.0000025 each '000 | Number of Class B ordinary shares at US$ 0.0000025 each '000 | Total number of ordinary shares at US$ 0.0000025 each '000 | Nominal value of ordinary share US$'000 | Number of Series A preferred shares at US$ 0.0000025 each '000 | Number of Series B preferred shares at US$ 0.0000025 each '000 | Number of Series C preferred shares at US$ 0.0000025 each '000 | Total number of preferred shares at US$ 0.0000025 each '000 | Nominal value of preferred share US$'000 | Total number of shares '000 | Nominal value of share capital US$'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2021** | – | 19,146,779 | 311,111 | 19,457,890 | 49 | 368,196 | 173,914 | – | 542,110 | 1 | 20,000,000 | 50 |
| Re-designation of the authorised share capital (Note (i)) | – | (56,917) | – | (56,917) | –* | – | – | 56,917 | 56,917 | –* | – | – |
| **As at 31 December 2021 and 1 January 2022** | **–** | **19,089,862** | **311,111** | **19,400,973** | **49** | **368,196** | **173,914** | **56,917** | **599,027** | **1** | **20,000,000** | **50** |
| Conversion of convertible redeemable preferred shares to ordinary shares | 599,027 | – | – | 599,027 | 1 | (368,196) | (173,914) | (56,917) | (599,027) | (1) | – | – |
| Issuance of ordinary shares relating to initial public offering, netting of underwriting commissions and other issuance costs (Note (iv)) | 19,400,973 | (19,089,862) | (311,111) | – | – | – | – | – | – | – | – | – |
| **As at 31 December 2022** | **20,000,000** | **–** | **–** | **20,000,000** | **50** | **–** | **–** | **–** | **–** | **–** | **20,000,000** | **50** |

## 23 Share capital (Continued)

### Issued and fully paid:

| | Number of Ordinary shares at US$ 0.0000025 each '000 | Number of Class A ordinary shares at US$ 0.0000025 each '000 | Number of Class B Ordinary shares at US$ 0.0000025 each '000 | Total number of ordinary shares at US$ 0.0000025 each '000 | Nominal value of ordinary share RMB'000 | Nominal value of Class A ordinary shares RMB'000 | Nominal value of Class B ordinary shares RMB'000 | Share capital RMB'000 |
|---|---|---|---|---|---|---|---|---|
| **As at 1 January 2021** | – | 110,454 | 311,111 | 421,565 | – | 2 | 5 | 7 |
| Cancellation of ordinary shares (Note (ii)) | – | (7,735) | (41,173) | (48,908) | – | –* | (1) | (1) |
| **As at 31 December 2021 and 1 January 2022** | **—** | **102,719** | **269,938** | **372,657** | **—** | **2** | **4** | **6** |
| Exercise of share option (Note (iii)) | **11,074** | **—** | **—** | **11,074** | **—*** | **—** | **—** | **—*** |
| Conversion Class A ordinary shares to ordinary shares | **102,719** | **(102,719)** | **—** | **—** | **2** | **(2)** | **—** | **—** |
| Conversion Class B ordinary shares to ordinary shares | **269,938** | **—** | **(269,938)** | **—** | **4** | **—** | **(4)** | **—** |
| Conversion of Convertible redeemable Preferred Shares to ordinary shares | **203,759** | **—** | **—** | **203,759** | **3** | **—** | **—** | **3** |
| Issuance of ordinary shares relating to initial public offering, netting of underwriting commissions and other issuance costs (Note (iv)) | **31,200** | **—** | **—** | **31,200** | **1** | **—** | **—** | **1** |
| **As at 31 December 2022** | **618,690** | **—** | **—** | **618,690** | **10** | **—** | **—** | **10** |

* Less than US$1,000 or RMB1,000

# Notes to the Consolidated Financial Statements

## 23 Share capital (Continued)

Notes:

(i) On 3 June 2021, the Company resolved that the authorised share capital of the Company be re-organised by re-designating 56,917,406 Class A ordinary shares with a par value of US$0.0000025 per share into 56,917,406 Series C preferred shares with a par value of US$0.0000025 per share.

(ii) On 18 August 2021, 58 Daojia and GoGoVan Cayman surrendered 41,172,639 Class B ordinary shares and 7,735,002 Class A ordinary shares, respectively. Such surrendered shares were cancelled by the Company, and the same number of shares may be issued by the Company in the future, as part of the shares under the 2021 Share Incentive Plan which was adopted by the Company. The shareholders also approved the reservation of 55,226,824 shares for issuance under the 2021 Share Incentive Plan. Accordingly, the maximum aggregate number of shares which may be issued under the 2021 Share Incentive Plan (including incentive share options) shall initially be 104,134,465 Shares. Upon the cancellation of the ordinary shares, the share capital was reduced by approximately US$122 and the share-based compensation reserve was increased by the same amount.

(iii) During the year ended 31 December 2022, 11,074,673 shares were issued upon exercise of share options under the Share Incentive Plan of the Company at exercise price ranging from US$ nil to US$0.0252, and resulted in approximately RMB180 increase in share capital and RMB157,792,000 increase in share premium.

(iv) On 24 June 2022, upon the Listing on the Main Board of the Stock Exchange, the Company issued 31,200,000 new ordinary shares at par value of US$0.0000025 per share for cash consideration of HK$21.5 each, and raised gross proceeds of approximately HK$670.8 million (equivalents to approximately RMB572.5 million). The nominal value of the share capital was approximately RMB1,000 and share premium arising from the issuance was approximately RMB556.3 million, after netting off share issuance costs of RMB16.2 million.

## 24 Other reserves

| | Share premium RMB'000 | Capital reserve RMB'000 | Share-based compensation reserve RMB'000 | Exchange reserve RMB'000 | Others RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **As at 1 January 2022** | **76,581** | **322,983** | **121,545** | **137,008** | **1,855,636** | **2,513,753** |
| Changes in fair value of convertible redeemable preferred shares due to own credit risk (Note 30(a)) | — | — | — | — | (31,039) | (31,039) |
| Conversion of convertible redeemable preferred shares to ordinary shares | 3,739,016 | — | — | — | — | 3,739,016 |
| Issuance of ordinary shares relating to initial public offering, netting of underwriting commission and other issuance costs (Note 23) | 556,302 | — | — | — | — | 556,302 |
| Transfer of accumulated changes in fair value due to own credit risk upon derecognition of other financial liabilities at fair value through profit or loss to accumulated losses | — | — | — | — | (43,976) | (43,976) |
| Equity-settled share-based compensation (Note 9) | — | — | 626,514 | — | — | 626,514 |
| Deemed contribution to shareholders (Note 23) | — | — | 495,066 | — | — | 495,066 |
| Exercise of share options | 157,792 | — | (157,645) | — | — | 147 |
| Currency translation differences | — | — | — | (124,880) | — | (124,880) |
| **As at 31 December 2022** | **4,529,691** | **322,983** | **1,085,480** | **12,128** | **1,780,621** | **7,730,903** |

## 24 Other reserves (Continued)

| | Share premium RMB'000 | Capital reserve RMB'000 | Share-based compensation reserve RMB'000 | Exchange reserve RMB'000 | Others RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **As at 1 January 2021** | 76,581 | 24,430 | 119,419 | 91,089 | 1,826,053 | 2,137,572 |
| Transfer of accumulated changes in fair value due to own credit risk upon derecognition of other financial liabilities at fair value through profit or loss to accumulated losses | – | – | – | – | (2,054) | (2,054) |
| Equity-settled share-based compensation | – | – | 2,125 | – | – | 2,125 |
| Contribution from shareholder (Note (a)) | – | 298,553 | – | – | – | 298,553 |
| Cancellation of ordinary shares (Note 23) | – | – | 1 | – | – | 1 |
| Changes in fair values of convertible redeemable preferred shares due to own credit risk (Note 30) | – | – | – | – | 32,141 | 32,141 |
| Changes in fair values of other financial liabilities shares due to own credit risk | – | – | – | – | (504) | (504) |
| Currency translation differences | – | – | – | 45,919 | – | 45,919 |
| **As at 31 December 2021** | 76,581 | 322,983 | 121,545 | 137,008 | 1,855,636 | 2,513,753 |

### Capital reserve

Note (a): On 30 April 2021, 58 Daojia and the Company entered into a debt wavier agreement. Pursuant to the debt wavier agreement, 58 Daojia agreed to waive the amount due by the Group and the amount was treated as capital contribution of approximately RMB298,553,000.

### Others

Other reserves mainly represent the difference between the share capital of the GoGoVan's subsidiaries and Structured Entities acquired (as mentioned in note 17(a)) over the nominal value of the share capital of the Company issued in exchange thereof prior to the listing of the Company.

## 25 Share-based compensation

### Share options

*2015 Share Incentive Plan of 58 Daojia*

The employees of the Group are eligible for 2015 Share Incentive Plan of 58 Daojia, the controlling shareholder of the Company. Accordingly, the Group accounted for such plan by measuring the services received from the grantees in accordance with the requirements applicable to equity-settled share-based payment transactions, and recognised a corresponding increase in equity as a deemed contribution from 58 Daojia in accordance with IFRS 2.

The share options shall be subject to different vesting schedules of four or five years from the vesting commencement date, subject to the participant continuing to be an employee through each vesting date. The options may exercise of any time after the initial public offering of 58 Daojia provided the options have vested and subject to the term of the share option agreement. For vesting schedule of four years, i) 50% of the granted share options are vested on the second anniversary from the vesting commencement date and ii) 12.5% granted share options are vested every six months in the following two subsequent years, respectively. For vesting schedule as five years, i) 40% of the granted share options are vested on the second anniversary from the vesting commencement date and ii) 10% granted share options are vested every six months in the following three subsequent years, respectively.

In October 2020, 58 Daojia modified a portion of the outstanding options granted under the 2015 Share Incentive Plan of 58 Daojia. Holders of the modified options were granted with options of the Daojia Limited under the Daojia Limited's newly adopted incentive plan ("**2019 Share Incentive Plan of Daojia Limited**"). The holders continued to hold options of 58 Daojia, but agreed to waive all the economic interests of the Daojia Limited that those 58 Daojia options may have. The vesting schedule of the new options of the Daojia Limited as well as the modified options of 58 Daojia would primarily follow that of the original options being modified.

In 12 January 2022, the options under the 2015 Share Incentive Plan of 58 Daojia were modified with the options of the Company under the Company's newly adopted incentive plan ("**2021 Share Incentive Plan**").

# Notes to the Consolidated Financial Statements

## 25 Share-based compensation (Continued)

### Share options (Continued)

*2015 Share Incentive Plan of 58 Daojia (Continued)*

Set out below are the summaries of options granted under the plan:

| | Number of share options | Weighted average exercise price per share option US$ |
|---|---|---|
| Outstanding as at 1 January 2021 | 1,568,500 | 0.65 |
| Forfeited during the year | (3,000) | 0.92 |
| Outstanding as at 31 December 2021 | 1,565,500 | 0.65 |
| Vested and exercisable as at 31 December 2021 | — | — |
| Outstanding as at 1 January 2022 | **1,565,500** | **0.65** |
| Forfeited during the year | **—** | **—** |
| Outstanding as at 31 December 2022 | **1,565,500** | **0.65** |
| Vested and exercisable as at 31 December 2022 | **—** | **—** |

## 25 Share-based compensation (Continued)

### Share options (Continued)

*2015 Share Incentive Plan of 58 Daojia (Continued)*

Share options outstanding at the end of each financial reporting date have the following expiry date and exercise price.

| Grant date | Expiry date | Exercise price | Vesting years/condition | Number of share option As at 31 December 2022 | 2021 |
|---|---|---|---|---|---|
| 10 February 2015 | 9 February 2025 | US$0.03 | 4 years from commencement date | **154,000** | 154,000 |
| 10 February 2015 | 9 February 2025 | US$0.04 | 4-5 years from commencement date | **269,000** | 269,000 |
| 30 April 2015 | 30 April 2025 | US$0.04 | 4 years from commencement | **52,000** | 52,000 |
| 5 October 2016 | 5 October 2026 | US$0.92 | 4 years from commencement | **986,000** | 986,000 |
| 1 October 2017 | 1 October 2027 | US$0.92 | 4 years from commencement | **104,500** | 104,500 |
| 1 October 2017 | 1 October 2027 | US$1.31 | 4 years from commencement | **—** | — |
| Total | | | | **1,565,500** | 1,565,500 |
| Weighted average remaining contractual life of options outstanding at end of the year | | | | **3.33 years** | 4.33 years |

# Notes to the Consolidated Financial Statements

## 25 Share-based compensation (Continued)

### Share options (Continued)

*2015 Share Incentive Plan of 58 Daojia (Continued)*

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | **2021** |
| Fair value of the underlying shares on the date of option grants (in US$) | **0.18-2.60** | 0.18-2.60 |
| Risk-free interest rate (i) | **2.27%-2.98%** | 2.27%-2.98% |
| Expected life (ii) | **10 years** | 10 years |
| Expected volatility (iii) | **51.00%-60.00%** | 51.00%-60.00% |
| Dividend yield (iv) | **0.0%** | 0.0% |

(i) Risk-free interest rate is based on the market yield of US Government Bonds with maturity date close to the life of options as of the Valuation Date, plus country risk spread.

(ii) Expected life of share options is based on the term prescribed in share option award agreement.

(iii) Expected volatility is assumed based on the historical price volatility of ordinary shares of comparable companies in the period equal to the expected life of each grant.

(iv) Expected dividend yield is assumed to be nil as the Company has no history or expectation of paying a dividend on its ordinary shares.

The weighted average grant date fair value of options granted for the years ended 31 December 2022 and 2021 were US$0.65 and US$0.65 per share, respectively.

## 25 Share-based compensation (Continued)

### Share options (Continued)

*2019 Share Incentive Plan of Daojia Limited*

The employees of the Group are eligible for 2019 Share Incentive Plan of Daojia Limited, the associate of 58 Daojia. The Group has no obligation to settle the share-based payment transaction but also applies the principles of IFRS 2 to measure the service received as an equity-settled share-based payment transaction.

Set out below are the summaries of options granted under the plan:

| | Number of share options | Weighted average exercise price per share option US$ |
|---|---|---|
| Outstanding as at 1 January 2021 | 494,085 | 1.04 |
| Outstanding as at 31 December 2021 | 494,085 | 1.04 |
| Vested and exercisable as at 31 December 2021 | — | — |

| | **Number of share options** | **Weighted average exercise price per share option US$** |
|---|---|---|
| Outstanding as at 1 January 2022 | **494,085** | **1.04** |
| Outstanding as at 31 December 2022 | **494,085** | **1.04** |
| Vested and exercisable as at 31 December 2022 | **—** | **—** |

# Notes to the Consolidated Financial Statements

## 25 Share-based compensation (Continued)

### Share options (Continued)

*2019 Share Incentive Plan of Daojia Limited (Continued)*

Share options outstanding at the end of each financial reporting date have the following expiry date and exercise price.

| Grant date | Expiry date | Exercise price | Vesting years/condition | Number of share option As at 31 December 2022 | 2021 |
|---|---|---|---|---|---|
| 1 October 2020 | 30 September 2030 | US$1.04 | 4 years from vesting commencement date | **494,085** | 494,085 |
| Total | | | | **494,085** | 494,085 |
| Weighted average remaining contractual life of options outstanding at end of year | | | | **7.75 years** | 8.75 years |

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

| | Year ended 31 December 2022 | 2021 |
|---|---|---|
| Fair value of the underlying shares on the date of option grants (in US$) | **2.16** | 2.16 |
| Risk-free interest rate (i) | **0.68%** | 0.68% |
| Expected life (ii) | **10 years** | 10 years |
| Expected volatility (iii) | **39.4%** | 39.4% |
| Dividend yield (iv) | **0.0%** | 0.0% |

(i) Risk-free interest rate is based on the market yields of United States Treasury securities with maturity date close to the life of options as of the Valuation Date.

(ii) Expected life of share options is based on the term prescribed in share option award agreement.

(iii) Expected volatility is assumed based on the historical price volatility of ordinary shares of comparable companies in the period equal to the expected life of each grant.

(iv) Expected dividend yield is assumed to be nil as the Company has no history or expectation of paying a dividend on its ordinary shares.

The weighted average grant date fair value of options granted for the year ended 31 December 2022 and 2021 were US$1.28 and US$1.28 respectively.

## 25 Share-based compensation (Continued)

### Share options (Continued)

*Share Incentive Plan of GoGoVan Cayman*

On 24 March 2015, GoGoVan Cayman adopted a Share Incentive Plan (the "**GoGoVan Plan**") which grants options to its eligible directors, employees and consultants providing similar services with employee. The maximum aggregate number of shares which may be issued pursuant to all awards under the GoGoVan Plan is 14,901,508 of GoGoVan Cayman's ordinary shares. GoGoVan Cayman became the non-controlling interest of the Company after it was acquired by newly issued ordinary shares of the Company in August 2017, so the cost relating to such share-based awards is recognised by the Company as a contribution from non-controlling interest in connection with the services provided.

The options granted vest immediately until over a period of three years and have a term of ten years. Upon the termination of an option holder's employment, all unvested options will immediately terminate and vested options will remain exercisable for a period of 90 days after date of termination (one year in the case of death or disability), unless otherwise specified in an option holder's employment or stock option agreement.

In 12 January 2022, the options under the GoGoVan Plan were modified with the 2021 Share Incentive Plan.

Set out below are the summaries of options granted under the plan:

| | **Number of share options** | **Weighted average exercise price per share option US$** |
|---|---|---|
| Vested and exercisable as at 31 December 2020 | 8,315,430 | 0.0254 |
| Outstanding as at 1 January 2021 | 9,481,836 | 0.0302 |
| Grant during the year | 82,031 | 0.0001 |
| Forfeited during the year | (75,039) | 0.2104 |
| Exercised during the year | (5,587,960) | 0.0010 |
| Outstanding as at 31 December 2021 | 3,900,868 | 0.0700 |
| Vested and exercisable as at 31 December 2021 | 2,831,051 | 0.0661 |
| Outstanding as at 1 January 2022 | **3,900,868** | **0.0700** |
| Grant during the year | **2,474,263** | **0.0001** |
| Forfeited during the year | **(343,280)** | **0.3990** |
| Modified during the year | **(6,031,851)** | **0.0384** |
| Outstanding as at 31 December 2022 | **—** | **—** |
| Vested and exercisable as at 31 December 2022 | **—** | **—** |

# Notes to the Consolidated Financial Statements

## 25 Share-based compensation (Continued)

### Share options (Continued)

*Share Incentive Plan of GoGoVan Cayman (Continued)*

Share options outstanding at the end of each financial reporting date have the following expiry date and exercise price.

| | | | | Number of share option As at 31 December | |
|---|---|---|---|---|---|
| **Grant date** | **Expiry date** | **Exercise price** | **Vesting years/condition** | **2022** | **2021** |
| 24 March 2015 | 24 March 2025 | US$0.0001 | 0 to 3 years from vesting commencement date | **N/A** | 1,341,135 |
| 15 April 2015 | 24 March 2025 | US$0.0001 | 2.71 years from vesting commencement date | **N/A** | – |
| 25 January 2016 | 24 March 2025 | US$0.0001 | 3 years from vesting commencement date | **N/A** | – |
| 30 November 2016 | 24 March 2025 | US$0.5000 | 0 to 3 years from vesting commencement date | **N/A** | 528,834 |
| 25 April 2018 | 24 March 2025 | US$0.0001 | 0 to 3 years from vesting commencement date | **N/A** | 1,719,179 |
| 2 February 2020 | 24 March 2025 | US$0.0001 | 2 years from vesting commencement date | **N/A** | 24,610 |
| 4 June 2020 | 24 March 2025 | US$0.0001 | 3 years from vesting commencement date | **N/A** | 123,047 |
| 22 July 2020 | 24 March 2025 | US$0.0001 | 3 years from vesting commencement date | **N/A** | 82,032 |
| 12 April 2021 | 24 March 2025 | US$0.0001 | 3 years from vesting commencement date | **N/A** | 82,031 |
| Total | | | | **N/A** | 3,900,868 |
| Weighted average remaining contractual life of options outstanding at end of year | | | | **N/A** | 5.25 years |

## 25 Share-based compensation (Continued)

### Share options (Continued)

*Share Incentive Plan of GoGoVan Cayman (Continued)*

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | **2021** |
| Fair value of the underlying shares on the date of option grants (in US$) | **N/A** | 0.87-1.90 |
| Risk-free interest rate (i) | **N/A** | 0.05%-2.02% |
| Expected life (ii) | **N/A** | 3.95-10 years |
| Expected volatility (iii) | **N/A** | 43.04%-60.00% |
| Dividend yield (iv) | **N/A** | 0.00% |

(i) Risk-free interest rate is based on the market yields of United States Treasury securities with maturity date close to the life of options as of the Valuation Date.

(ii) Expected life of share options is based on the term prescribed in share option award agreement.

(iii) Expected volatility is assumed based on the historical price volatility of ordinary shares of comparable companies in the period equal to the expected life of each grant.

(iv) Expected dividend yield is assumed to be nil as the Company has no history or expectation of paying a dividend on its ordinary shares.

The weighted average grant date fair value of options granted for the years ended 31 December 2022 and 2021 were US$nil and US$1.44 per share, respectively.

The share-based compensation expenses were charged to the consolidated statement of comprehensive income during the year ended 31 December 2022 and 2021 was approximately RMB nil and RMB2,125,000, respectively.

*2021 Share Incentive Plan*

On 18 August 2021, the board of directors of the Company approved the establishment of a 2021 Share Incentive Plan with the purpose of attracting, motivating, retaining and rewarding eligible directors, employees and consultants providing similar services with employee. 58 Daojia and GoGoVan Cayman surrendered 41,172,639 Class B Ordinary Shares and 7,735,002 Class A Ordinary Shares, respectively on the same day. Such surrendered shares were cancelled by the Company and were reserved for issuance pursuant to all awards granted under 2021 Share Incentive Plan. The shareholders also approved the reservation of 55,226,824 Shares for issuance under 2021 Share Incentive Plan. Accordingly, the maximum aggregate number of shares which may be issued pursuant to all awards under the 2021 Share Incentive Plan is 104,134,465 of the Company's ordinary shares.

## 25 Share-based compensation (Continued)

### Share options (Continued)

***2021 Share Incentive Plan (Continued)***

On 12 January 2022 and 24 May 2022, the Company granted an aggregate of 104,029,830 and 936,087 share options under 2021 Share Incentive Plan to (i) eligible directors, employees of the Group and consultants providing similar services with employee to the Group who are either (a) new grantees or (b) option holders of 2015 Share Incentive Plan of 58 Daojia pursuant to which the option holders agree to waive all the economic interests of the Group that those 58 Daojia options may have in exchange of the options granted under 2021 Share Incentive Plan or (c) option holders of modified 2015 Share Incentive Plan of 58 Daojia and 2019 Share Incentive Plan of Daojia Limited pursuant to which the option holders agree to waive all the economic interests of the Group that those 58 Daojia options may have in exchange of the options granted under 2021 Share Incentive Plan or (d) option holders of Share Incentive Plan of GoGoVan Cayman pursuant to which the option holders agree to convert the options granted under Share Incentive Plan of GoGoVan Cayman into the options granted under 2021 Share Incentive Plan; and (ii) other individuals under 58 Daojia or Daojia Limited. The fair value of new options and the incremental fair value of modified options granted to the directors, employees of the Group and consultants providing similar services with employee to the Group are recognised as expenses over the requisite service period, with a corresponding increase in equity. The fair value of options granted to other individuals under 58 Daojia or Daojia Limited where the Group has obligation to settle is recognised as a deemed distribution to shareholders over the vesting period with a corresponding increase in equity in accordance with IFRS 2.

Set out below are the summaries of options granted under the plan:

| | **Number of share options** | **Weighted average exercise price per share option** US$ |
|---|---|---|
| Outstanding as at 31 December 2021 | – | – |
| Outstanding as at 1 January 2022 | **—** | **—** |
| Grant during the period | **104,965,917** | **0.2799** |
| Forfeited during the period | **(2,542,226)** | **0.3731** |
| Exercised during the period | **(11,074,673)** | **0.0019** |
| Outstanding as at 31 December 2022 | **91,349,018** | **0.3110** |
| Vested and exercisable as at 31 December 2022 | **68,214,031** | **0.2880** |

## 25 Share-based compensation (Continued)

### Share options (Continued)

*2021 Share Incentive Plan (Continued)*

Share options outstanding at the end of each financial reporting date have the following expiry date and exercise price.

| Grant date | Expiry date | Exercise price | Vesting years/condition | Number of share option As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|---|---|---|
| 12 January 2022 | 11 January 2032 | From US$ nil to US$0.78 | 4 years from vesting commencement date | **71,600,048** | N/A |
| 12 January 2022 | 12 January 2032 | From $0.0001 to $0.5 | 3 years from vesting commencement date | **5,736,433** | N/A |
| 12 January 2022 | 12 January 2032 | From $nil to $0.38 | 4 years from vesting commencement date | **13,076,450** | N/A |
| 24 May 2022 | 23 May 2032 | US$0.38 | 4 years from vesting commencement date | **936,087** | N/A |
| Total | | | | **91,349,018** | N/A |
| Weighted average remaining contractual life of options outstanding at end of period/year | | | | **9.04 years** | N/A |

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as at the grant date. Key assumptions are set as below:

| | Year ended 31 December 2022 |
|---|---|
| Fair value of the underlying shares on the date of option grants (in US$) | **1.57-2.29** |
| Risk-free interest rate (i) | **1.70%-2.80%** |
| Expected life (ii) | **10 years** |
| Expected volatility (iii) | **46.60%-47.40%** |
| Dividend yield (iv) | **0.00%** |

# Notes to the Consolidated Financial Statements

## 25 Share-based compensation (Continued)

### Share options (Continued)

*2021 Share Incentive Plan (Continued)*

(i) Risk-free interest rate is based on the market yields of United States Treasury securities with maturity date close to the life of options as of the Valuation Date.

(ii) Expected life of share options is based on the term prescribed in share option award agreement.

(iii) Expected volatility is assumed based on the historical price volatility of ordinary shares of comparable companies in the period equal to the expected life of each grant.

(iv) Expected dividend yield is assumed to be nil as the Company has no history or expectation of paying a dividend on its ordinary shares.

The weighted average grant date fair value of options granted for year ended 31 December 2022 were US$1.99 per share.

The share-based compensation expenses were charged to the consolidated statement of comprehensive income during the year ended 31 December 2022 was approximately RMB626.5 million.

## 26 Accounts payables

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Accounts payables | **51,832** | 43,594 |

Accounts payables are unsecured and are usually paid within 30 days of recognition and dominated in the following currencies:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| RMB | **20,911** | 22,182 |
| HK$ | **18,899** | 13,977 |
| KRW | **4,471** | 2,815 |
| SGD | **6,213** | 4,620 |
| Others | **1,338** | — |
| | **51,832** | 43,594 |

## 26 Accounts payables (Continued)

As at 31 December 2022 and 2021, the aging of accounts payables based on invoice date are as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | **RMB'000** | **RMB'000** |
| 0 to 30 days | **41,982** | 40,500 |
| 31 to 60 days | **4,378** | 1,100 |
| 61 to 90 days | **1,333** | 37 |
| Over 90 days | **4,139** | 1,957 |
| | **51,832** | 43,594 |

## 27 Accruals and other payables

| | As at 31 December | |
|---|---|---|
| | **2022** | **2021** |
| | **RMB'000** | **RMB'000** |
| **Current liabilities** | | |
| Deposits from platform users (Note) | **193,302** | 236,214 |
| Deposits from corporate customers | **25,851** | 17,114 |
| Accrued listing expenses | **—** | 11,605 |
| Accrued salaries and staff benefits | **70,220** | 75,732 |
| Accrued professional fee | **7,105** | 4,255 |
| Accrued promotion and marketing expense | **3,955** | 2,311 |
| Others | **21,714** | 22,952 |
| | **322,147** | 370,183 |

Note: Deposits from platform users including service providers and transacting users are cash deposited in the Group's platforms. Such deposits are refundable and can be used to settle the completed logistic and delivery orders by using the platforms. The contractual relationship between the Group and the platform users is primarily governed by the terms and condition of the platform.

# Notes to the Consolidated Financial Statements

## 28 Contract liabilities

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Receipt in advance from customers | **7,710** | 8,147 |
| Current portion | **7,710** | 8,147 |

### (i) Significant changes in contract liabilities

The change in contract liabilities arose from the advance payments made and consumed by the customers throughout the years ended 31 December 2022 and 2021.

### (ii) Revenue recognised in relation to contract liabilities

The following table shows the amount of revenue recognised in the year related to carried forward contract liabilities:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the year | **8,147** | 9,353 |

### (iii) Unsatisfied performance obligation

As permitted under IFRS 15, the transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have an original expected duration of 1 year or less.

## 29 Deferred income tax

The analysis of deferred income tax liabilities as follow:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Deferred income tax liabilities | **(11,402)** | (15,092) |

## 29 Deferred income tax (Continued)

The movement of deferred income tax liabilities during the years are as follow:

### Deferred income tax liabilities

| | **Intangible assets arising from business combinations** RMB'000 |
|---|---|
| At 1 January 2021 | (19,175) |
| Credited to consolidated statement of comprehensive income | 3,924 |
| Currency translation differences | 159 |
| **At 31 December 2021 and 1 January 2022** | **(15,092)** |
| Credited to consolidated statement of comprehensive income | **3,954** |
| Currency translation differences | **(264)** |
| At 31 December 2022 | **(11,402)** |

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of RMB1,096 million and RMB708 million that can be carried forward against future taxable income as at 31 December 2022 and 2021. These tax losses have not been recognised due to uncertainty of future realisation. The tax losses details are as below:

| | **As at 31 December** | |
|---|---|---|
| | **2022** **RMB'000** | 2021 RMB'000 |
| Expiry in | | |
| In the first year | **(21,385)** | — |
| In the second year | **(178,304)** | (21,385) |
| In the third year | **(158,154)** | (178,304) |
| In the fourth year | **(43,069)** | (158,313) |
| After the fourth year | **(694,823)** | (349,539) |
| | **(1,095,735)** | (707,541) |

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Convertible redeemable preferred shares ("**CRPS**") | **—** | 3,224,447 |
| Other financial liabilities: | | |
| Warrants to CRPS ("**Warrants**") and related financial liabilities | **—** | — |
| Convertible notes | **—** | — |
| Less: current portion | **—** | — |
| Non-current portion | **—** | — |

Since the date of incorporation, the Company has completed several rounds of financing by issuing convertible redeemable preferred shares, warrants and convertible notes to investors. The details of the issuance are set out in the table below:

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

| | Exercise period | Date of issuance/ effective date | Number of instrument | Purchase price per convertible redeemable preferred share (to the nearest 2 decimal places) | Exercise price per convertible redeemable preferred share (to the nearest 2 decimal places) | Total cash consideration US$'000 | Total cash consideration RMB'000 |
|---|---|---|---|---|---|---|---|
| Series A CRPS (Note (a)) | N/A | 7 August 2018 | Preferred shares: 75,476,660 | Nominal value | N/A | –* | 1 |
| Series B CRPS and Warrants | N/A | 7 August 2018 | Preferred shares: 57,446,943 | US$1.81 | N/A | 104,020 | 716,377 |
| | Year ended 31 December 2018: From 7 August 2018 to 6 May 2019 | 7 August 2018 | Warrants to subscribe for preferred shares: 57,988,166 | N/A | US$1.36/ US$1.81 | | |
| Series B CRPS Conversion (Note c) | N/A | 15 October 2021 | Preferred shares: 13,426,392 | US$1.81 | N/A | 24,311 | 156,838 |
| | Year ended 31 December 2019: Extended to 6 July 2019 | | | | | | |
| Series B Convertible notes and Warrants | Exercisable during the effective period of convertible notes (note 30 (b) and (c)) | 12 July 2018 | 13,754,286 | N/A | RMB11.59 (equivalent to US$1.81) | 24,905 | 159,400 |
| Supplemental agreement to the Series B Convertible notes (Note (b)) | N/A | 25 January 2019 | (327,894) | N/A | N/A | (594) | (3,800) |
| Series B CRPS Conversion (Note (c)) | N/A | 30 August 2021 and 22 September 2022 | (13,426,392) | N/A | N/A | (24,311) | (155,600) |

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

| | Exercise period | Date of issuance/ effective date | Number of instrument | Purchase price per convertible redeemable preferred share (to the nearest 2 decimal places) | Exercise price per convertible redeemable preferred share (to the nearest 2 decimal places) | Total cash consideration US$'000 | Total cash consideration RMB'000 |
|---|---|---|---|---|---|---|---|
| Series B1 Convertible notes and Warrants | Exercisable during the effective period of convertible notes (note 30 (b) and (c)) | 25 January 2019 | 938,366 | N/A | RMB12.37 (equivalent to US$1.81) | 1,699 | 11,607 |
| Series B1 CRPS Conversion (Note (c)) | N/A | 30 August 2021 | (938,366) | N/A | N/A | (1,699) | (11,607) |
| Series B1 CRPS | N/A | January 30 and 27 February 2019 | Preferred shares: 8,511,496 | US$1.81 | N/A | 15,412 | 106,291 |
| Series B1 CRPS Conversion (Note c) | N/A | 15 October 2021 | Preferred shares: 938,366 | US$1.81 | N/A | 1,699 | 10,961 |
| Series B2 CRPS and Warrants | N/A | 26 July 2019 | Preferred shares: 7,889,546 | US$1.90 | N/A | 15,000 | 103,450 |
| | Year ended 31 December 2019: From 6 July 2019 to 29 February 2020 | 6 July 2019 | Warrants to subscribe for preferred shares: 21,038,790 | N/A | US$1.90 | | |
| | Year ended 31 December 2020: Extended to 30 June 2021 | | | | | | |
| | N/A | 8 July 2021 | Preferred shares: 13,068,244 | US$1.90 | N/A | 24,846 | 160,754 |
| Series C CRPS | N/A | 3 to 24 June 2021 | Preferred shares: 27,000,838 | US$2.34 | N/A | 63,236 | 409,135 |
| | | | | | | 248,524 | 1,663,806 |

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

Note (a): On 12 July 2018, Taobao China Holding Limited ("**Taobao**"), 58 Daojia, certain investors and the Company entered into a subscription agreement. Pursuant to the subscription agreement, Taobao forfeited certain of its interests in 58 Daojia and the Company allotted 75,476,660 Series A preferred shares to Taobao with a cash consideration of US$189. The fair value of preferred shares granted less the cash consideration received by the Company of approximately RMB843,033,000 was recognised as deemed distribution to its shareholder, 58 Daojia.

Note (b): On 25 January 2019, the Structure Entities entered into a supplemental agreement to the convertible note agreement with the investor pursuant to which the principal amount was decreased by RMB3,800,000. Accordingly, the Structure Entities repaid RMB3,800,000 (equivalent to approximately US$594,000) to the investor.

Note (c): On 30 August 2021 and 22 September 2021, all holders of convertible notes and warrants obtained all necessary approvals from the Chinese mainland authority and issued a form of notice of exercise to the Company to exercise its right to subscribe Series B and B1 CRPS pursuant to the term of such warrants. The entire transaction was completed on 15 October 2021.

* Less than US$1,000

### (a) Convertible redeemable preferred shares ("CRPS")

Details of the movements of number of CRPS are as follows:

| | **Number of preferred shares** |
|---|---|
| **Outstanding as of 1 January 2021** | 149,324,645 |
| Issuance during the year | |
| — Series B CRPS | 13,426,392 |
| — Series B1 CRPS | 938,366 |
| — Series B2 CRPS | 13,068,244 |
| — Series C CRPS | 27,000,838 |
| **Outstanding as of 31 December 2021** | 203,758,485 |
| **Outstanding as of 1 January 2022** | **203,758,485** |
| Conversion of convertible redeemable | **(203,758,485)** |
| **Outstanding as of 31 December 2022** | **—** |

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (a) Convertible redeemable preferred shares ("CRPS") (Continued)

The key terms of the CRPS are summarised as follows:

*(i) Dividends right*

Each holder of the Series C preferred shares shall be entitled to receive pari passu with each other and, out of any funds and assets legally available, therefor, non-cumulative dividends at the rate of 5% per annum of the original series C issue price per share prior to, and in preference to, any dividend on any other class or series of shares of the Company.

After all declared dividends on the Series C preferred shares have been paid or set aside for payment to the holders of Series C preferred shares, each holder of the Series B (including Series B, B1 and B2) preferred shares and Series A preferred shares shall be entitled to receive, pari passu with each other and out of any funds and assets legally available therefor, noncumulative dividends at the rate of 5% per annum of the original series B (including Series B, B1 and B2) issue price or the original series A issue price (as the case may be) per share prior to, and in preference to, any dividend on any other class or series of shares of the Company. After all declared dividends on the Series C preferred shares, Series B (including Series B, B1 and B2) preferred shares and Series A preferred shares have been paid or set aside for payment to the holders of Series C preferred shares, Series B (including Series B, B1 and B2) preferred shares and Series A preferred shares in a calendar year, any additional dividends declared shall be distributed among all holders of ordinary shares; provided, that no dividend, whether in cash, in property or in shares of the Company, and whether pursuant to this sentence or otherwise, shall be paid on any ordinary shares or any other class or series of shares of the Company ranking on parity with or junior to ordinary shares unless and until a dividend in like amount (on an as converted basis) is first paid in full on the Series C preferred shares, Series B (including Series B, B1 and B2) preferred shares and Series A preferred shares.

*(ii) Conversion features*

The CRPS shall be converted into Class A ordinary shares at the options of holders at any time, or automatically converted into ordinary shares at the then effective applicable conversion price upon the closing of a firm commitment underwritten public offering of the Company in an internationally recognised securities exchange (including the New York Stock Exchange, the NASDAQ Global Market, the Main Board of the Stock Exchange of Hong Kong Limited, the Shanghai Stock Exchange, the Shenzhen Stock Exchange) ("**IPO**").

In the event of the automatic conversion of the preferred shares, the person(s) entitled to receive the Class A ordinary shares issuable upon such conversion of preferred shares shall not be deemed to have converted such preferred shares until immediately prior to the closing of IPO.

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (a) Convertible redeemable preferred shares ("CRPS") (Continued)

*(iii) Redemption features*

The Company is required to redeem the CRPS as requested by the holders if the Company fails to consummate an IPO, nor a trade sale of the Company within five years after the closing of the issuance and subscription of each series of CRPS or any redemption initiated by the holders of Series A or Series B CRPS subsequent to five years from the corresponding closing.

The redemption price paid by the Company to the preferred shareholders shall comprise of initial subscription price, any accrued but unpaid dividends thereon and a simple ten percent per annum interest of the original issue price on each preferred share accrued during the period from the issuance date of each CRPS until the date on which the redemption price is paid in full.

*(iv) Liquidation preferences*

Upon the occurrence of (i) any liquidation, dissolution or winding up of the Company, (ii) a trade sale of the Company, (iii) a trade sale of 58 Daojia when 58 Daojia controls the Company, (iv) disposition of material intellectual property of the Company or (v) permanent loss of control of the Structured Entities by the Company, all assets and funds of the Company legally available for distributions to the shareholders and the holder of warrants issued together with convertible notes (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed in the following manner:

Each holder of Series C preferred shares, shall be entitled to elect and receive, on parity with each other, based on each Series C preferred share then held by such holder, either (i) (1) an amount equal to the original series C issue price, together with a simple annual interest of 10%, calculated from the date on which such Series C preferred share was issued up until the date such holder of Series C preferred share receives all the amount due and (2) all declared but unpaid dividends relating to such preferred share, or (ii) such holder's pro rata share of the assets of the Company as of the date such holder of Series C Preferred Shares receives all the amount due (the "**Series C Preferred Liquidation Preference**"). The "pro rata share" shall be a fraction, the numerator of which is the total number of Series C preferred shares held by such holder, and the denominator of which is the total number of equity securities of the Company, in each case on an as-converted and fully diluted basis (disregarding any then unexercised warrants other than the warrants issued together with the convertible notes) as of the date such holder receives all the amount due. If the assets of the Company shall be insufficient to settle the Series C Preferred Liquidation Preference in full, then such assets shall be distributed among the holders of such Series C preferred shares ratably in proportion to the full amount to which they would otherwise be respectively entitled thereon.

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (a) Convertible redeemable preferred shares ("CRPS") (Continued)

#### *(iv) Liquidation preferences (Continued)*

After distribution or payment in full of the Series C Preferred Liquidation Preference and before any distribution or payment shall be made to the holders of any ordinary shares or shares of any other class or series of the Company, each holders of Series B (including Series B, B1 and B2) preferred shares and Series A preferred shares, shall be entitled to elect and receive, on parity with each other, based on each preferred share then held by such holder, either (i)(1) an amount equal to the original series B (including Series B, B1 and B2) issue price or the original series A issue price (as applicable), together with a simple annual interest of 10 percent, calculated with respect to the holder of preferred share from the date on which such preferred share was issued up until the date such holder of preferred share receives all the amount due and (2) all declared but unpaid dividends relating to such preferred shares, or (ii) such holder's "pro rata share" of the assets of the Company as of the date such holder of preferred shares receives all the amount due (the "**Series A/B Preferred Liquidation Preference**"). The pro rata share shall be a fraction, the numerator of which is the total number of preferred shares held by such holder, and the denominator of which is the total number of equity securities of the Company, in each case on an as-converted and fully diluted basis (disregarding any then-unexercised warrants other than the warrants issued together with the convertible notes) as of the date such holder of preferred shares receives all the amount due. If the assets of the Company shall be insufficient to settle the Series A/B Preferred Liquidation Preference in fulls, then such assets shall be distributed among the holders of such preferred shares ratably in proportion to the full amount to which they would otherwise be respectively entitled thereon.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at fair value through profit or loss with the changes in the fair value changes related to market risk recognised in the profit or loss and the component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income.

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (a) Convertible redeemable preferred shares ("CRPS") (Continued)

#### *(iv) Liquidation preferences (Continued)*

The movements of the CRPS are set out as below:

| | RMB'000 |
|---|---|
| **At 1 January 2021** | 1,960,399 |
| Issuance of Series B CRPS | 190,628 |
| Issuance of Series B1 CRPS | 13,258 |
| Issuance of Series B2 CRPS | 180,895 |
| Issuance of Series C CRPS | 409,135 |
| Change in fair value through profit or loss | 564,314 |
| Change in fair value through other comprehensive income due to own credit risk (Note 24) | (32,141) |
| Currency translation differences | (62,041) |
| **At 31 December 2021 and 1 January 2022** | **3,224,447** |
| Change in fair value through profit or loss | **308,063** |
| Change in fair value through other comprehensive income due to own credit risk (Note 24) | **31,039** |
| Currency translation differences | **175,470** |
| Conversion of convertible redeemable preferred shares to ordinary shares | **(3,739,019)** |
| **At 31 December 2022** | **—** |

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (b) Warrants and related financial liabilities

On 12 July 2018, the Company issued warrants to the investors other than 58 Daojia for a right to subscribe for additional CRPS upon issuance of Series B CRPS and these warrants were expired in 2019. Meanwhile, the Company also issued warrants to two Series B investors located at the Chinese mainland who are subject to relevant rules and regulations imposed by the Chinese mainland government (see Note (c) below) for a right to subscribe for CRPS.

On 25 January 2019, the Company agreed to partially transfer the warrant held by a holder of Series B CRPS investor to its Chinese mainland affiliate. The Chinese mainland affiliate of that investor entered into a convertible note of approximately RMB11,607,000 with the Structured Entities of the Group (see Note (c) below).

On 26 July 2019, the Group also issued warrants to an investor for a right to subscribe for additional CRPS upon issuance of Series B2 CRPS. On 30 June 2021, an affiliate of that investor issued a form of notice of exercise to the Company to exercise its right to subscribe Series B2 CRPS pursuant to the term of such warrant. The transaction was completed on 8 July 2021 which warrants and related financial liabilities have been extinguished with CRPS.

On 30 August 2021 and 22 September 2021, all holders of convertible notes and warrants obtained all necessary approvals from the Chinese mainland authority and issued a form of notices of exercise to the Company to exercise its right to subscribe Series B and B1 CRPS pursuant to the term of such warrants. The entire transaction was completed on 15 October 2021 which warrants and related financial liabilities have been extinguished with CRPS.

The Warrants and related financial liabilities do not qualify for hedging accounting and the changes in fair values are recognised in profit or loss.

The movements of the warrants and related financial liabilities are set out as below:

| | RMB'000 |
|---|---|
| **As at 31 December 2020 and 1 January 2021** | 79,455 |
| Exercise of warrants | (56,228) |
| Change in fair value through profit or loss | (22,386) |
| Currency translation differences | (841) |
| **At 31 December 2021** | — |

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (c) Convertible notes

During the Relevant Periods, the Company issued certain warrants to investors located at the Chinese mainland which the investors are subject to relevant rules and regulations imposed by the Chinese mainland government and unable to remit the subscription proceeds to the Company prior to obtaining the approval from the Chinese mainland government. At the same date of the issuance of warrants, the investors entered into certain arrangements with the Structured Entities of the Group, whereas the Structured Entities issued convertible notes to these investors. In case that all necessary approvals has been obtained, the Structured Entities are required to repay the convertible notes and such repayment amount will be converted into US$ and remitted to the Company to fund a full or partial exercise of the warrants.

The key terms of convertible notes are summarised as follows:

*(i) Exchangeable features*

The convertible notes shall be exchanged for any equity instrument of the Structured Entities under mutual agreement between the investor and the Structured Entities within 10 years from the signing date of each agreements.

*(ii) Repayment conditions*

The Structured Entities shall repay the convertible notes when either one of the following conditions are met: (i) the investors have notify the Company that all necessary approvals from the Chinese mainland government related to the subscription are obtained within 6 months after the IPO or (ii) 15 years from the signing date of each convertible notes agreements unless mutually agreed by the investors and the Structured Entities otherwise.

# Notes to the Consolidated Financial Statements

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (c) Convertible notes (Continued)

#### *(iii) Contingent call option*

If the investors and the Structured Entities cannot reach into an agreement within 30 days since 6 months after the IPO or the Company is required to redeem the convertible redeemable preferred shares or warrants, the Structured Entities can repay the convertible notes in the total of principals plus a simple 10% per annum interest.

The Group designated the convertible notes as financial liabilities at fair value through profit or loss because the purpose of the convertible notes and the warrants are to enable the investors located at the Chinese mainland to subscribe for the CRPS which are measured at fair value prior to obtaining the approvals from the Chinese mainland government.

The movements of other convertible notes are set out as below:

| | RMB'000 |
|---|---|
| **At 31 December 2020 and 1 January 2021** | 149,018 |
| Repayment to series B and B1 investors | (167,207) |
| Change in fair value through profit or loss | 17,685 |
| Change in fair value through other comprehensive income due to own credit risk | 504 |
| **At 31 December 2021** | – |

All convertible redeemable preferred shares were converted into ordinary shares upon completion of the Global Offering by the Company on 24 June 2022. Also the cumulative loss recognised in other comprehensive income related to the convertible redeemable preferred shares and convertible notes due to changes of fair value in the liability's credit risk of RMB43,976,000 was transferred from other reserves to accumulated losses upon IPO. The fair value of each convertible redeemable preferred share at the conversion date is the offer price (HK$21.5) in the Global Offering.

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (d) Fair value measurements

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation of the investments on a case by case basis. The team would use valuation techniques to determine the fair value of the Group's level 3 instruments which includes CRPS, warrants and related financial liabilities and convertible notes. External valuation experts will be involved when necessary.

The summary of changes in fair value of CRPS, warrants and related financial liabilities and convertible notes charged to profit or loss during the Relevant Periods is as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| CRPS | **(308,063)** | (564,314) |
| Warrants and related financial liabilities | **—** | 22,386 |
| Convertible notes | **—** | (17,685) |
| | **(308,063)** | (559,613) |

As the instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques.

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (d) Fair value measurements (Continued)

*CRPS*

The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the CRPS. Key assumptions are set as below:

| | **As at 31 December 2021** |
|---|---|
| Discount rate | 16.5% |
| Risk-free interest rate | 1.18% |
| DLOM | 2.5% |
| Volatility | 45.5% |

Discount rate (post-tax) was estimated by weighted average cost of capital as at each valuation date. Management estimated the risk-free interest rate based on the market yield of US Treasury Curve with maturity close to expected redemption date as at the valuation date.

The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount.

Volatility was estimated based on annualised standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term.

Probability weight among redemption, liquidation and IPO scenarios was based on the Company's best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of the Preferred Shares at each valuation date.

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (d) Fair value measurements (Continued)

*CRPS (Continued)*

Changes in fair value of the convertible redeemable preferred shares were recorded in "Changes in fair value of financial liabilities at fair value through profit or loss" in the profit or loss, and the fair value changes in the convertible redeemable preferred shares that are attributable to changes of own credit risk of this liability are recorded in other comprehensive income.

Fair value of convertible redeemable preferred shares is affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 10% with all other variables held constant, the loss before income tax for the year ended 31 December 2021 would have been approximately RMB304,563,000/304,703,000 higher/lower, respectively.

Fair value of convertible redeemable preferred shares is also affected by changes in the discount rate. If the discount rate had increased/decreased by 1% with all other variables held constant, the loss before income tax for the year ended 31 December 2021 would have been approximately RMB279,740,000/326,837,000 lower/higher, respectively.

*Warrants and related financial liabilities*

The Group applied the discounted cash flow method to determine the fair value of the other financial liabilities. Key assumptions are set as below:

| | **As at 31 December 2021 RMB'000** |
|---|---|
| Risk-free interest rate | N/A |
| Volatility | N/A |

Discount rate (post-tax) was estimated by weighted average cost of capital as at each valuation date. Management estimated the risk-free interest rate based on the market yield of US Treasury Curve with maturity close to expected redemption date as at the valuation date.

## 30 Convertible redeemable preferred shares and other financial liabilities at fair value through profit or loss (Continued)

### (d) Fair value measurements (Continued)

*Warrants and related financial liabilities (Continued)*

The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount.

Volatility was estimated based on annualised standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term.

*Convertible notes*

The Group applied the discounted cash flow method to determine the fair value of the other financial liabilities. Key assumptions are set as below:

| | **As at 31 December 2021 RMB'000** |
|---|---|
| Risk-free interest rate | N/A |
| Volatility | N/A |

Discount rate (post-tax) was estimated by weighted average cost of capital as at each valuation date. Management estimated the risk-free interest rate based on the market yield of US Treasury Curve with maturity close to expected redemption date as at the valuation date.

The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount.

Volatility was estimated based on annualised standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term.

## 31 Financial instruments by category

| Financial assets | Financial assets at amortised cost RMB'000 | Financial assets at fair value through profit or loss RMB'000 | Total RMB'000 |
|---|---|---|---|
| **As at 31 December 2022** | | | |
| Accounts receivables (Note 19) | **96,709** | **—** | **96,709** |
| Deposits and other receivables | **24,830** | **—** | **24,830** |
| Financial assets at fair value through profit or loss (Note 21) | **—** | **258,342** | **258,342** |
| Restricted cash (Note 22(b)) | **70,839** | **—** | **70,839** |
| Cash and cash equivalents (Note 22(a)) | **330,734** | **—** | **330,734** |
| | **523,112** | **258,342** | **781,454** |
| **As at 31 December 2021** | | | |
| Accounts receivables (Note 19) | 65,232 | — | 65,232 |
| Deposits and other receivables | 22,604 | — | 22,604 |
| Restricted cash (Note 22(b)) | 101,477 | — | 101,477 |
| Cash and cash equivalents (Note 22(a)) | 312,997 | — | 312,997 |
| | 502,310 | — | 502,310 |

# Notes to the Consolidated Financial Statements

## 31 Financial instruments by category (Continued)

| Financial liabilities | Financial liabilities at amortised cost RMB'000 | Financial Liabilities at fair value through profit or loss RMB'000 | Total RMB'000 |
|---|---|---|---|
| **As at 31 December 2022** | | | |
| Accounts payables (Note 26) | **51,832** | **—** | **51,832** |
| Accruals and other payables | **251,927** | **—** | **251,927** |
| Lease liabilities (Note 15) | **20,677** | **—** | **20,677** |
| | **324,436** | **—** | **324,436** |
| **As at 31 December 2021** | | | |
| Accounts payables (Note 26) | 43,594 | — | 43,594 |
| Accruals and other payables | 294,451 | — | 294,451 |
| Convertible redeemable preferred shares (Note 30) | — | 3,224,447 | 3,224,447 |
| Lease liabilities (Note 15) | 8,875 | — | 8,875 |
| | 346,920 | 3,224,447 | 3,571,367 |

## 32 Discontinued operation

In April 2020, the Group ceased the operation, applied for a dissolution and undertaken liquidation process of its subsidiary located at Taiwan. The liquidation was subsequently completed in October 2021. The relevant financial result is reported as discontinued operation.

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Discontinued operation** | | |
| Revenue | **—** | — |
| Expenses | **—** | (19) |
| Loss before income tax | **—** | (19) |
| Income tax expense | **—** | — |
| Loss and total comprehensive loss for the year | **—** | (19) |
| Statement of cash flows of the discontinued operation: | | |
| Net cash used in operating activities: | **—** | (19) |

# Notes to the Consolidated Financial Statements

## 33 Cash flow information

### (a) Net cash used in from operating activities

| | | Year ended 31 December | |
|---|---|---|---|
| | | 2022 | 2021 |
| | Note | RMB'000 | RMB'000 |
| Loss before income tax | | | |
| Continuing operations | | **(1,217,915)** | (872,576) |
| Discontinued operation | | **—** | (19) |
| Loss before income tax, from continuing and discontinued operations | | **(1,217,915)** | (872,595) |
| Adjustments for: | | | |
| Amortisation of intangible assets | 17 | **18,034** | 17,830 |
| Depreciation of property, plant and equipment | 16 | **3,955** | 4,349 |
| Depreciation of right-of-use assets | 15 | **11,862** | 7,278 |
| Finance income | 11 | **(3,239)** | (2,739) |
| Finance cost | 11 | **799** | 1,700 |
| (Gain)/loss on disposal of property, plant and equipment | | **(236)** | 428 |
| Gain on remeasurement of right-of-use assets | | **(19)** | (5) |
| Changes in fair value on CRPS | 30(a) | **308,063** | 564,314 |
| Changes in fair value on warrants | 30(b) | **—** | (22,386) |
| Changes in fair value of convertible notes | 30(c) | **—** | 17,685 |
| Changes in fair value of financial assets at fair value through profit or loss | 7 | **(3,188)** | — |
| Net impairment losses/(reversal of impairment losses) of financial assets | 3.1(b) | **4,248** | (50) |
| Share of net profit of a joint venture accounted for using equity method | | **(8)** | (28) |
| Equity-settled share-based compensation | 24 | **626,514** | 2,125 |
| **Change in working capital:** | | | |
| Changes in accounts receivables | | **(35,740)** | (12,854) |
| Changes in other operating assets | | **27,557** | (109,244) |
| Changes in accounts payables | | **8,006** | 12,496 |
| Changes in amounts due to related parties | | **—** | (19,986) |
| Changes in other operating liabilities | | **(46,344)** | 53,058 |
| **Net cash used in operating activities** | | **(297,651)** | (358,624) |

## 33 Cash flow information (Continued)

### (b) Reconciliation of liabilities arising from financing activities

**For the year ended 31 December 2022**

| | Convertible redeemable preferred shares RMB'000 | Amounts due to related parties RMB'000 | Lease liabilities RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| As at 1 January 2022 | 3,224,447 | 8,842 | 8,875 | 3,242,164 |
| Financing cash flow | — | — | (13,432) | (13,432) |
| Non-cash transactions: | | | | |
| Change in fair value through profit or loss (Note 30) | 308,063 | — | — | 308,063 |
| Change in fair value through other comprehensive income (Note 30) | 31,039 | — | — | 31,039 |
| Conversion of convertible redeemable preferred shares to ordinary shares (Note 30) | (3,739,019) | — | — | (3,739,019) |
| Addition of right-of-use assets | — | — | 24,605 | 24,605 |
| Interest expenses | — | — | 799 | 799 |
| Remeasurement of right-of-use assets | — | — | (885) | (885) |
| Effect on exchange difference | 175,470 | — | 715 | 176,185 |
| As at 31 December 2022 | — | 8,842 | 20,677 | 29,519 |

# Notes to the Consolidated Financial Statements

## 33 Cash flow information (Continued)

### (b) Reconciliation of liabilities arising from financing activities (Continued)

**For the year ended 31 December 2021**

| | Convertible redeemable preferred shares RMB'000 | Other financial liabilities at fair value through profit or loss RMB'000 | Amounts due to related parties RMB'000 | Lease liabilities RMB'000 | Other borrowings RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| As at 1 January 2021 | 1,960,399 | 228,473 | 175,357 | 8,030 | 104,652 | 2,476,911 |
| Financing cash flow | 737,688 | (167,207) | 8,842 | (7,823) | (104,652) | 466,848 |
| Non-cash transactions: | | | | | | |
| Change in fair value through profit or loss (Note 30) | 564,314 | (4,701) | — | — | — | 559,613 |
| Change in fair value through other comprehensive income (Note 30) | (32,141) | 504 | — | — | — | (31,637) |
| Exercise of warrants | 56,228 | (56,228) | — | — | — | — |
| Contribution from shareholder (Note (c)) | — | — | (175,357) | — | — | (175,357) |
| Addition of right-of-use assets | — | — | — | 8,751 | — | 8,751 |
| Interest expenses | — | — | — | 347 | — | 347 |
| Remeasurement of right-of-use assets | — | — | — | (552) | — | (552) |
| Effect on exchange difference | (62,041) | (841) | — | 122 | — | (62,760) |
| As at 31 December 2021 | 3,224,447 | — | 8,842 | 8,875 | — | 3,242,164 |

### (c) Material non-cash transactions

On 30 April 2021, 58 Daojia and the Company entered into a debt wavier agreement. Pursuant to the debt wavier agreement, 58 Daojia agreed to waive the amount due by the Group and the amount including the trade and non-trade was treated as capital contribution of approximately RMB298,553,000.

## 34 Related party transactions

The following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in these consolidated financial statements:

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the years ended 31 December 2022 and 2021:

| Name of related parties | Relationship with the Group |
|---|---|
| 58 Daojia | Shareholder of the Group |
| 58.com Inc. ("**58.com**") | Significant Influence over the Group through 58 Daojia |
| Alibaba Group Service Limited ("**Alibaba Group**") | Shareholder of the Group |
| Daojia Limited | Joint venture of the 58 Daojia |
| Wuhu Kaixindaojia Technology Co., Ltd. | Joint venture of the Group |

# Notes to the Consolidated Financial Statements

## 34 Related party transactions (Continued)

### (a) Transactions with related parties

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Provision of services** | | |
| Provision of logistic services to entities controlled by Alibaba Group | **6,018** | 13,793 |
| Provision of value added services to an entity controlled by 58.com | **5** | 120 |
| Provision of services to Wuhu Kaixindaojia Technology Co., Ltd. | **1,647** | — |
| **Purchase of services** | | |
| Purchase of services from entities controlled by Alibaba Group | **10,990** | 8,697 |
| Purchase of services from entities controlled by 58 Daojia | **—** | 3,449 |
| Purchase of services from entities controlled by Daojia Limited | **187** | 9,153 |
| Purchase of services from entities controlled by 58.com | **195** | 155 |
| Purchase of services from Wuhu Kaixindaojia Technology Co., Ltd. | **1,380** | 96 |
| **Rentals** | | |
| Rental expenses to entities controlled by 58.com | **—** | 50 |
| Rental expenses to entities controlled by Daojia Limited | **—** | 173 |
| **Leasehold Improvements** | | |
| Leasehold Improvements expenses to entities controlled by Daojia Limited | **3,322** | — |
| **Lease** | | |
| Lease payments to entity controlled by Daojia Limited | **4,705** | 453 |
| **Interest income** | | |
| Interest income from Wuhu Kaixindaojia Technology Co., Ltd. | **9** | — |
| **Finance costs** | | |
| Interest expense on borrowing from an entity controlled by 58 Daojia | **—** | 1,353 |

Transactions with related parties were determined based on prices and terms mutually agreed by the relevant parties involved.

## 34 Related party transactions (Continued)

### (b) Balances with related parties

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Right-of-use assets** | | |
| Entities controlled by Daojia Limited | **169** | 4,111 |
| **Accounts receivables from related parties** | | |
| Entities controlled by 58.com — trade (Note (i), (ii)) | **5** | — |
| Entities controlled by Alibaba Group — trade | **3,401** | 1,230 |
| Wuhu Kaixindaojia Technology Co., Ltd. | **1,710** | — |
| | **5,116** | 1,230 |
| **Prepayments and other receivables** | | |
| Entities controlled by 58.com — trade | **75** | 156 |
| Entities controlled by Alibaba Group — trade | **841** | 665 |
| Wuhu Kaixindaojia Technology Co., Ltd. | **1,496** | — |
| | **2,412** | 821 |
| **Loan to a joint venture company** | | |
| Wuhu Kaixindaojia Technology Co., Ltd. (Note (iii)) | **6,920** | — |
| **Other payables to related parties** | | |
| Daojia Limited — trade | **57** | 20 |
| Entities controlled by Alibaba Group — trade | **3,194** | 3,365 |
| Wuhu Kaixindaojia Technology Co., Ltd. | **1,057** | 142 |
| | **4,308** | 3,527 |
| **Lease liability** | | |
| Entity controlled by Daojia Limited | **170** | 4,382 |

# Notes to the Consolidated Financial Statements

## 34 Related party transactions (Continued)

### (b) Balances with related parties (Continued)

Notes:

(i) On 30 April 2021, 58 Daojia and the Company entered into a debt waiver agreement, 58 Daojia agreed to waive the amount due by the Group and the amount was treated as capital contribution of approximately RMB298,553,000.

(ii) The amount had been fully settled in October 2021.

(iii) The loan to a joint venture company is unsecured and carrying interest rate charged at 4.5% p.a (2021: nil) with maturity date on 31 May 2023 and denominated in RMB. The carrying values approximate their fair values.

### (c) Key management personnel compensation

| | **Year ended 31 December** | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Salaries and bonuses | **6,531** | 4,902 |
| Welfare and other employee benefits | **445** | 213 |
| Equity-settled share-based compensation | **311,053** | — |
| | **318,029** | 5,115 |

## 35 Statement of financial position of the Company

| | As at 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Interests in subsidiaries | **1,621,513** | 2,879,560 |
| | **1,621,513** | 2,879,560 |
| **Current assets** | | |
| Prepayments, deposits and other receivables | **7,724** | 6,932 |
| Financial assets at fair value through profit or loss | **258,342** | — |
| Cash and bank balances | **7,174** | 147,839 |
| | **273,240** | 154,771 |
| **Total assets** | **1,894,753** | 3,034,331 |
| **Current liabilities** | | |
| Accruals and other payables | **7,870** | 11,876 |
| | **7,870** | 11,876 |
| **Non-current liabilities** | | |
| Convertible redeemable preferred shares | **—** | 3,224,447 |
| | **—** | 3,224,447 |
| **Total liabilities** | **7,870** | 3,236,323 |
| **Equity attributable to owners of the Company** | | |
| Share capital | **10** | 6 |
| Reserves (Note) | **7,174,607** | 1,673,280 |
| Accumulated losses | **(5,287,734)** | (1,875,278) |
| **Total equity** | **1,886,883** | (201,992) |
| **Total equity and liabilities** | **1,894,753** | 3,034,331 |

# Notes to the Consolidated Financial Statements

## 35 Statement of financial position of the Company (Continued)

Note: Movement in reserves of the Company are as follows:

| | Share premium RMB'000 | Capital reserve RMB'000 | Share-based compensation reserve RMB'000 | Exchange reserve RMB'000 | Others RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **As at 1 January 2022** | **76,581** | **322,983** | **—** | **32,625** | **1,241,091** | **1,673,280** |
| Changes in fair value of convertible redeemable preferred shares due to own credit risk (Note 30(a)) | **—** | **—** | **—** | **—** | **(31,039)** | **(31,039)** |
| Exercise of share options | **157,792** | **—** | **(157,645)** | **—** | **—** | **147** |
| Equity-settled share-based compensation | **—** | **—** | **748,059** | **—** | **—** | **748,059** |
| Conversion of convertible redeemable preferred shares to ordinary shares | **3,739,016** | **—** | **—** | **—** | **—** | **3,739,016** |
| Deemed contribution to shareholder | **—** | **—** | **495,066** | **—** | **—** | **495,066** |
| Issuance of ordinary shares relating to initial public offering, netting of underwriting commission and other issuance costs | **556,302** | **—** | **—** | **—** | **—** | **556,302** |
| Transfer of accumulated changes in fair value due to own credit risk upon derecognition of other financial liabilities at fair value through profit or loss to accumulated losses | **—** | **—** | **—** | **—** | **(43,976)** | **(43,976)** |
| Currency translation differences | **—** | **—** | **—** | **37,752** | **—** | **37,752** |
| **As at 31 December 2022** | **4,529,691** | **322,983** | **1,085,480** | **70,377** | **1,166,076** | **7,174,607** |
| **As at 1 January 2021** | 76,581 | 24,430 | — | 62,485 | 1,208,949 | 1,372,445 |
| Contribution from shareholder (Note (a)) | — | 298,553 | — | — | — | 298,553 |
| Cancellation of ordinary shares (Note 24) | — | — | — | — | 1 | 1 |
| Changes in fair values of convertible redeemable preferred shares due to own credit risk (Note 30(a)) | — | — | — | — | 32,141 | 32,141 |
| Currency translation differences | — | — | — | (29,860) | — | (29,860) |
| **As at 31 December 2021** | 76,581 | 322,983 | — | 32,625 | 1,241,091 | 1,673,280 |

### Capital reserve

Note (a): On 30 April 2021, 58 Daojia and the Company entered into a debt wavier agreement. Pursuant to the debt wavier agreement, 58 Daojia agreed to waive the amount due by the Group and the amount was treated as capital contribution of approximately RMB298,553,000.

## 35 Statement of financial position of the Company (Continued)

### Exchange reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 2.6 and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

## 36 Contingent liabilities

As at 31 December 2022 and 2021, there were no material contingent liabilities to the Group.

# Definitions

| | |
|---|---|
| "AGM" | annual general meeting of the Company |
| "AHKEF" | Alibaba Hong Kong Entrepreneurs Fund, L.P. is an investment fund established in the Cayman Islands with The Hong Kong Entrepreneurs Fund Limited as the sole limited partner. The Hong Kong Entrepreneurs Fund Limited is in turn an indirect subsidiary of Alibaba. AHKE Fund General Partner Limited is the sole General Partner of AHKEF |
| "Alibaba" | Alibaba Group Holding Limited, a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange (stock code: 9988), whose American depositary shares are listed on the New York Stock Exchange (NYSE: BABA) |
| "Articles of Association" | the articles of association of the Company, as amended from time to time |
| "associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Audit Committee" | the auditor committee of the Board |
| "Board" | the board of directors of our Company |
| "Cainiao" | Cainiao Smart Logistics Network (Hong Kong) Limited (菜鳥智能物流網絡(香港)有限公司), a company incorporated under the laws of Hong Kong on June 17, 2015 and an indirect non-wholly owned subsidiary of Alibaba |
| "China", or "PRC" | the People's Republic of China, except where the context requires otherwise and only for the purposes of this annual report, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan |
| "Company", "our Company", or "the Company | GOGOX Holdings Limited (快狗打车控股有限公司), a company with limited liability incorporated in the Cayman Islands on June 8, 2017 and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2246) |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Consolidated Affiliated Entities" | the entities that we control through the Contractual Arrangements, being Tianjin 58 Freight and its subsidiaries |

# Definitions

| | |
|---|---|
| "Contractual Arrangements" | the series of contractual arrangements entered into by, among others, Hainan WFOE, Tianjin 58 Freight and its Registered Shareholders, and other Consolidated Affiliated Entities, as applicable, details of which are set out in the section headed "Contractual Arrangements" in the Prospectus |
| "Controlling Shareholder(s)" | has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Yao, Nihao China Corporation, Nihao Haven Corporation, Internet Opportunity Company, Internet Opportunity Fund LP, Internet Opportunity Haven Company, Quantum Bloom, 58.com, China Classified Information Corporation Limited, Trumpway Limited, Genesis Fortune Holdings Limited, Major Group Enterprises Limited, Mr. Chen and 58 Daojia |
| "Corporate Governance Code" or "CG Code" | the Corporate Governance Code set out in Appendix 14 to the Listing Rules |
| "Director(s)" | the director(s) of our Company |
| "ESG" | Environmental, Social and Governance |
| "ESG Committee" | the Environmental, Social and Governance Committee of the Board |
| "Global Offering" | the Hong Kong Public Offering and the International Offering as defined in the Prospectus |
| "GoGoVan" | the subsidiaries and Structured Entities of GoGoVan Cayman |
| "GoGoVan Cayman" | GoGo Tech Holdings Limited, a company incorporated in the Cayman Islands on July 9, 2014, which is one of our substantial shareholders |
| "Group", "our Group", "the Group", "we", "us", or "our" | our Company and our subsidiaries and Consolidated Affiliated Entities at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries or the Consolidated Affiliated Entities, the business operated by such subsidiaries or the Consolidated Affiliated Entities or their predecessors (as the case maybe) |
| "Hainan 58 Freight" | Hainan 58 Daojia Freight Services Co., Ltd. (海南五八到家貨運服務有限公司), a limited liability company established under the laws of the PRC on April 9, 2021 and a Consolidated Affiliated Entity |
| "Hainan 58 Supply Chain" | Hainan 58 Daojia Supply Chain Management Services Co., Ltd. (海南五八到家供應鏈管理服務有限公司), a limited liability company established under the laws of the PRC on April 21, 2020 and a Consolidated Affiliated Entity |

# Definitions

| | |
|---|---|
| "Hainan 58 Technology" or "Hainan WFOE" | Hainan 58 Daojia Technology Co., Ltd. (海南五八到家科技有限公司), a limited liability company established under the laws of the PRC on May 21, 2021, which was an indirectly wholly-owned subsidiary of the Company during the Reporting Period |
| "Hong Kong" or "HK" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Hong Kong dollars" or "HK dollars" or "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "IFRS(s)" | International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board |
| "Independent Third Party(ies)" | any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules |
| "Korea" | Republic of Korea |
| "Listing" | the listing of the Shares on the Main Board of the Stock Exchange |
| "Listing Date" | June 24, 2022, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange |
| "Model Code" | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules |
| "Mr. CHEN" or "Mr. CHEN Xiaohua" | Mr. CHEN Xiaohua (陳小華), our Chairman of the Board, an executive Director and one of our Controlling Shareholders |
| "Mr. YAO" | Mr. YAO Jinbo (姚勁波), one of our Controlling Shareholders |
| "Nihao China" | Nihao China Corporation, a company incorporated in the British Virgin Islands, which is beneficially owned by Mr. YAO through a trust, wholly owns Nihao Haven |
| "Nihao Haven" | Nihao Haven Corporation, a company incorporated in the British Virgin Islands, controls over one-third interest in Quantum Bloom |

# Definitions

| | |
|---|---|
| "Nomination Committee" | the nomination committee of the Board |
| "Prospectus" | the prospectus of the Company dated June 14, 2022 |
| "Quantum Bloom" | Quantum Bloom Group Ltd., a company incorporated in the Cayman Islands, wholly owns 58.com |
| "Registered Shareholders" | the registered shareholders of Tianjin 58 Freight, namely Mr. Chen and Mr. Yao |
| "Relevant Period" | the period from the Listing Date up to December 31, 2022 |
| "Remuneration Committee" | the remuneration committee of the Board |
| "Reporting Period" | year ended December 31, 2022 |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of PRC |
| "SFO" | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Share(s)" | ordinary share(s) in the share capital our Company with a nominal value of US$0.0000025 each |
| "Shareholder(s)" | holder(s) of our Share(s) |
| "Share Incentive Plan" | the share incentive plan of our Company adopted by the Board on August 18, 2021 |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary" or "subsidiaries" | has the meaning ascribed to it thereto in section 15 of the Companies Ordinance |
| "substantial shareholder(s)" | has the meaning ascribed to it in the Listing Rules |
| "Taobao China" | Taobao China Holding Limited (淘寶中國控股有限公司), a company incorporated under the laws of Hong Kong on March 26, 2003 and an indirect wholly-owned subsidiary of Alibaba Group Holding Limited |
| "Tianjin Kuaigou Freight" | Tianjin Kuaigou Freight Services Co., Ltd. (天津快狗貨運服務有限公司), a limited liability company established under the laws of the PRC on December 13, 2021 and a Consolidated Affiliated Entity |

# Definitions

| | |
|---|---|
| "Tianjin 58 Freight" | Tianjin 58 Daojia Freight Services Co., Ltd. (天津五八到家貨運服務有限公司), a limited liability company established under the laws of the PRC on July 10, 2017 and a Consolidated Affiliated Entity |
| "Tianjin 58 Technology" or "Tianjin WFOE" | Tianjin 58 Daojia Technology Co., Ltd. (天津五八到家科技有限公司), a limited liability company established under the laws of the PRC on July 26, 2017, which was an indirectly wholly-owned subsidiary of the Company |
| "US dollars", "U.S. dollars", "US$" or "USD" | United States dollars, the lawful currency of the United States |
| "Zhenjiang 58 Supply Chain" | Zhenjiang 58 Daojia Supply Chain Management Services Co., Ltd. (鎮江五八到家供應鏈管理服務有限公司), a limited liability company established under the laws of the PRC on March 20, 2017 and a Consolidated Affiliated Entity |
| "58 Daojia" | 58 Daojia Inc., a limited liability company incorporated in the BVI on January 26, 2015 and one of our Controlling Shareholders |
| "58.com" | 58.com Inc., and limited liability company incorporated in the Cayman Islands and one of our Controlling Shareholders |
| "%" | per cent |

快狗打车 | GOGOX