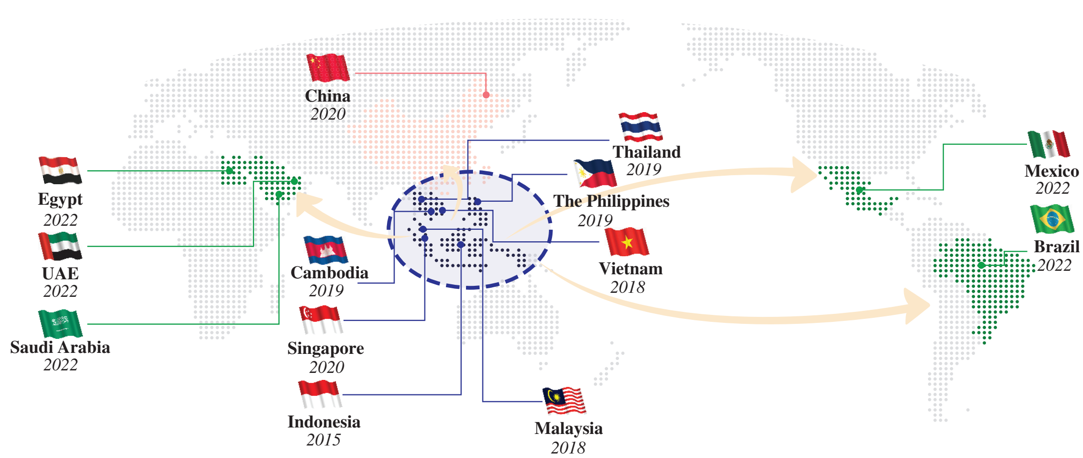
SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [**REDACTED**] *in the* [**REDACTED**].

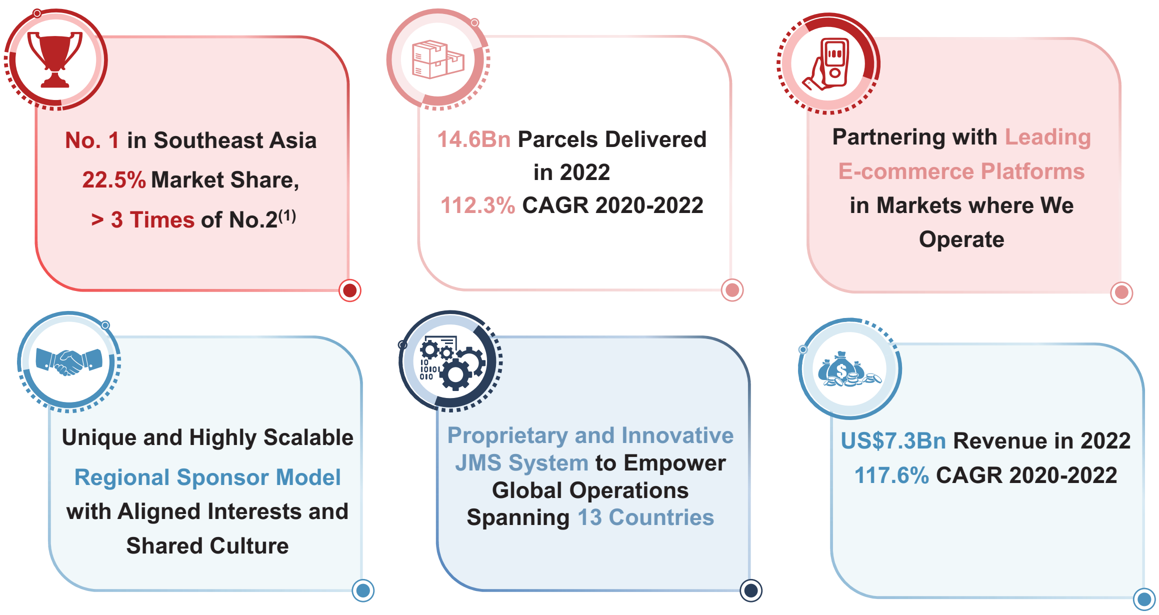
There are risks associated with any investment. Some of the particular risks in [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors." You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

BUSINESS OVERVIEW

We are a global logistics service provider with the leading express delivery business in Southeast Asia, a competitive position in China and an expanding footprint in Latin America and the Middle East. Our express delivery services span 13 countries, which include the largest and fastest-growing express delivery emerging markets globally. We commenced operations in 2015 in Indonesia, and leveraged our success there to expand into other Southeast Asian countries, including Vietnam, Malaysia, the Philippines, Thailand, Cambodia and Singapore, and became the number one express delivery operator in Southeast Asia, with a 22.5% market share in 2022 by parcel volume, according to Frost & Sullivan. In Southeast Asia, we handled 2,513.2 million domestic parcels in 2022, representing a CAGR of 47.6% from 1,153.8 million in 2020, and we handled 1,438.3 million domestic parcels in the six months ended June 30, 2023, representing an increase of 18.4% from 1,215.0 million domestic parcels in the six months ended June 30, 2022. We tapped into the express delivery market in China in 2020, and handled 12,025.6 million domestic parcels in 2022, achieving a market share of 10.9% by parcel volume, according to Frost & Sullivan. In China, we handled 6,445.6 million parcels in the six months ended June 30, 2023, representing an increase of 15.1% from 5,602.3 million parcels in the six months ended June 30, 2022. As of June 30, 2023, we had full network coverage across the seven Southeast Asia countries and a geographic coverage of over 99% by counties and districts in China. We are also the first Asian express delivery operator of scale to have expanded into Saudi Arabia, UAE, Mexico, Brazil and Egypt, according to Frost & Sullivan, supporting our e-commerce partners as they expand into new markets. To better capture cross-border logistics opportunities and enhance the connectivity among the countries we serve, we have expanded our cross-border logistics services, which include small parcels, freight forwarding and warehousing solutions.



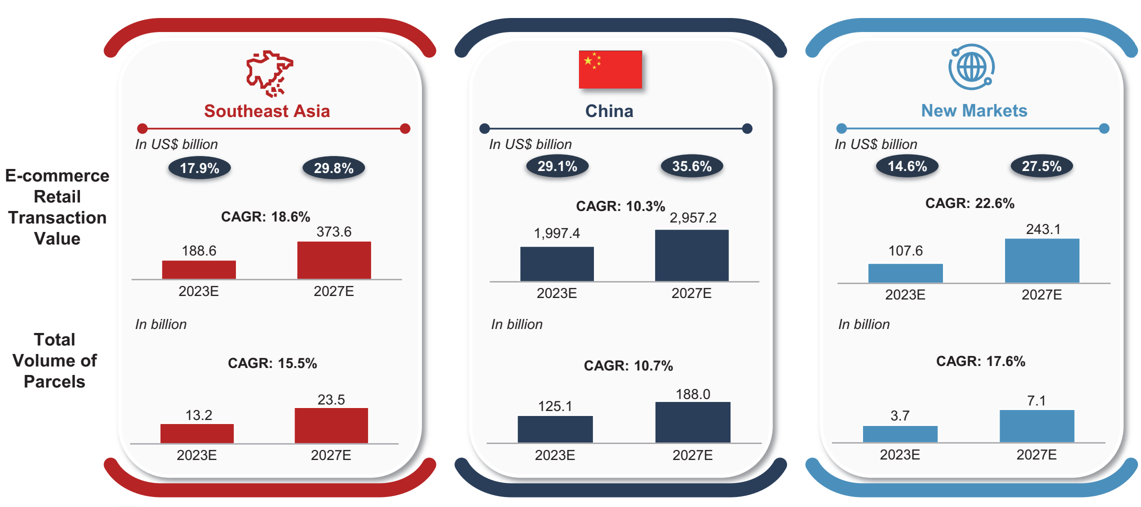
We provide express delivery services to leading e-commerce platforms enabling the rapid development of our partners as they expand into new markets. We have historically helped e-commerce platforms access regions that were underserved by traditional logistics service providers. We provide a suite of express delivery services to merchants and consumers on leading e-commerce platforms, such as Shopee, Lazada, Tokopedia, Pinduoduo, Taobao, Tmall, Shein and Noon, as well as short video and live streaming platforms, such as TikTok, Douyin and Kuaishou. As e-commerce continues to evolve, we believe that we are well positioned to enable further development of the e-commerce markets in which we operate by leveraging our broad network, extensive know-how and strong execution capabilities. We expect to provide services to cross-border logistics with our ever expanding global footprint.



Note:

1. By parcel volume in 2022, according to Frost & Sullivan

Southeast Asia, China and the New Markets where we operate present us with significant growth opportunities:



Source: *Frost & Sullivan*

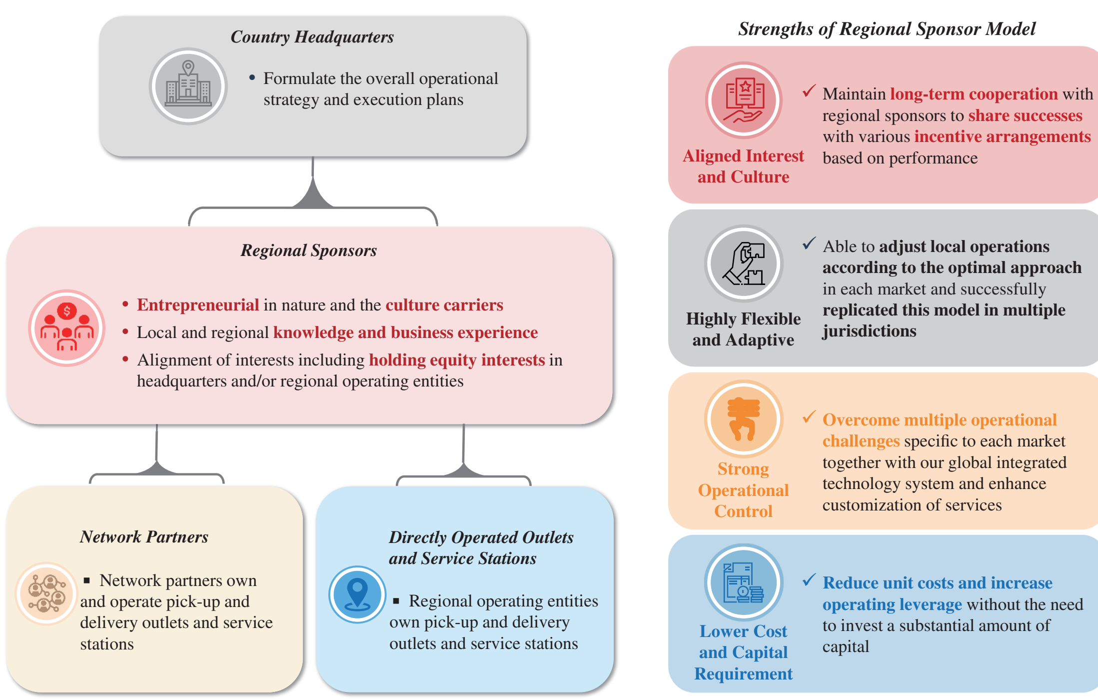
Shift to e-commerce. E-commerce retail has seen significant growth in Southeast Asia in terms of transaction value from US$38.3 billion in 2018 to US$154.8 billion in 2022, representing a CAGR of 41.8%. Improvements in Internet infrastructure in Southeast Asia will likely further support the transition from offline to online retail channels. According to Frost & Sullivan, e-commerce retail transaction value in Southeast Asia is expected to grow from US$188.6 billion in 2023 to US$373.6 billion in 2027, representing a CAGR of 18.6%, with e-commerce penetration rate increasing from 17.9% in 2023 to 29.8% in 2027. In China, e-commerce retail transaction value increased from US$1,058.5 billion in 2018 to US$1,777.1 billion in 2022, representing a CAGR of 13.8%, and is expected to grow from US$1,997.4 billion in 2023 to US$2,957.2 billion in 2027, representing a CAGR of 10.3%, according to Frost & Sullivan, with the e-commerce penetration rate increasing from 29.1% in 2023 to 35.6% in 2027. In addition, we anticipate that the rise of social e-commerce including short video and live streaming will drive additional e-commerce transactions and demand for cost-effective logistics services. According to Frost & Sullivan, the social e-commerce retail market in Southeast Asia grew rapidly from US$9.2 billion in 2018 to US$60.2 billion in 2022, representing a CAGR of 59.9%, and is expected to reach US$179.8 billion in 2027 from US$80.7 billion in 2023, representing a CAGR of 22.2% from 2023 to 2027. The social e-commerce retail market in China also grew rapidly from US$98.5 billion in 2018 to US$626.5 billion in 2022, representing a CAGR of 58.8%, and is expected to reach US$1,660.4 billion in 2027 from US$839.7 billion in 2023, representing a CAGR of 18.6%. The social e-commerce penetration rate is expected to reach 48.1% and 56.1% in Southeast Asia and China in 2027, respectively.

Demand for express delivery services. Benefiting from the significant e-commerce market, Southeast Asia and China combined form the largest and fastest-growing express delivery service market in the world, according to Frost & Sullivan. In Southeast Asia, total volume of parcels shipped rapidly increased from 3.3 billion in 2018 to 11.1 billion in 2022, representing a CAGR of 36.0%, and is projected to increase from 13.2 billion in 2023 to 23.5 billion in 2027, representing a CAGR of 15.5%, while in China the volume increased from 50.7 billion in 2018 to 110.6 billion in 2022, representing a CAGR of 21.5%, and is projected to increase from 125.1 billion in 2023 to 188.0 billion in 2027, representing a CAGR of 10.7%, according to Frost & Sullivan.

Demand from the New Markets. In 2022, we strategically expanded into other large and high-growth markets around the world, including Saudi Arabia, UAE, Mexico, Brazil and Egypt, which we refer to as the New Markets. These markets have burgeoning e-commerce industries and are undergoing a pivotal transition as consumer shift from traditional retail to online shopping. According to Frost & Sullivan, e-commerce retail transaction value of the New Markets in aggregate reached US$85.7 billion in 2022 at a CAGR of 27.5% from 2018 and is expected to further grow to US$243.1 billion in 2027 at a CAGR of 22.6% from 2023. Driven by the growth of e-commerce retail markets and e-commerce penetration rate, express delivery parcel volume in these markets in aggregate reached 3,095.8 million in 2022 and is expected to further grow to 7,137.7 million in 2027 at a CAGR of 17.6% from 2023.

Demand for cross-border services. Capitalizing on our success in each of the markets in which we operate, we are developing cross-border services to connect these markets to the global e-commerce network. In Southeast Asia and China, the total cross-border e-commerce retail markets by transaction value increased from US$213.8 billion in 2018 to US$492.2 billion in 2022, representing a CAGR of 23.2%, and are expected to increase from US$605.2 billion in 2023 to US$1,257.0 billion in 2027, representing a CAGR of 20.0%, according to Frost & Sullivan. We believe the rise of the cross-border e-commerce market will drive the growth of the cross-border logistics market. The global cross-border logistics market is expected to reach US$680.7 billion in 2027 from US$456.1 billion in 2023, representing a CAGR of 10.5%, according to Frost & Sullivan.

Our success is attributable to our innovative business model. We have built an adaptive business model by leveraging our partners whom we refer to as our regional sponsors, and we are currently the only player in Southeast Asia and China that has successfully adopted this model at scale. By employing this model in geographically diverse countries with unique operational challenges in each of the countries where we provide express delivery services, we have expanded rapidly, serving a geographically dispersed base of merchants and consumers across multiple regions and enabling the growth of e-commerce transactions. Regional sponsors play an important role by working with our country headquarters to execute our strategies in various markets. Our regional sponsors typically hold equity interest in our country headquarters and/or regional operating entities. Our country headquarters formulate the overall operational strategy and execution plans in each market, including density and geographic locations of sorting centers, line-haul routes and network capacity, of which regional sponsors assume the role of managing regional daily operations. Regional sponsors manage our network partners through the relevant regional operating entities. Regional sponsors in certain locations also undertake the management of directly operated pickup and delivery outlets and service stations through the relevant regional operating entities. The management responsibilities of regional sponsors encompass the set-up of local operations, sales and marketing, customer service, and employee and network partner training. For more details of our innovative business model, please see "Business – Our Regional Sponsor Model – Advantages and Innovations of Our Business Model."



As of June 30, 2023, we had a portfolio of 104 regional sponsors and approximately 8,700 network partners. We operated 265 sorting centers and over 8,400 line-haul vehicles, including more than 4,400 self-owned line-haul vehicles, with approximately 3,900 line-haul routes, as well as over 18,600 pickup and delivery outlets as of June 30, 2023. Through collaboration with international and local partners, we also provide cross-border services across Asia, North America, South America, Europe, Africa and Oceania.

We have experienced significant growth since we commenced operations in Indonesia in 2015 and over the Track Record Period. In Southeast Asia, we experienced continuous growth in parcel volume and were able to achieve positive adjusted EBITDA (a non-IFRS measure) growth from 2020 to 2022 and from the six months ended June 30, 2022 to the six months ended June 30, 2023. We expanded into the China market in 2020 and have been focusing on consolidating our market position in China. The following table sets forth our revenue, adjusted loss (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) in total amount and by geographic segment for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	(in US$ thousands)				
				(Unaudited)	
Revenue	1,535,425	4,851,800	7,267,428	3,402,543	4,030,439
Southeast Asia	1,046,504	2,377,544	2,381,726	1,177,929	1,246,076
China	478,847	2,181,368	4,096,177	1,960,145	2,203,070
Others[2]	10,074	292,888	789,525	264,469	581,293
Non-IFRS measures					
Adjusted loss (a non-IFRS measure)[1]	(475,861)	(1,177,666)	(1,488,297)	(418,983)	(264,026)
Adjusted EBITDA (a non-IFRS measure)[1]	(321,163)	(794,450)	(894,090)	(138,725)	39,169
Southeast Asia	266,561	427,436	331,582	156,737	184,060
China	(616,227)	(1,206,014)	(722,658)	(222,158)	(44,967)
Others[2]	1,652	(14,028)	(168,789)	(45,613)	(66,431)
Unallocated[3]	26,851	(1,844)	(334,225)	(27,691)	(33,493)

Notes:

(1) See "Financial Information – Non-IFRS Measures" for more details.

(2) Includes our cross-border services and domestic express delivery services in the New Markets.

(3) Represents (i) certain expenses, gains and losses, including general and administrative expenses, and exchange gains and losses incurred at our group and holding company levels, and (ii) fair value change of financial assets and liabilities of other group entities that will not be re-designated from liabilities to equity upon the completion of the [**REDACTED**], which amounted to US$301.9 million, US$32.9 million, and US$8.9 million for the year ended December 31, 2022, and the six months ended June 30, 2022 and 2023.

During the Track Record Period, the growth of our parcel volume was primarily driven by the continued expansion of our network, an increase in the number of merchants on e-commerce platforms that used our services and the increased demand for express delivery services in the markets in which we operate. Our global annual parcel volume in 2022 was 14.6 billion, representing an increase of 39.0% from 10.5 billion in 2021 and an increase of 350.6% from 3.2 billion in 2020. Our global parcel volume in the six months ended June 30, 2023 was 7,967.1 million, representing an increase of 16.7% from 6,825.0 million in the six months ended June 30, 2022. The table below illustrates the growth in our parcel volume in Southeast Asia and China for the periods indicated, as well as the 2022 market share in these geographic segments:

	Year ended December 31,			Six months ended June 30,		2020–2022 CAGR	2022 market share
	2020	2021	2022	2022	2023		
		(in millions)					
Southeast Asia. . .	1,153.8	2,160.8	2,513.2	1,215.0	1,438.3	47.6%	22.5%
China	2,083.5	8,334.3[1]	12,025.6	5,602.3	6,445.6	140.2%	10.9%

Note:

(1) On December 8, 2021, we completed the acquisition of BEST Express China from BEST and consolidated the results of BEST Express China since December 8, 2021.

We entered into the New Markets in 2022 and had a very limited history of operating in these markets. We achieved a parcel volume of 49.1 million, with a market share of approximately 1.6% in terms of parcel volume in 2022, according to Frost & Sullivan. We achieved a parcel volume of 83.2 million in the six months ended June 30, 2023.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors:

- A global express delivery operator with the leading position in Southeast Asia, serving largest and fastest-growing express delivery emerging markets;
- Independent e-commerce enabler, connecting marketplaces and merchants to new markets and consumers;
- Scalable regional sponsor model that promotes rapid penetration and growth in new markets;
- Adaptive technology system and continued focus on innovation to empower global operations;
- Quality services catering to regional customer and market needs; and
- Entrepreneurial and experienced management team and regional sponsors dedicated to cultivating leaders and promoting development of our network.

OUR STRATEGIES

To achieve our vision and mission, we intend to pursue the following strategies:

- Solidify our leading position and continue to grow our market share;
- Expand our capacity while enhancing the efficiency and connectivity of our logistics network;
- Expand into new markets and new service offerings; and
- Invest in innovation, technology and environmental sustainability.

RISK FACTORS

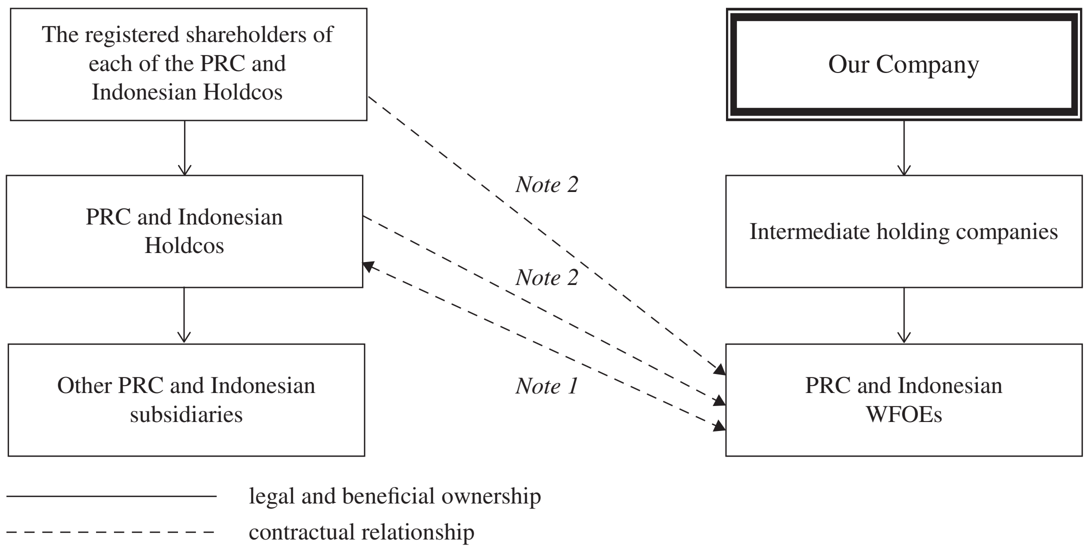
Our operations and the [**REDACTED**] involve certain risks and uncertainties, which are set out in "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include:

- Our business and growth are highly dependent on the development of the e-commerce industry in the markets where we operate.
- We face risks in managing global operations, entering into and expanding across a number of countries.
- We have relied, and may continue to rely, on certain prominent e-commerce platforms.
- We face risks associated with our regional sponsors, unconsolidated regional operating entities, network partners, and their employees and personnel.
- The possible impairment losses for intangible assets may adversely affect our financial condition and results of operations.

CONTRACTUAL ARRANGEMENTS

Our Group operates or may operate in certain industries that are subject to restrictions under the current PRC and Indonesian laws and regulations. In order to comply with such laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the PRC Contractual Arrangements entered into on January 18, 2023 and the Indonesian Contractual Arrangements entered into on March 29, 2022. We do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities' operations. We do not maintain any insurance with respect to our Contractual Arrangements. For further details, see "Risk Factors – Risks Related to Our Corporate Structure" and "Contractual Arrangements."

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



Notes:

(1) The PRC WFOE provides technical support, business support and relevant consulting services in exchange for service fees from the PRC Holdco. See "Contractual Arrangements – Our Contractual Arrangements – Summary of the agreements under the PRC Contractual Arrangements and other key terms thereunder – Exclusive Business Cooperation Agreement." The Indonesian WFOE provides comprehensive management consulting services to the Indonesian Holdco in exchange for service fees. See "Contractual Arrangements – Our Contractual Arrangements – Summary of the agreements under the Indonesian Contractual Arrangements and other key terms thereunder – Exclusive Technical Service Agreement."

(2) The Registered Shareholders of the PRC Holdco executed the exclusive option agreement in favor of the PRC WFOE for the acquisition of all or part of the equity interests in and all or part of the assets in the PRC Holdco. See "Contractual Arrangements – Our Contractual Arrangements – Summary of the agreements under the PRC Contractual Arrangements and other key terms thereunder – Exclusive Option Agreement." The Registered Shareholders of the PRC Holdco executed Shareholders' Rights Proxy Agreement in favor of the PRC WFOE, for the exercise of all shareholders' rights in the PRC Holdco. See "Contractual Arrangements – Our Contractual Arrangements – Summary of the agreements under the PRC Contractual Arrangements and other key terms thereunder – Shareholder Rights Proxy Agreement." The Registered Shareholders of the PRC Holdco granted security interests in favor of the PRC WFOE, over the entire equity interests in the PRC Holdco. See "Contractual Arrangements – Our Contractual Arrangements – Summary of the agreements under the PRC Contractual Arrangements and other key terms thereunder – Equity Pledge Agreement." The Indonesian Individual and Corporate Registered Shareholders executed a number of agreements in favor of the Indonesian WFOE to allow the Indonesian WFOE to consolidate control over the Indonesian Holdco and derive the full economic benefits from the Indonesian Holdco. See "Contractual Arrangements – Our Contractual Arrangements – Summary of the agreements under the Indonesian Contractual Arrangements and other key terms thereunder."

Development in the PRC legislation on foreign investment

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law, which came into effect on January 1, 2020. The Foreign Investment Law replaced the Equity Joint Venture Law, the Wholly Foreign-owned Enterprise Law, and the Cooperative Joint Venture Law to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Rules to the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Therefore, without any other promulgated national laws, administrative regulations, administrative rules or regulatory requirements prohibiting or restricting the operation of or affecting the legality of contractual arrangements, the Foreign Investment Law will not have a material adverse impact on the PRC Contractual Arrangements, and each of the agreements under the PRC Contractual Arrangements and the legality and validity of the PRC Contractual Arrangements would not be affected.

For the risks relating to the Contractual Arrangements, see "Risk Factors – Risks Related to Our Corporate Structure" for further details.

WEIGHTED VOTING RIGHTS STRUCTURE AND OUR CONTROLLING SHAREHOLDERS

We are proposing to adopt a weighted voting rights structure effective immediately upon the completion of the [**REDACTED**]. Under this structure, our share capital will comprise Class A Shares and Class B Shares. Each Class A Share shall entitle its holder to 10 votes, and each Class B Share shall entitle its holder to one vote on each resolution subject to a vote at our general meetings on a poll, except for resolutions with respect to the Reserved Matters, in relation to which each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting of the Company.

In recognition of Mr. Li's continuous contributions to the Company and to ensure further alignment of Mr. Li's interests with those of the Company and its shareholders, the existing Shareholders of the Company unanimously agreed to issue 24,557,934 class B ordinary shares of par value of US$0.00001 each (the "**Founder Award Shares**") at par value to Jumping Summit Limited, a company controlled by Mr. Li, on May 17, 2023. Such class B ordinary shares of par value of US$0.00001 each will be redesignated to Class A Shares following the Reclassification, Redesignation and Share Subdivision. Mr. Li has undertaken to proportionately relinquish the Founder Award Shares (Class A Shares equivalent, assuming completion of Reclassification, Redesignation and Share Subdivision) if he ceases to serve as Chairman of the Board, or as the Chief Executive Officer, or such other position equivalent to the Chief Executive Officer within the four year period commencing on the [**REDACTED**]. See "History and Corporate Structure – Issuance of Founder Award Shares" for further details.

Immediately upon the completion of the [**REDACTED**], the WVR Beneficiary will be Mr. Li. Assuming (i) the [**REDACTED**] is not exercised and (ii) the Reclassification, Redesignation and Share Subdivision are completed, (a) Mr. Li will be interested in and will control, through Jumping Summit Limited, 979,333,410 Class A Shares, representing approximately [**REDACTED**]% of our total issued share capital, and approximately [**REDACTED**]% of the total voting rights in our Company with respect to the Reserved Matters, and approximately [**REDACTED**]% of the total voting rights in our Company with respect to matters other than the Reserved Matters, (b) without taking into account the Founder Award Shares (Class A Shares equivalent, assuming completion of Reclassification, Redesignation and Share Subdivision), which are subject to potential relinquishment, Mr. Li will be interested in and will control, through Jumping Summit Limited, 856,543,740 Class A Shares, representing approximately [**REDACTED**]% of our total issued share capital, and approximately [**REDACTED**]% of the total voting rights in our Company with respect to the Reserved Matters, and approximately [**REDACTED**]% of the total voting rights in our Company with respect to matters other than the Reserved Matters.

Topping Summit Limited, Mr. Li's wholly-owned entity, holds 5% equity interest and exercises all the voting rights in Jumping Summit Limited, the remaining 95% equity interest in Jumping Summit Limited, which do not carry any voting rights, is held by Exceeding Summit Holding Limited, the entire equity interest of which is held by Vistra Trust (Singapore) Pte. Limited (the "**Trustee**") as trustee for the family trust established by Mr. Li (as settlor) for himself and his family (the "**Jet Family Trust**"). Further, as the sole director of Jumping Summit Limited, Mr. Li is responsible for managing, directing and supervising the operations and affairs of Jumping Summit Limited pursuant to its articles of association, and thus Mr. Li retains direct control over Jumping Summit Limited and the voting rights underlying the Class A Shares held by Jumping Summit Limited. Therefore, Mr. Li, Jumping Summit Limited, Topping Summit Limited and Exceeding Summit Holding Limited will be our Controlling Shareholders after the [**REDACTED**].

See "Share Capital – Weighted Voting Rights Structure" and "Relationship with the Controlling Shareholders" for further details.

Our WVR Structure will enable the WVR Beneficiary to exercise voting control over us notwithstanding the WVR Beneficiary does not hold a majority economic interest in the share capital of our Company. This will enable us to benefit from the continuing vision and leadership of the WVR Beneficiary who will control us with a view to our long-term prospects and strategy.

Mr. Li founded our Company and currently serves as an Executive Director, Chief Executive Officer and Chairman of the Board and is responsible for executive decisions, leading our rapid growth over the years. Mr. Li is a serial entrepreneur with over 20 years of sales and entrepreneurial experience.

Mr. Li has been integral to our growth and success and has been, and will continue to be, responsible for leading our strategic direction, business management and development, commercialization, new business initiatives, corporate culture, publicity, government affairs, brand, maintenance and development of the our ecosystem, strategic acquisition, finance, legal, talent acquisition and overseas expansion.

Mr. Li has been the central figure in forming the regional sponsor model. Mr. Li, leveraging on his experience and insights, first identified, recruited and organized the regional sponsors who contributed to our success in Indonesia. He further devised the methodology to engage them to participate in the operations of their respective regions and led the effort to tailor the model as J&T's operation expanded into other jurisdictions.

Envisaging the potential markets and demands for reliable, customer-centric logistic solutions across Southeast Asia markets, Mr. Li promulgated the initiative to expand our global presence, led the research on the market competitive landscape and made the decisions to enter into other jurisdictions based on their strategic positions. Mr. Li led the collaboration with major e-commerce platforms in Southeast Asia. Mr. Li also integrates the cross-border and international operations under the brand of J&T International.

We are committed to continuously capitalizing on our innovative business model and leading position in the express delivery industry in Asia. Under Mr. Li's innovative vision and leadership, we seek to continue innovating and remain at the forefront of the industry, expanding logistics access to underserved regions, becoming the go-to partner for growing e-commerce platforms and implementing new technologies to transform the landscape of express delivery services in Asia and globally. We consider that the adoption of the proposed WVR structure to be an integral element to achieving this vision.

Prospective investors are advised to be aware of the potential risks of investing in companies with weighed voting rights structures, in particular that interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, irrespective of how other shareholders vote. Prospective investors should make the decision to invest in our Company only after due and careful consideration. For further information about the risks associated with the WVR Structure adopted by our Company, see "Risk Factors – Risks Related to the WVR Structure."

PRE-[REDACTED] INVESTORS

We received multiple series of equity financing from our Pre-[**REDACTED**] Investors to support our expanding business operations from 2017 to 2023. Our broad and diverse base of Pre-[**REDACTED**] Investors consist of, among others, Tencent, Boyu, ATM, D1, Hillhouse, GLP, Sequoia, SF Express, Dahlia, SAI Growth and CMBI. See "History and Corporate Structure – Pre-[**REDACTED**] Investments" for more details.

OUR CUSTOMERS AND SUPPLIERS

For our express delivery and cross-border services, our customers include our network partners, e-commerce platforms, certain enterprise and individual customers, as well as our unconsolidated regional operating entities. For our cross-border services, our customers also include freight forwarders who place orders on behalf of their end customers. Our direct customers are primarily our network partners, unconsolidated regional operating entities, e-commerce platforms and other enterprise customers and individuals which require customized express delivery services. Our five largest customers in each of 2020, 2021, 2022 and the six months ended June 30, 2023 contributed to 44.6%, 39.4%, 25.7% and 29.9% of our total revenue for their respective period. For details, see "Business – Customers."

During the Track Record Period, our suppliers primarily included service providers of third-party transportation, human resources services and express delivery services including our network partners and unconsolidated regional operating entities. Our five largest suppliers in each of 2020, 2021, 2022 and the six months ended June 30, 2023 accounted for 15.6%, 12.3%, 10.0% and 10.3% of our total purchases for their respective period. For details, see "Business – Suppliers."

OUR TECHNOLOGY

Our success is also attributable to our innovative technologies. In Southeast Asia, our technology innovations began in 2015 and has introduced market leading technologies that allow the rapid expansion of our network. In China, we commenced operations in 2020, facing intense competition from incumbent players but has achieved strong growth and leading market shares, as backed by our innovations and technologies.

We have developed a global technology platform centered around our proprietary JMS system, along with our open platform and various applications designed for employees and network participants. The global technology platform is supported by multiple proprietary technology platforms that empower multiple key aspects of our operations and enhance our efficiency. We deployed a hybrid cloud and public cloud infrastructure globally to support our global technology platform, which is easily scalable, and built a micro-services architecture to power its modularized functions, features and applications. See "Business – Technology" for more details.

COMPETITIVE LANDSCAPE

The express delivery industry in Southeast Asia is fragmented and we compete primarily with express delivery service provided by national postal agencies as well as leading private domestic express delivery companies in each of the countries in which we operate. We also compete with international carriers that operate in Southeast Asia and China in connection with our cross-border services. We believe that our global footprint, innovative regional sponsor business model, superior operational capabilities and our quality service provide us with a competitive advantage. While we maintain leading positions in our core markets, certain more established e-commerce companies may compete with us by building their own logistics capabilities. Furthermore, certain local players might seek to expand regionally and compete with us in overlapping geographies. We believe that our core strengths provide us with competitive advantages over existing and potential competitors. For further details regarding our industry, see "Industry Overview."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary consolidated financial data from our consolidated financial information for the Track Record Period, extracted from the Accountant's Report set out in Appendix I to this document. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Consolidated Income Statements Data

The following table sets forth a summary of our consolidated income statements data for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2020		2021		2022		2022		2023	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
	(in thousands, except for percentages)									
							(Unaudited)			
Revenue	1,535,425	100.0	4,851,800	100.0	7,267,428	100.0	3,402,543	100.0	4,030,439	100.0
Cost of revenue	(1,796,913)	(117.0)	(5,396,544)	(111.2)	(7,537,666)	(103.7)	(3,468,602)	(101.9)	(3,836,899)	(95.2)
Gross (loss)/profit	**(261,488)**	**(17.0)**	**(544,744)**	**(11.2)**	**(270,238)**	**(3.7)**	**(66,059)**	**(1.9)**	**193,540**	**4.8**
Selling, general and administrative expenses	(365,869)	(23.8)	(1,129,024)	(23.3)	(1,095,528)	(15.1)	(526,328)	(15.5)	(1,767,875)	(43.9)
Research and development expenses	(14,129)	(0.9)	(41,031)	(0.8)	(44,483)	(0.6)	(20,912)	(0.6)	(18,874)	(0.5)
Net impairment losses on financial assets	(9,488)	(0.6)	(41,320)	(0.9)	(37,219)	(0.5)	(25,033)	(0.7)	(11,814)	(0.3)
Other income	17,056	1.1	82,542	1.7	98,149	1.4	48,080	1.4	12,228	0.3
Other gains/(losses), net	27,474	1.8	26,370	0.5	(40,246)	(0.6)	(31,659)	(0.9)	(43,423)	(1.1)
Operating loss	**(606,444)**	**(39.5)**	**(1,647,207)**	**(34.0)**	**(1,389,565)**	**(19.1)**	**(621,911)**	**(18.3)**	**(1,636,218)**	**(40.6)**
Finance income	1,965	0.1	9,476	0.2	22,002	0.3	8,025	0.2	11,367	0.3
Finance costs	(13,831)	(0.9)	(99,077)	(2.0)	(99,499)	(1.4)	(44,647)	(1.3)	(56,002)	(1.4)

	Year ended December 31,						Six months ended June 30,			
	2020		2021		2022		2022		2023	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
	(in thousands, except for percentages)									
							(Unaudited)			
Finance cost, net	(11,866)	(0.8)	(89,601)	(1.8)	(77,497)	(1.1)	(36,622)	(1.1)	(44,635)	(1.1)
Fair value change of financial assets and liabilities at fair value through profit or loss	–	–	(4,383,532)	(90.3)	3,050,694	42.0	2,028,151	59.6	1,020,747	25.3
Share of results of associates	(323)	(0.0)	1,208	(0.0)	(302)	(0.0)	(222)	0.0	(84)	0.0
(Loss)/profit before income tax	**(618,633)**	**(40.3)**	**(6,119,132)**	**(126.1)**	**1,583,330**	**21.8**	**1,369,396**	**40.2**	**(660,190)**	**(16.4)**
Income tax (expense)/credit	(45,530)	(3.0)	(73,126)	(1.5)	(10,763)	(0.2)	2,876	0.1	(6,579)	(0.1)
(Loss)/profit for the year/period	**(664,163)**	**(43.3)**	**(6,192,258)**	**(127.6)**	**1,572,567**	**21.6**	**1,372,272**	**40.3**	**(666,769)**	**(16.5)**
Attributable to:										
Owners of the Company	(564,836)	(36.8)	(6,046,983)	(124.6)	1,656,168	22.8	1,413,479	41.5	(640,967)	(15.9)
Non-controlling interests	(99,327)	(6.5)	(145,275)	(3)	(83,601)	(1.2)	(41,207)	(1.2)	(25,802)	(0.6)
	(664,163)	(43.3)	(6,192,258)	(127.6)	1,572,567	21.6	1,372,272	40.3	(666,769)	(16.5)

Non-IFRS Measures

To supplement our consolidated results which are prepared and presented in accordance with IFRS, we use adjusted (loss)/profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of items, such as certain non-cash items, transactions and items associated with the [**REDACTED**]. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, or superior to, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define our adjusted loss for the year/period (a non-IFRS measure) as (loss)/profit for the year/period adjusted by adding back (i) share-based payments and expenses, (ii) fair value change of financial liabilities at fair value through profit or loss, and (iii) [**REDACTED**] expenses. We define our adjusted EBITDA (a non-IFRS measure) as (loss)/profit for the year/period) adjusted by adding back (i) share-based payments and expenses, (ii) fair value change of financial liabilities at fair value through profit or loss, (iii) [**REDACTED**] expenses, (iv) depreciation and amortization, (v) finance income, (vi) finance costs, and (vii) income tax expense/(credit). Specifically, (i) fair value change of financial liabilities at fair value through profit or loss are non-cash in nature, because all the preferred shares of the Company will be automatically converted into ordinary shares upon the completion of the [**REDACTED**], (ii) share-based compensation expenses relating to employee benefits, share-based payments relating to equity transactions and other share-based compensation expenses are non-cash expenses, (iii) [**REDACTED**] expenses are related to [**REDACTED**], and (iv) depreciation and amortization, finance income, finance costs and income tax expense/(credit) are items that we believe should be adjusted for when assessing our underlying core performance, especially in making period-to-period comparisons of, and assessing the profile of, our operating and financial performance.

The following table sets forth a reconciliation of our non-IFRS financial measures for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2022 and 2023 to the nearest measures prepared in accordance with IFRS:

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(in US$ thousands)				
				(Unaudited)	
(Loss)/Profit for the year/period	(664,163)	(6,192,258)	1,572,567	1,372,272	(666,769)
Add					
Share-based payments and expenses[(1)]	188,302	619,012	281,366	260,594	1,426,868
Fair value change of financial liabilities at fair value through profit or loss[(2)]	–	4,383,532	(3,352,590)	(2,061,022)	(1,029,661)
[**REDACTED**] expenses	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted loss for the year/period (a non-IFRS measure)	**(475,861)**	**(1,177,666)**	**(1,488,297)**	**(418,983)**	**(264,026)**

Notes:

(1) Include share-based compensation expenses related to employee benefits, share-based payments related to equity transactions and other share-based compensation expenses.

(2) Includes financial instruments which will be converted into equity upon [**REDACTED**].

	Year ended December 31,			Six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(in US$ thousands)				
				(Unaudited)	
(Loss)/Profit for the year/period	(664,163)	(6,192,258)	1,572,567	1,372,272	(666,769)
Add					
Share-based payments and expenses[(1)]	188,302	619,012	281,366	260,594	1,426,868
Fair value change of financial liabilities at fair value through profit or loss[(2)]	–	4,383,532	(3,352,590)	(2,061,022)	(1,029,661)
Depreciation and amortization	97,302	220,489	505,947	246,512	251,981
[**REDACTED**] expense	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance income	(1,965)	(9,476)	(22,002)	(8,025)	(11,367)
Finance costs	13,831	99,077	99,499	44,647	56,002
Income tax expense/(credit)	45,530	73,126	10,763	(2,876)	6,579
Adjusted EBITDA (a non-IFRS measure)	(321,163)	(794,450)	(894,090)	(138,725)	39,169
Southeast Asia	266,561	427,436	331,582	156,737	184,060
China	(616,227)	(1,206,014)	(722,658)	(222,158)	(44,967)
Others[(3)]	1,652	(14,028)	(168,789)	(45,613)	(66,431)
Unallocated[(4)]	26,851	(1,844)	(334,225)	(27,691)	(33,493)

Notes:

(1) Include share-based compensation expenses related to employee benefits, share-based payments related to equity transactions and other share-based compensation expenses.

(2) Includes financial instruments which will be converted into equity upon [**REDACTED**].

(3) Include our cross-border services and express delivery services in the New Markets.

(4) Represents (i) certain expenses, gains and losses, including general and administrative expenses, and exchange gains and losses incurred at the group and holding company levels, and (ii) fair value change of financial assets and liabilities of other group entities that will not be re-designated from liabilities to equity upon the completion of the [**REDACTED**], which amounted to US$301.9 million, US$32.9 million, and US$8.9 million for the year ended December 31, 2022, and the six months ended June 30, 2022 and 2023.

We incurred a net loss of US$664.2 million, US$6,192.3 million, US$1,572.6 million and US$666.8 million in 2020, 2021, 2022 and the six months ended June 30, 2023, respectively. We incurred net losses during the Track Record Period primarily because of (i) gross losses with respect to our operations in China and, to a much lesser extent, our cross-border operations and expansion into the New Markets in 2022, and (ii) non-operating losses including fair value changes of our convertible redeemable preferred shares. We had net profit of US$1,572.6 million in 2022, primarily because of significant fair value gain of our convertible redeemable preferred shares. On an adjusted non-IFRS basis, we also incurred a net loss in 2022. We had a gross loss of US$261.5 million, US$544.7 million and US$270.2 million in 2020, 2021 and 2022, primarily because of the the costs we incurred in connection with our entry into the China market in March 2020, our continued efforts to expand our market shares and our expansion into the New Markets in 2022. We recorded a gross profits of US$193.5 million in the six months ended June 30, 2023, as we further improved our economies of scales in China and Southeast Asia and optimized our operations.

In addition, our results of operations in 2021 and 2022 were also impacted by our integration costs in relation to the acquisition of BEST Express China, which amounted to US$266.3 million and US$387.8 million, respectively. In the six months ended June 30, 2022, we also incurred integration costs of US$28.9 million. After our integration was completed in 2022, we stopped incurring such integration costs. The integration costs mainly include (i) certain severance packages for the employees of BEST Express China as part of the integration plan, (ii) impairment of property, plant and equipment that are identified as redundant BEST Express China became integrated, (iii) impairment of property, plant and equipment that we have identified as redundant for the same reason, and other impairment of goodwill, property, plant and equipment and intangible assets, (iv) accrued provision for terminated customers and legal claims in relation to historical operation of BEST Express China, and (v) other miscellaneous integration costs. During the Track Record Period, we recorded certain impairment losses primarily in connection with property, plants and equipment that we identified as redundant and planned to dispose of in connection with our integration of BEST Express China. In 2021, in connection with our acquisition of BEST Express China, we recorded a significant amount of goodwill. In 2022, we recorded certain one-off impairment of goodwill based on peers' performance and general industry trend.

During the Track Record Period, we continued to improve our gross margin. We had a negative gross margin of 17.0%, 11.2% and 3.7% in 2020, 2021 and 2022, respectively. We achieved a gross margin of 4.8% in the six months ended June 30, 2023. The improved gross margin reflected the network effects of our global operation and economies of scale.

Consolidated Balance Sheets Data

	As of December 31,			As of June 30,
	2020	2021	2022	2023
	(in US$ thousands)			
Total non-current assets	628,286	3,028,218	3,089,262	3,325,390
Total current assets	1,614,754	3,516,424	2,846,297	2,747,389
Total assets	2,243,040	6,544,642	5,935,559	6,072,779
Total non-current liabilities	1,966,519	10,975,327	9,188,190	9,681,802
Total current liabilities	1,147,020	2,205,739	1,731,617	1,920,567
Total liabilities	3,113,539	13,181,066	10,919,807	11,602,369
Net current assets	467,734	1,310,685	1,114,680	826,822
Share capital	7	14	14	17
Share premium	33,184	607,734	603,829	598,256
Other reserves	(166,468)	(525,822)	(434,108)	(243,798)
Accumulated losses	(625,953)	(6,672,936)	(5,016,768)	(5,657,735)
Equity/(deficits) attributable to owners of the Company	(759,230)	(6,591,010)	(4,847,033)	(5,303,260)
Non-controlling interests	(111,269)	(45,414)	(137,215)	(226,330)
Total deficits	(870,499)	(6,636,424)	(4,984,248)	(5,529,590)

Our net current assets decreased from US$1,114.7 million as of December 31, 2022 to US$826.8 million as of June 30, 2023, primarily due to (i) a decrease of US$308.8 million in cash and cash equivalent, (ii) an increase in current liabilities driven by increases in borrowings, accruals and other payables and lease liabilities, and (iii) a decrease of trade receivables of US$108.6 million.

Our net current assets decreased from US$1,310.7 million as of December 31, 2021 to US$1,114.7 million as of December 31, 2022, primarily due to (i) a decrease of US$598.4 million in cash and cash equivalents, and (ii) a decrease of US$179.2 million in prepayments, other receivables and other assets.

Our net current assets increased from US$467.7 million as of December 31, 2020 to US$1,310.7 million as of December 31, 2021, primarily due to (i) an increase of US$136.8 million in prepayments, other receivables and other assets, (ii) an increase of US$154.1 million in trade receivables as our business grew and (iii) an increase of US$1,502.0 million in cash and cash equivalents. The increases were partially offset by (i) an increase of US$611.0 million in accruals and other payables because we increased our purchases in line with our expansion and (ii) an increase of US$351.6 million in trade payables.

As of December 31, 2020, 2021, 2022 and June 30, 2023, we had net liabilities of US$870.5 million, US$6,636.4 million, US$4,984.2 million and US$5,529.6 million, respectively, due to (i) the accounting treatment for the changes in the fair values of our convertible preferred shares driven by the changes in the valuation of our Company, and (ii) to a lesser extent, changes in equity, influenced by our awards of share-based compensation, repurchase of ordinary and convertible shares, and dividends paid to shareholders, among other things. For details, see "Consolidated Statements of Changes in Equity" in Appendix I to this document. Upon the [**REDACTED**] and completion of the [**REDACTED**], our financial liabilities at fair value through profit or loss relating to our convertible preferred shares would be re-designated from liabilities to equity, and our net liabilities as of June 30, 2023 would become net assets immediately after the [**REDACTED**].

Consolidated Statements of Cash Flows Data

	Year ended December 31,			Six months ended June 30,	
	2020	2021	2022	2022	2023
	(in US$ thousands)				
				(Unaudited)	
Net cash (used in)/generated from operating activities	(154,700)	(967,174)	(519,817)	(350,120)	2,797
Net cash used in investing activities	(635,086)	(1,001,006)	(859,757)	(551,475)	(366,038)
Net cash from financing activities	1,285,166	3,469,507	881,328	1,000,146	64,171
Net (decrease)/increase in cash and cash equivalents	495,380	1,501,327	(498,246)	98,551	(299,070)
Cash and cash equivalents at the beginning of the year/period	97,173	600,425	2,102,448	2,102,448	1,504,048
Effects of foreign exchange rate changes on cash and cash equivalents	7,872	696	(100,154)	(67,768)	(9,714)
Cash and cash equivalents at the end of the year/period	**600,425**	**2,102,448**	**1,504,048**	**2,133,231**	**1,195,264**

For the six months ended June 30, 2023, our net cash generated from operating activities was US$2.8 million. We had a loss before income tax of US$660.2 million, which was adjusted by adding back non-cash items including (i) share-based payments and compensation expenses of US$1,426.9 million, (ii) depreciation of right-of-use assets and depreciation of property, plant and equipment of US$134.0 million and US$104.4 million, respectively, incurred in relation to the optimization of our operations and adjustment of our network, partially offset by items including fair value change of financial assets and liabilities at fair value through profit or loss of US$1,020.8 million. The amount was further adjusted by changes in working capital, which primarily comprised of (i) an increase in trade receivables of US$95.1 million, (ii) placement of restricted cash of US$16.0 million, offset by (i) a decrease in prepayments, other receivables, and other assets of US$86.1 million, and (ii) a decrease in accruals and other payables of US$29.3 million.

From 2020 to 2022, we incurred net operating cash outflows. See "– Business Sustainability – Our Historical Performance" for more details on reasons for our net operating cash outflows. In 2022, our net cash used in operating activities was US$519.8 million, which was primarily attributable to our profit before income tax of US$1,583.3 million in 2022, adjusted by adding back non-cash items including (i) share-based compensation of US$346.6 million, (ii) depreciation of right-of-use assets and depreciation of property, plant and equipment of US$257.2 million and US$227.9 million, respectively, incurred in relation to the optimization of operation and adjustment of network, (iii) impairment losses on long-term assets of US$219.1 million, (iv) fair value change of financial assets and liabilities at fair value through profits or loss of US$3,050.7 million, (v) net loss on disposal of property, plant and equipment of US$1.9 million, and (vi) impairment losses on financial assets of US$37.2 million, partially offset by items including finance cost of US$99.5 million and foreign exchange losses of US$17.3 million. The amount was further adjusted by changes in working capital, which primarily comprised of (i) an increase in trade receivables of US$191.1 million, (ii) a decrease in trade payables of US$84.7 million, (iii) a decrease in advances from customers of US$73.6 million, and (iv) an increase in prepayments, other receivables, and other assets of US$42.2 million, offset by (i) an increase in accruals and other payables of US$118.2 million, and (ii) return of restricted cash of US$45.8 million.

In 2021, our net cash used in operating activities was US$967.2 million, which was primarily attributable to our loss before income tax of US$6,119.1 million in 2021, adjusted by adding back non-cash items including (i) fair value changes on convertible preferred shares of US$4,383.5 million, (ii) share-based compensation of US$619.0 million driven by the increase in the number of employees to support the our global expansion, (iii) depreciation of right-of-use assets of US$113.9 million, (iv) depreciation of property, plant and equipment of US$104.4 million, and (v) impairment losses on long-term assets of US$250.3 million, partially offset by items including other income of US$82.5 million and foreign exchange gain of US$19.9 million. The amount was further adjusted by changes in working capital, which primarily comprised (i) a decrease in trade payables of US$305.4 million, (ii) an increase in prepayments, other receivables and other assets of US$105.5 million, (iii) an increase in inventories of US$8.6 million, and (iv) an increase in trade receivables of US$4.3 million, offset by (i) an increase in accruals and other payables of US$128.3 million, and (ii) an increase in advances from customers of US$62.8 million.

In 2020, our net cash used in operating activities was US$154.7 million, reflecting our loss before income tax of US$618.6 million, adjusted by non-cash items including (i) share-based compensation of US$188.3 million driven by the increase in the number of employees to support the our global expansion, (ii) depreciation of right-of-use assets of US$56.0 million, and (iii) depreciation of property, plant and equipment of US$39.3 million, offset by the foreign exchange gains of US$29.4 million. The amount was further adjusted by changes in working capital, which primarily comprised (i) an increase in prepayments, other receivables and other assets of US$203.9 million, (ii) an increase in trade receivables of US$128.1 million, and (iii) an increase in inventories of US$9.9 million, offset by (i) an increase in accruals and other payables of US$324.1 million, (ii) an increase in trade payables of US$189.5 million, and (iii) an increase in advances from customers of US$68.8 million.

IMPACT OF COVID-19 PANDEMIC ON OPERATIONS

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. Countries where we have our operations were subject to the impact of the COVID-19 pandemic and various governmental measures from time to time. Our offices, sorting centers and outlets closed and opened in accordance with applicable measures. Our facilities in all Southeast Asia countries were under sporadic closures and reopening in 2020 and 2021. In addition, our facilities are spread out across China and the pickup and delivery outlets across cities experienced different levels of labor shortages, closures or capacity reductions due to the pandemic in many cities from 2020 to 2022. Such sporadic closures of our facilities and labor shortages did not have any material adverse impact on our operations. The timelines for business resumption varied across different localities and countries. On a global level, our business operations started to return to normal levels in the first quarter of 2023.

The temporary, periodic closure of our facilities, labor shortages or delay in the delivery process did not have any material adverse impact on our operational results given our vast network. Despite an initial drop in our business activities at the start of the COVID-19 outbreak due to restrictive measures across different jurisdictions, many consumers, especially those in Southeast Asia, started to shop on e-commerce platforms to minimize exposure to public premises and potential spread of virus during the COVID-19 pandemic. Consequently, we experienced certain surge in demand for express delivery services across the countries where we operate. In addition, certain impacts from the COVID-19 pandemic on our financial performance were one-off and non-recurring. For example, after the COVID-19 pandemic ends, we may not be able to receive benefits from the COVID-19 related government policy support, such as one-off subsidies for social insurance or tax relief, which we believe are not material to our business and financial results.

Despite the impact of the COVID-19 pandemic, our revenue increased by 216.0% from US$1,535.4 million in 2020 to US$4,851.8 million in 2021, and further increased by 49.8% to US$7,267.4 million in 2022. In addition, our revenue increased by 18.5% from US$3,402.5 million in the six months ended June 30, 2022 to US$4,030.4 million in the six months ended June 30, 2023. As the COVID-19 pandemic has since subsided, we do not anticipate further material adverse impact on our business and financial performance.

BUSINESS SUSTAINABILITY

According to Frost & Sullivan, we are the number one express delivery operator in Southeast Asia by parcel volume in 2021 and 2022, with a market share of 22.5% in 2022, and we are one of the top players in China with a 10.9% market share by parcel volume for 2022. In 2022, we further expanded into new markets including Saudi Arabia, UAE, Mexico, Brazil and Egypt. During the Track Record Period, we incurred gross loss, operating loss and net operating cash outflow. In the six month ended June 30, 2023, we achieved a gross profit. We expect that we will continue to record net losses for our results of operations in 2023 as we continue to incur significant non-operating expenses driven by our share-based payments and compensation expenses, finance costs and other selling, administrative and general expenses.

Our Historical Performance

We originated in Indonesia in 2015 and entered into the Chinese market in 2020. Our Southeast Asia operations have been generating profits for us during the Track Record Period and are expected to maintain healthy margin. Compared to the incumbent players with decades of accumulated experience, we are a late comer to the Chinese market. Since 2020, we have quickly ramped up our parcel volume through expansion of our collaboration with e-commerce platforms, competitive pricing and capital expenditure into infrastructures to build up our logistics network. In December 2021, we acquired BEST Express and subsequently completed the integration of its network in 2022. In connection with the transaction, we experienced certain fluctuation in our service quality as well as market share in China, and we also identified certain redundancy of assets including sorting centers, equipment, and vehicles. Therefore, we incurred gross loss and operating losses for our China operations during the Track Record Period. The negative gross margin was further exacerbated by the "Others" segment, as we started the cross-border business in 2021 and entered into the New Markets in 2022, both of which are still in the early stage of development. As of January 1, 2020, we had accumulated losses as a group, primarily due to our net loss position in 2019, resulting from our expansion into certain new markets in Southeast Asia and preparation activities in relation to our expansion into China. As a group, we incurred gross loss and operating losses for China and other regions, which offset the gross profits and operating profits achieved in Southeast Asia. Some of the countries in Southeast Asia incurred operating losses due to different operating environment and countrywide strategies or focuses during the Track Record Period, but Southeast Asia overall has achieved a healthy margin. We also incurred net operating cash outflow for each period during the Track Record Period for the aforementioned reasons.

Our Path to Profitability

In the long term, to continue to realize our revenue potential and achieve profitability, we plan to further (i) grow our parcel volume and market share, (ii) maintain a flexible pricing strategy, (iii) control costs, narrow gross loss and improve gross margin, and (iv) enhance operating leverage.

- Grow our parcel volume and market share: We focus on growing our parcel volume to solidify our market share and leading market positions. In Southeast Asia, we expect to increase our parcel volume and market share through (i) enhanced collaboration with existing e-commerce clients and expanding partnerships with more e-commerce platforms, (ii) continuously improving quality of our regional network and services and ability to retain existing customers and acquire new customers, and (iii) maintaining our market leadership to further capture growth. In China, we expect to increase our parcel volume and market share through (i) strengthened collaboration with existing e-commerce clients and expanding partnerships with more e-commerce platforms, (ii) improved and consistent service quality driven by optimized management of network partners, (iii) diversified sources of parcels from merchants on a wide range of e-commerce platforms, and (iv) continued efforts in developing non e-commerce customers to further diversify source of parcels.

- Maintain a flexible pricing strategy: We adjust pricing of our services based on the competitive landscape and operations across the markets in which we operated. In Southeast Asia, leveraging our leading positions, extensive network and established infrastructure, we expect to maintain an adaptive and flexible pricing strategy while growing our parcel volume and increasing market share. In China, we expect to maintain and improve our pricing terms, driven by our continued efforts to (ii) deepen partnership with various e-commerce platforms, optimizing the management of our network partners and continuously improving service quality across our network, and (ii) a diversify customer base and acquire premium enterprise customers through our enhanced brand image. We expect to maintain a competitive but sustainable average revenue per parcel.

- Control costs, narrow gross loss and improve gross margin: We focus on controlling our cost of revenue and decreasing our average cost per parcel to narrow gross loss and improve gross margin.

  - When analyzing our cost per parcel, we also evaluate costs incurred in each process, including our pickup and delivery cost, transportation cost, sorting cost and other cost per parcel. For more details on the components of our average cost per parcel, see "Business – Business Sustainability".

  - In Southeast Asia, we expect our average cost per parcel to decrease as we optimize operations, increase self-owned fleet capacity and improve technology system. Specifically, we plan to (i) optimize our pickup and delivery cost per parcel by selectively engaging network partners to own and operate the pickup and delivery outlets, which reduces the overall costs associated with us operating an outlet while maintaining service quality of the overall network, (ii) maintain resilient sorting cost per parcel by merging certain sorting centers in Southeast Asia, upgrading automated equipment, and enhancing the efficiency of staff and external labor at sorting centers to drive further efficiency gains, and (iii) optimize transportation cost through selectively utilizing third-party fleets whilst building up our self-operated fleet, increasing the efficiency of our line-haul trips by optimizing the coverage arrangement of our sorting centers, and improving the efficiency of transportation staff as we enhance the efficiency of our fleet with higher capacity vehicles.

  - In China, we expect our average cost per parcel to decrease as we achieve better economies of scale, increase our self-owned fleet capacity and optimize operating efficiency of our sorting centers. Specifically, we plan to (i) maintain pickup and delivery cost per parcel through stable delivery fees paid to network partners as the scale and density of our parcel volume further increases, (ii) enhance transportation efficiency by enlarging our self-owned fleet for transportation, especially in terms of high capacity line-haul vehicles, and optimize transportation routes through better planning and monitoring of an enlarged network, and (iii) increase efficiency of sorting centers by further deploying automated sorting equipment, enhance management and training of employees and external labor force, and continuously optimize planning of sorting center facilities post integration of BEST Express China.

- Enhance operating leverage: Our operating expenses consists mainly of selling, general and administrative expenses, and to a lesser extent, research and development expenses. During the Track Record Period, our operating expenses (excluding share-based payments), which included impairment of goodwill of US$117.5 million in 2022, as a percentage of revenue was 12.5%, 11.4%, 11.8%, and 8.9% for the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, respectively. We expect our selling, general and administrative expenses as percentage of revenue to gradually decline through (i) achieving enhanced economies of scale with increasing global scale of operations as certain headquarter functions can support our operations in growth initiatives, and (ii) growing promotion and marketing expenses at a pace slower than the growth of revenue, as our past strategic marketing events and activities enhances brand recognition and increases user mindshare. We expect our research and development expenses as percentage of revenue to remain stable as we carefully expand our research and development team and selectively invest in technology upgrades.

For detailed strategies and measures we plan to take to achieve profitability, see "Business – Business Sustainability" for more details.

Working Capital Sufficiency

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, our available financing facilities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document. We also proactively review and adjust our cash management policy and working capital needs according to general economic conditions and our short-term business plans. As of the Latest Practicable Date, we had unutilized banking facilities of US$54.6 million, which we will be able to draw down to support our working capital requirements. In addition, in view of our net cash outflow from operating activities during the Track Record Period, we plan to ensure our working capital sufficiency by leveraging the above-mentioned measures to narrow down our net loss and improve our profitability, which will also translate into improved net operating cash flows. As evidenced by our historical equity financing activities, we have a proven record of successfully raising funds from renowned investors to finance our business. See the section headed "History and Corporate Structure – Pre-[**REDACTED**] Investments" of this document. We believe that potential external financing sources, including those to which we will gain access after the [**REDACTED**], will provide additional funding to fuel our business operation and expansion until we achieve profitability and positive operating cash flow.

Taking into account the working capital management policies adopted by us, and the due diligence work conducted by the Joint Sponsors including but not limited to (i) reviewing the Accountant's Report as set out in Appendix I to the [**REDACTED**], (ii) the financial due diligence conducted on our historical financial information during the Track Record Period and discussions with management on its working capital projections, and (iii) written confirmation provided by us in respect of working capital sufficiency, nothing material has come to the attention of the Joint Sponsors that would cast doubt on our conclusion that we have sufficient working capital to meet our present needs and at least the next 12 months from the date of this document.

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We are applying for [**REDACTED**] with a WVR structure under Chapter 8A of the Listing Rules and satisfy the market capitalization requirement under Rule 8A.06(1) of the Listing Rules which requires that a new applicant seeking a listing with a WVR structure must have a market capitalization of at least HK$40 billion at the time of listing.

We are also applying for [**REDACTED**] under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test with reference to (i) our revenue for the year ended December 31, 2022, being approximately US$7.3 billion (equivalent to approximately HK$57.0 billion), which is significantly over HK$500 million as required by Rule 8.05(3); and (ii) our expected market capitalization at the time of [**REDACTED**], which, based on the low-end of the indicative [**REDACTED**] Range, significantly exceeds HK$4 billion as required by Rule 8.05(3).

We have applied to the Listing Committee for the granting of the [**REDACTED**] of, and permission to deal in, the Class B Shares in issue (including the Class B Shares on conversion of the Pre-[**REDACTED**] Preferred Shares) and the Class B Shares to be issued pursuant to the (i) [**REDACTED**], (ii) the exercise of the [**REDACTED**] and (iii) conversion of Class A Shares into Class B Shares on a one to one basis and that are issuable upon conversion of the Class A Shares.

RECENT DEVELOPMENTS

We have maintained our growth in parcel volume globally in July and August 2023. In Southeast Asia, our average daily parcel volume (being the parcel average volume in a given month divided by the number of days in such month) was 9.7 million and 10.5 million in July and August 2023, representing a 36.7% increase and a 48.4% increase compared to the average daily parcel volume of 7.1 million and 7.1 million in July and August 2022. In China, we achieved 43.9 million and 46.0 million average daily parcel in July and August 2023, representing a market share of 12.6% in July 2023 and a 21.3% increase and a 32.6% increase compared to the average daily parcel volume of 36.2 million and 34.7 million in July and August 2022. In the New Markets, we achieved average daily parcel of 0.8 million and 0.8 million in July and August 2023, representing a 395.7% increase and a 331.9% increase from the average daily parcel volume of 0.2 million and 0.2 million in July and August 2022.

Acquisition of Fengwang Information

On May 12, 2023, we entered into a share transfer agreement with Shenzhen Fengwang Holdings Company Limited (深圳市豐網控股有限公司) ("**Fengwang Holdings**"), a subsidiary of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (stock code: 002352.SZ), to acquire the entire equity interest of Fengwang Holdings' wholly-owned subsidiary, Shenzhen Fengwang Information Technology Company Limited (深圳市豐網信息技術有限公司) ("**Fengwang Information**"), at a total consideration of RMB1,183 million. The acquisition was completed on June 27, 2023. For more information regarding the acquisition of Fengwang Information, see "History and Corporate Structure – Major Acquisitions, Disposals and Mergers – Acquisition of Fengwang Information."

Regulations Relating to Overseas [REDACTED]

On February 17, 2023, as approved by the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines, or the Filing Rules. The Filing Rules, effective on March 31, 2023, require PRC domestic enterprises that directly or indirectly offer or list their securities in an overseas market to file with the CSRC within three business days after submitting their listing application documents to the relevant regulator in the place of intended listing. Pursuant to these regulations, a domestic enterprise applying for listing abroad shall, among others, complete record filing procedures and report relevant information to the securities regulatory authority as required. Furthermore, with respect to the issuers with contractual arrangements, at a press conference held for these new regulations, officials from the CSRC clarified that the CSRC will seek opinions from relevant government authorities on the contractual arrangements in PRC and allow those issuers with contractual arrangements as well as being in compliance with relevant regulatory requirements to file its overseas offering and listing with the CSRC. For details, see "Regulatory Overview – Regulations Relating to Overseas Listing and M&A" in Appendix III to this document.

On September 15, 2023, the CSRC issued a notification on our Company' completion of the PRC filing procedures for the [**REDACTED**] of our Class B Shares on the Stock Exchange and the [**REDACTED**].

As advised by our PRC Legal Adviser, our Company has completed all necessary filings with the CSRC in the PRC in relation to the [**REDACTED**] and the [**REDACTED**].

Recent Overseas Regulatory Developments

The Indonesian Ministry of Trade recently promulgated Regulation No. 31 of 2023 on Business Licensing, Advertising, Training and Supervision of Business Actors in Trades Through Electronic System ("**MoTR 31/2023**"), which became effective on September 26, 2023. MoTR 31/2023 places certain restrictions on electronic trade activities occurring on social media platforms. Pursuant to Article 21 (2) and (3) of MoTR 31/2023, "Business Actors" (as defined in MoTR 31/2023) that conduct trades through an electronic system are prohibited from acting as manufacturers of products, and social media platforms are also prohibited from facilitating payment transactions on their electronic systems. While we are not an e-commerce or a social media platform, we collaborate with a number of e-commerce and social media platforms in Indonesia. As MoTR 31/2023 was recently enacted, there remain significant uncertainties on how and the new regulation would impact different e-commerce and social media platforms in Indonesia, some of which are our customers. During the Track Record Period, our revenue from social e-commerce platforms in Indonesia remained immaterial. Our Directors believe that the MoTR 31/2023 will not have a material adverse effect on our business operations and financial performance. Please refer to "Risk Factors – Our business and growth are highly dependent on the development of the e-commerce industry in the markets where we operate" for a description of the risks. We will continue to monitor the developments in the implementation and interpretation of MoTR 31/2023, as well as practices adopted by e-commerce and social media platforms in Indonesia as a result of MoTR 31/2023.

No Material Adverse Change

Our Directors confirm that up to the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since June 30, 2023, the end of the period reported on as set out in the Accountants' Report included in Appendix I to this document.

FUTURE DIVIDENDS

We are a holding company incorporated under the laws of the Cayman Islands. Any future decision to declare and pay any dividends will be at the discretion of our Board and will depend on, among other things, the availability of dividends received from our subsidiaries, our earnings, capital and investment requirements, level of indebtedness, and other factors that our Board deems relevant. As advised by our Cayman Islands counsel, under Cayman Islands law, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our shareholders out of either our profit or our share premium account, provided that in no circumstances may a dividend be paid if this would result in, immediately following the date on which the distribution or dividend is proposed to be paid, the company being unable to pay its debts as they fall due in the ordinary course of business. Investors should not purchase our shares with the expectation of receiving cash dividends. Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, where appropriate. We do not have a fixed dividend payout ratio.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**] EXPENSES

Based on the mid-point [**REDACTED**] of [**REDACTED**], the total estimated [**REDACTED**] expenses in relation to the [**REDACTED**] is approximately HK$[**REDACTED**] million, assuming the [**REDACTED**] is not exercised, the Reclassification, Redesignation and Share Subdivision are completed. The total estimated [**REDACTED**] expenses will represent approximately [**REDACTED**]% of the total gross [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] billion assuming that [**REDACTED**] is not exercised. US$[**REDACTED**] million of the [**REDACTED**] expenses was charged to our consolidated income statement for the six months ended June 30, 2023. We estimate that the total [**REDACTED**] expenses for the year of 2023 in the amount of US$[**REDACTED**] million will be charged to our consolidated income statement for the year ending December 31, 2023. The balance of approximately US$[**REDACTED**] million, which mainly includes [**REDACTED**] commission, is expected to be accounted for as a deduction from equity upon the completion of the [**REDACTED**]. These [**REDACTED**] mainly comprise professional fees paid and payable to the professional parties for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**] and the [**REDACTED**] commission and incentive fee payable to the [**REDACTED**] in connection with the [**REDACTED**] of [**REDACTED**] under the [**REDACTED**].

The table below sets forth the breakdown of our [**REDACTED**] expenses.

[**REDACTED**] expenses (including commissions and fees)	HK$[REDACTED] million
[**REDACTED**] expenses	HK$[REDACTED] million
– fees and expenses of legal advisors and accountants	HK$[REDACTED] million
– other fees and expenses	HK$[REDACTED] million
Total	HK$[REDACTED] million

USE OF [**REDACTED**]

Assuming an [**REDACTED**] of [**REDACTED**] per Share (being the mid-point of the [**REDACTED**] Range of between [**REDACTED**] and [**REDACTED**] per Share), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**] after deducting the [**REDACTED**] commissions and other estimated expenses paid and payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to expand our logistics networks, improve our infrastructure, and strengthen our sorting and warehouse capacity and capabilities in Southeast Asia and other existing markets;

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to expand in new markets and diverse our service offering;

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for research and development and technology innovations; and

- approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for general corporate purposes and working capital needs.

The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] range stated in this document.