The following is the text of a report set out on pages I-1 to I-[2], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[DRAFT]

[letterhead of PricewaterhouseCoopers]

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF J&T GLOBAL EXPRESS LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, MERRILL LYNCH (ASIA PACIFIC) LIMITED AND MORGAN STANLEY ASIA LIMITED

Introduction

We report on the historical financial information of J&T Global Express Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[3] to I-[129], which comprises the consolidated balance sheets as at December 31, 2020, 2021 and 2022, the company balance sheets as at December 31, 2020, 2021 and 2022, and the consolidated income statements, the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2020, 2021 and 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[3] to I-[129] forms an integral part of this report, which has been prepared for inclusion in the [**REDACTED**] of the Company dated [Date] (the "[**REDACTED**]") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2020, 2021 and 2022 and the consolidated financial position of the Group as at December 31, 2020, 2021 and 2022 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to note 43 to the Historical Financial Information which states that contains information about the dividends paid by J&T Global Express Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[**PricewaterhouseCoopers**]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in United States Dollars ("USD") and all amounts are rounded to the nearest thousand (USD'000) except when otherwise stated.

CONSOLIDATED INCOME STATEMENTS

		Year ended December 31,		
	Note	**2020**	**2021**	**2022**
		USD'000	**USD'000**	**USD'000**
Revenue	*5*	1,535,425	4,851,800	7,267,428
Cost of revenue	*9*	(1,796,913)	(5,396,544)	(7,537,666)
Gross loss		(261,488)	(544,744)	(270,238)
Selling, general and administrative expenses	*9*	(365,869)	(1,129,024)	(1,095,528)
Research and development expenses	*9*	(14,129)	(41,031)	(44,483)
Net impairment losses on financial assets	*11*	(9,488)	(41,320)	(37,219)
Other income	*6*	17,056	82,542	98,149
Other gains/(losses) – net	*7*	27,474	26,370	(40,246)
Operating loss		(606,444)	(1,647,207)	(1,389,565)
Finance income	*10*	1,965	9,476	22,002
Finance costs	*10*	(13,831)	(99,077)	(99,499)
Finance costs – net		(11,866)	(89,601)	(77,497)
Fair value change of financial assets and liabilities at fair value through profit or loss	*24, 29*	–	(4,383,532)	3,050,694
Share of results of associates		(323)	1,208	(302)
(Loss)/Profit before income tax		(618,633)	(6,119,132)	1,583,330
Income tax expense	*12*	(45,530)	(73,126)	(10,763)
(Loss)/Profit for the year		(664,163)	(6,192,258)	1,572,567
Attributable to:				
Owners of the Company		(564,836)	(6,046,983)	1,656,168
Non-controlling interests		(99,327)	(145,275)	(83,601)
		(664,163)	(6,192,258)	1,572,567
Earnings/(loss) per share for loss attributable to owners of the Company:				
Basic (loss)/earnings per share (USD cent)	*13*	(94.8)	(1,175.6)	274.0
Diluted (loss)/earnings per share (USD cent)	*13*	(94.8)	(1,175.6)	(117.4)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Year ended December 31,		
	Note	2020	2021	2022
		USD'000	USD'000	USD'000
(Loss)/Profit for the year		(664,163)	(6,192,258)	1,572,567
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss				
Currency translation differences		(12,479)	(15,364)	(251,954)
Item that may not be reclassified subsequently to profit or loss				
Fair value changes of financial liabilities at fair value through profit or loss relating to the Group's credit risk	*27*	–	(24,874)	9,875
Others		(352)	953	1,279
Other comprehensive loss for the year, net of tax		(12,831)	(39,285)	(240,800)
Total comprehensive (loss)/income for the year		(676,994)	(6,231,543)	1,331,767
Attributable to:				
Owners of the Company		(577,776)	(6,084,283)	1,419,781
Non-controlling interests		(99,218)	(147,260)	(88,014)
		(676,994)	(6,231,543)	1,331,767

CONSOLIDATED BALANCE SHEETS

	Note	As at December 31,		
		2020	2021	2022
		USD'000	USD'000	USD'000
ASSETS				
Non-current assets				
Investment properties	*14*	53,065	718	507
Property, plant and equipment	*15*	303,032	1,107,564	1,052,884
Right-of-use assets	*16*	186,762	604,212	481,207
Intangible assets	*17*	6,014	1,129,194	963,569
Investments accounted for using the equity method		319	5,552	3,590
Deferred income tax assets	*30*	5,001	9,848	43,107
Other non-current assets	*20*	74,093	171,130	63,348
Financial assets at fair value through profit or loss	*24*	–	–	481,050
		628,286	3,028,218	3,089,262
Current assets				
Inventories		15,954	29,359	29,120
Trade receivables	*21*	180,760	334,876	513,954
Prepayments, other receivables, and other assets	*22*	745,363	882,190	703,010
Financial assets at fair value through profit or loss	*24*	71,324	41,581	16,440
Restricted cash	*23*	928	125,970	79,725
Cash and cash equivalents	*23*	600,425	2,102,448	1,504,048
		1,614,754	3,516,424	2,846,297
Total assets		2,243,040	6,544,642	5,935,559
EQUITY				
Equity attributable to owners of the Company				
Share capital	*25*	7	14	14
Share premium	*25, 27*	33,184	607,734	603,829
Other reserves	*27*	(166,468)	(525,822)	(434,108)
Accumulated losses		(625,953)	(6,672,936)	(5,016,768)
		(759,230)	(6,591,010)	(4,847,033)
Non-controlling interests		(111,269)	(45,414)	(137,215)
Total deficits		(870,499)	(6,636,424)	(4,984,248)

	Note	As at December 31, 2020	2021	2022
		USD'000	USD'000	USD'000
LIABILITIES				
Non-current liabilities				
Borrowings	*28*	36,917	29,062	1,020,897
Lease liabilities	*16*	111,378	391,232	341,471
Deferred tax liabilities	*30*	3,051	33,084	22,407
Employee benefit obligations		2,258	9,185	7,765
Financial liabilities – redemption liabilities of shares of JNT KSA	*29*	–	25,458	30,583
Financial liabilities at fair value through profit or loss	*29*	1,812,915	10,487,306	7,765,067
		1,966,519	10,975,327	9,188,190
Current liabilities				
Trade payables	*31*	225,452	577,065	484,215
Advances from customers	*33*	137,224	291,362	209,925
Accruals and other payables	*32*	304,362	915,352	776,378
Lease liabilities	*16*	63,639	207,490	151,195
Current income tax liabilities		9,200	20,756	32,424
Borrowings	*28*	407,143	59,965	77,480
Financial liabilities – ordinary share redemption liabilities	*29*	–	133,749	–
		1,147,020	2,205,739	1,731,617
Total liabilities		3,113,539	13,181,066	10,919,807
Total equity and liabilities		2,243,040	6,544,642	5,935,559

BALANCE SHEETS OF THE COMPANY

	Note	As at December 31, 2020	2021	2022
		USD'000	USD'000	USD'000
ASSETS				
Non-current assets				
Loans to subsidiaries	*20*	688,400	4,438,706	4,379,799
Financial assets at fair value through profit or loss – non current		–	–	481,050
Investments in subsidiaries	*18*	217,958	1,007,478	1,007,478
		906,358	5,446,184	5,868,327
Current assets				
Prepayments, other receivables, and other assets	*22*	466,110	226,460	307
Financial assets at fair value through profit or loss		50,007	–	–
Cash and cash equivalents	*23*	105,475	222,341	3,347
		621,592	448,801	3,654
Total assets		1,527,950	5,894,985	5,871,981
EQUITY				
Equity attributable to owners of the Company				
Share capital	*25*	7	14	14
Share premium	*27*	34,510	609,060	605,155
Other reserves	*27*	(154,539)	(1,566)	294,508
Accumulated losses		(164,943)	(5,209,717)	(2,246,756)
Total deficits		(284,965)	(4,602,209)	(1,347,079)
LIABILITIES				
Non-current liability				
Financial liabilities at fair value through profit or loss	*29*	1,812,915	10,201,544	7,212,933
		1,812,915	10,201,544	7,212,933
Current liabilities				
Accruals and other payables	*32*	–	161,901	6,127
Financial liabilities – ordinary share redemption liabilities	*29*	–	133,749	–
		–	295,650	6,127
Total liabilities		1,812,915	10,497,194	7,219,060
Total equity and liabilities		1,527,950	5,894,985	5,871,981

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Note	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as at January 1, 2020		4	216,628	(622)	(61,117)	154,893	(31,630)	123,263
Comprehensive loss								
Loss for the year		–	–	–	(564,836)	(564,836)	(99,327)	(664,163)
Other comprehensive loss:								
Items that may be reclassified subsequently to profit or loss								
Currency translation differences		–	–	(12,806)	–	(12,806)	327	(12,479)
Item that will not be reclassified subsequently to profit or loss								
Others		–	–	(134)	–	(134)	(218)	(352)
Total comprehensive loss		–	–	(12,940)	(564,836)	(577,776)	(99,218)	(676,994)
Transactions with owners in their capacity as owner:								
Issuance of Series A Preferred Shares	*25*	3	1,186,630	–	–	1,186,633	–	1,186,633
Capital injection from non-controlling shareholders		–	–	–	–	–	21,729	21,729
Reclassification of Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares to liability	*25, 27, 29*	–	(1,370,074)	(315,612)	–	(1,685,686)	–	(1,685,686)
Employee benefit expenses – Share-based compensation expenses	*26*	–	–	161,073	–	161,073	–	161,073
Transaction with non-controlling interests	*35*	–	–	1,633	–	1,633	(914)	719
Others		–	–	–	–	–	(1,236)	(1,236)
Total transactions with owners in their capacity as owner		3	(183,444)	(152,906)	–	(336,347)	19,579	(316,768)
Balance as at December 31, 2020		7	33,184	(166,468)	(625,953)	(759,230)	(111,269)	(870,499)

		Attributable to owners of the Company						
	Note	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
		USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as at January 1, 2021		7	33,184	(166,468)	(625,953)	(759,230)	(111,269)	(870,499)
Comprehensive loss								
Loss for the year		–	–	–	(6,046,983)	(6,046,983)	(145,275)	(6,192,258)
Other comprehensive loss:								
Items that may be reclassified subsequently to profit or loss								
Currency translation differences		–	–	(12,973)	–	(12,973)	(2,391)	(15,364)
Item that will not be reclassified subsequently to profit or loss								
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	*29*	–	–	(24,874)	–	(24,874)	–	(24,874)
Others		–	–	547	–	547	406	953
Total comprehensive loss		–	–	(37,300)	(6,046,983)	(6,084,283)	(147,260)	(6,231,543)
Transactions with owners in their capacity as owner:								
Issuance of convertible preferred shares	*25*	4	–	(4)	–	–	–	–
Capital injection from non-controlling shareholders		–	–	–	–	–	1,141	1,141
Dividends	*43*	–	(72,244)	–	–	(72,244)	–	(72,244)
Dividends of subsidiaries		–	–	–	–	–	(494)	(494)
Employee benefit expenses – Share-based compensation expenses	*26*	1	–	370,037	–	370,038	12,556	382,594
Issuance of Class A Shares pursuant to transactions with non-controlling interests	*35*	1	332,528	(514,661)	–	(182,132)	172,731	(9,401)
Business acquisition of Thai and Indonesian operating entities of regional sponsors and others	*36, 37*	1	332,485	–	–	332,486	26,931	359,417
Disposal of subsidiaries		–	–	(604)	–	(604)	250	(354)
Repurchase of ordinary shares and convertible preferred shares	*26, 29*	–	(9,329)	(95,710)	–	(105,039)	–	(105,039)
Repurchase of ordinary shares – commitment	*26, 29*	–	(8,890)	(81,190)	–	(90,080)	–	(90,080)
Others		–	–	78	–	78	–	78
Total transactions with owners in their capacity as owner		7	574,550	(322,054)	–	252,503	213,115	465,618
Balance as at December 31, 2021		14	607,734	(525,822)	(6,672,936)	(6,591,010)	(45,414)	(6,636,424)

		Attributable to owners of the Company						
	Note	**Share capital**	**Share premium**	**Other reserves**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
		USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Balance as at January 1, 2022		14	607,734	(525,822)	(6,672,936)	(6,591,010)	(45,414)	(6,636,424)
Comprehensive income								
Profit/(Loss) for the year		–	–	–	1,656,168	1,656,168	(83,601)	1,572,567
Other comprehensive loss:								
Items that may be reclassified subsequently to profit or loss								
Currency translation differences		–	–	(247,043)	–	(247,043)	(4,911)	(251,954)
Item that will not be reclassified subsequently to profit or loss								
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	*29*	–	–	9,875	–	9,875	–	9,875
Others		–	–	781	–	781	498	1,279
Total comprehensive income		–	–	(236,387)	1,656,168	1,419,781	(88,014)	1,331,767
Transactions with owners in their capacity as owner:								
Capital injection from non-controlling shareholders		–	–	–	–	–	520	520
Equity interests transferred to management team of the cross-border business	*35*	–	–	6,025	–	6,025	4,832	10,857
Dividends of subsidiaries		–	–	–	–	–	(15,523)	(15,523)
Employee benefit expenses – Share-based compensation expenses	*26*	–	–	239,521	–	239,521	–	239,521
Repurchase of ordinary shares and convertible preferred shares	*25, 26, 29*	–	(3,905)	(25,654)	–	(29,559)	–	(29,559)
Issuance of ordinary shares pursuant to the 2022 Incentive Plan	*26*	–	–	71,886	–	71,886	–	71,886
Issuance of ordinary shares of the Company's subsidiary pursuant to the acquisition of the operating entity of Brazilian regional sponsors	*17*	–	–	36,323	–	36,323	6,384	42,707
Total transactions with owners in their capacity as owner		–	(3,905)	328,101	–	324,196	(3,787)	320,409
Balance as at December 31, 2022		14	603,829	(434,108)	(5,016,768)	(4,847,033)	(137,215)	(4,984,248)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31, 2020 USD'000	2021 USD'000	2022 USD'000
Cash flows used in operating activities				
Cash generated used in operations	*34*	(117,479)	(900,360)	(470,809)
Interest received		3,170	9,319	25,224
Income tax paid		(40,391)	(76,133)	(74,232)
		(154,700)	(967,174)	(519,817)
Cash flows used in investing activities				
Purchase of financial assets at fair value through profit or loss		(306,839)	(1,149,051)	(998,355)
Redemption of financial assets at fair value through profit or loss		243,388	1,184,448	507,376
Investment in associates		(1,389)	(3,070)	–
Loans to related parties	*39*	(57,599)	(128,158)	(320,000)
Loans to third parties		(628,466)	(272,410)	(38,359)
Collection of loans to related parties and interests received	*39*	1,004	6,611	516,024
Repayment of loans by third parties and interests received		376,526	465,698	18,658
Purchase of property, plant and equipment		(257,742)	(513,675)	(573,226)
Purchases of investment properties		(1,678)	(513)	–
Proceeds from disposal of property, plant and equipment		2,062	23,846	32,015
Purchases of intangible assets		(3,570)	(6,036)	(7,451)
Acquisition of subsidiaries, net of cash acquired	*36, 37, 38*	126	(608,696)	3,561
Disposals of subsidiaries and associates		(909)	–	–
		(635,086)	(1,001,006)	(859,757)

	Note	Year ended December 31, 2020	2021	2022
		USD'000	USD'000	USD'000
Cash flows from financing activities				
Movement of restricted cash		(342)	(12)	415
Proceeds from borrowings		400,889	215,162	1,099,253
Repayment of borrowings		(137,795)	(610,209)	(105,746)
Interest paid for borrowings		(3,004)	(8,009)	(38,792)
Interest paid to holders of preferred shares		–	(81,602)	–
Dividends paid		–	(120,838)	(28,558)
Net proceeds from issuance of Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares of the Company and other preferred shares	*25, 29*	100,000	3,966,126	219,024
Net proceeds from issuance of Series A Preferred Shares of the Company		977,193	236,862	–
Net proceeds from issuance of financial liabilities – redemption liabilities of shares of JNT KSA		–	20,000	–
Net proceeds from issuance of shares to network partners		–	–	44,579
Principal elements of lease payments		(61,405)	(101,703)	(262,668)
Interest elements of lease payments		(6,007)	(13,860)	(37,318)
Capital injection from non-controlling shareholders		15,637	1,141	520
Repurchase of ordinary shares	*25, 26*	–	(23,948)	(15,294)
[**REDACTED**] expenses		–	[REDACTED]	[REDACTED]
Cash (paid)/received in transactions with non-controlling interests	*35*	–	(9,401)	6,274
		1,285,166	3,469,507	881,328
Net increase/(decrease) in cash and cash equivalents		495,380	1,501,327	(498,246)
Cash and cash equivalents at the beginning of the year		97,173	600,425	2,102,448
Effects of foreign exchange rate changes on cash and cash equivalents		7,872	696	(100,154)
Cash and cash equivalents at the end of the year		600,425	2,102,448	1,504,048

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION, HISTORY AND REORGANIZATION

1.1 General information

J&T Global Express Limited (the "Company"), was incorporated in the Cayman Islands on October 24, 2019 as an exempted company registered under the laws of the Cayman Islands. The address of the Company's registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company acts as an investment holding company and its subsidiaries and consolidated affiliated entities, as set out in Note 18 (collectively, the "Group"), are principally engaged in express delivery services (collectively, the "Listing Business") in the People's Republic of China (the "PRC", or "China"), Indonesia, the Philippines, Malaysia, Thailand, Vietnam, and other countries.

Mr. Li is the ultimate controlling shareholder of the Company as of the date of this report.

1.2 History and reorganization

On May 8, 2015, Mr. Li and other individual investors established a holding company (the "BVI Holdco") in British Virgin Islands, with 320,000,000 ordinary shares. The total share capital and share premium was Renminbi ("RMB") 220,000,000 (approximately USD33,187,000). Since the establishment of the BVI Holdco, the Group started operations in Indonesia in 2015, and entered into the express delivery markets in Malaysia and Vietnam in 2018, and then in the Philippines, Thailand and Cambodia in 2019. In 2020, the Group entered into the express delivery market in China and Singapore. In 2022, the Group further established express delivery operations in Mexico, Egypt, Brazil, UAE, and Saudi Arabia (together with UAE called "Middle East").

For China, the Group entered into the market by acquiring local operating licenses and established its own operations, and further expanded its operations along with business acquisitions of certain local entities. For Indonesia, the Group established local operations with business acquisitions of certain local entities, and further expanded its operations along with acquisitions of certain operating entities of its regional sponsors. For Singapore, the Group established local operations with business acquisitions of certain local entities. For Thailand, the Group established local subsidiaries to commence local operations, and further expanded its operations along with business acquisitions of certain operating entities of its regional sponsors. For Vietnam and the Philippines, the Group entered into the market by acquiring local operating licenses and established its own operations. For Malaysia, Cambodia, and other countries, the Group established local subsidiaries to commence local operations.

On July 15, 2017, the BVI Holdco entered into a subscription agreement for the Series Pre-A1 Preferred Shares financing with certain third-party investors. The total consideration was USD103,408,000.

On August 20, 2018, the BVI Holdco entered into a subscription agreement for the Series Pre A2 Preferred Shares financing with certain third-party investors. The total consideration was USD80,037,000.

The Company was established on October 24, 2019, with an authorised share capital of USD50,000 divided into 5,000,000,000 shares with par value of USD0.00001 each. On the incorporation date, the Company and the BVI Holdco underwent a reorganization and entered into a share swap agreement, under which the Company issued 448,933,332 shares to the shareholders of the BVI Holdco and in return the Company acquired all the equity interest of the BVI Holdco (the "Reorganization").

Since then, the Company issued certain series of preferred shares, further details of which are set out in Note 25 and Note 29.

The regulations in certain jurisdictions have certain restrictions on foreign ownership of companies that provide express delivery services. In order to comply with relevant local regulations, the Company controls relevant subsidiaries in the PRC and Indonesia through certain contractual arrangements.

(a) Contractual agreements with the VIE in the PRC

In accordance with a series of contractual arrangements effective from January 1, 2020, entered into among a wholly owned subsidiary of the Company (the "HK Holding"), the parent company (the "China VIE") of the express delivery service licence holding company in the PRC and its equity holders, the HK Holding and the Company were able to:

- exercise equity holders' voting rights of the China VIE;
- receive substantially all of the economic interest returns generated by the China VIE in consideration for the business support, technical and consulting services provided by the HK Holding;
- obtain an irrevocable and exclusive right to purchase all of the equity interests in the China VIE from its respective equity holders at a minimum purchase price when it is permitted under laws and regulations in the PRC, and the HK Holding may exercise such options at any time until it has acquired all equity interests of the China VIE; and
- obtain a pledge over the entire equity interests of the China VIE from its respective equity holders as collateral security for the due payment and timely performance by the China VIE and its equity holders in accordance with the terms in the contractual arrangements.

The abovementioned arrangements were terminated on April 22, 2020 and in accordance with a series of contractual arrangements effective since then, entered into among a wholly owned subsidiary of the Company (the "China WFOE", a wholly foreign-owned enterprise in China), the China VIE and its equity holders, the China WFOE and the Company are able to:

- exercise equity holders' voting rights of the China VIE;
- receive substantially all of the economic interest returns generated by the China VIE in consideration for the business support, technical and consulting services provided by the China WFOE;
- obtain an irrevocable and exclusive right to purchase all of the equity interests in the China VIE from the respective equity holders at a minimum purchase price when it is permitted under laws and regulations in the PRC and the China WFOE may exercise such options at any time until it has acquired all equity interests of the China VIE; and
- obtain a pledge over the entire equity interests of the China VIE from its respective equity holders as collateral security for the due payment and timely performance by the China VIE and its equity holders in accordance with the terms in the contractual arrangements.

As a result of such contractual arrangements, the Company has the rights to exercise power over the China VIE and its subsidiaries, the right to receive variable returns from its involvement in the China VIE and its subsidiaries, and the ability to affect those returns through its power over the China VIE and its subsidiaries, and is therefore considered to control the China VIE and its subsidiaries. Consequently, the Company regards the China VIE and its subsidiaries as controlled entities and consolidated the assets, liabilities, and results of operations of the China VIE and its subsidiaries in the consolidated financial information of the Group.

(b) Contractual agreements with the VIE in Indonesia

In accordance with a series of contractual arrangements effective from August 15, 2016, entered into among the HK Holding, the local holding companies of the relevant businesses in Indonesia (collectively, the "Indonesia VIE") and their equity holders, the HK Holding and the Company are able to:

- exercise substantially all the powers and rights associated to the portion of contributed capital held by equity holders of the Indonesia VIE;

- receive substantially all of the economic interest returns generated by the Indonesia VIE in consideration for the business support, technical and consulting services provided by the HK Holding;

- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in the Indonesia VIE from its respective equity holders when it is permitted under laws and regulations in Indonesia. The HK Holding may exercise such options at any time until it has acquired all equity interests of the Indonesia VIE. The purchase price is set at HK Holding's discretion, subject to any restrictions imposed by Indonesian law; and

- obtain a pledge over the entire equity interests of the Indonesia VIE from its respective equity holders as collateral security for the due payment and timely performance by the Indonesia VIE and its equity holders in accordance with the terms in the contractual arrangements.

Starting from March 29, 2022, the abovementioned contractual arrangements were terminated, and as per a new series of contractual arrangements entered into among an Indonesian subsidiary of the HK Holding (the "Indonesia Holding"), the Indonesia VIE and their equity holders, with similar terms and clauses, the Indonesia Holding was able to exercise similar power and to be exposed to similar returns from the Indonesia VIE.

As a result of such arrangements, the Company has the rights to exercise power over the Indonesian VIE and its subsidiaries, the rights to receive variable returns from its involvement in the Indonesian VIE and its subsidiaries, and the ability to affect those returns through its power over the Indonesian VIE and its subsidiaries, and is therefore considered to control the Indonesian VIE and its subsidiaries. Consequently, the Company regards the Indonesian VIE and its subsidiaries as controlled entities and consolidated the assets, liabilities and results of operations of the Indonesian VIE and its subsidiaries in the consolidated financial information of the Group.

(c) Contractual agreements with the VIE in Vietnam (terminated since June 9, 2021)

In accordance with a series of contractual arrangements effective from January 1, 2018, entered into among the HK Holding, a related party of the Group (Company H), and the main operating entity in Vietnam (the "Vietnam VIE 1") and its equity holders, the HK Holding and the Company were able to:

- exercise all the powers and rights associated to the portion of contributed capital held by equity holders of the Vietnam VIE 1;

- receive substantially 62% of the economic interest returns generated by the Vietnam VIE 1, in consideration for the technical services, marketing and management consulting and human resources support provided by the HK Holding together with Company H (while Company H receives 38%);

- obtain an irrevocable and exclusive right to purchase up to 62% of the equity interests in the Vietnam VIE 1 from its respective equity holders when it is permitted under laws and regulations in Vietnam. The HK Holding may exercise such options at any time until it has acquired all the 62% of equity interests of the Vietnam VIE 1. The purchase price is set at HK Holding's discretion, subject to any restrictions imposed by Vietnamese law and above the book value as per Vietnam VIE 1's accounting books (while Company H obtains similar right to purchase the remaining 38% of the equity interests); and

- obtain a pledge over 62% of equity interests of the Vietnam VIE 1 from its respective equity holders as collateral security for the due payment and timely performance by the Vietnam VIE 1 and its equity holders in accordance with the terms in the contractual arrangements (while Company H obtains a pledge over the remaining 38% of the equity interests).

In December 2020, the Group underwent a reorganization, in which an intermediate holding company of Vietnam VIE 1 (the "Vietnam VIE 2", together with Vietnam VIE 1, the "Vietnam VIEs") became the shareholder of Vietnam VIE 1 through a local holding company. Effective from December 2, 2020, the abovementioned contractual arrangements were terminated, and as per the new series of contractual arrangements entered into among the HK Holding, Company H and the Vietnam VIE 2 and its equity holders, with similar terms and clauses, the HK Holding and the Company were able to exercise similar power and to be exposed to similar returns from Vietnam VIEs.

On April 30, 2021, the Company completed a series of transactions for the purpose of acquiring Company H's power over and the returns from Vietnam VIEs, upon which relevant abovementioned contractual arrangements were terminated and in accordance with a new series of contractual arrangements entered into among the HK Holding, the Vietnam VIE 2 and its equity holders, the HK Holding and the Company were able to:

- exercise substantially all the powers and rights associated to the portion of contributed capital held by equity holders of the Vietnam VIE 2;

- receive substantially all of the economic interest returns generated by the Vietnam VIE 2, in consideration for the technical services, marketing and management consulting and human resources support provided by the HK Holding;

- obtain an irrevocable and exclusive right to purchase all of the equity interests in the Vietnam VIE 2 from its respective equity holders when it is permitted under laws and regulations in Vietnam. The HK Holding may exercise such options at any time until it has acquired all the of equity interests of the Vietnam VIE 2. The purchase price is set at the HK Holding's discretion, subject to any restrictions imposed by Vietnamese law and above the book value as per Vietnam VIE 2's accounting books; and

- obtain a pledge over all the equity interests of the Vietnam VIE 2 from its respective equity holders as collateral security for the due payment and timely performance by the Vietnam VIE 2 and its equity holders in accordance with the terms in the contractual arrangements.

As a result of such contractual arrangements, the Company has the rights to exercise power over the Vietnam VIE 2 and its subsidiaries, the rights to receive variable returns from its involvement in the Vietnam VIE 2 and its subsidiaries, and the ability to affect those returns through its power over the Vietnam VIE 2 and its subsidiaries, and is therefore considered to control the Vietnam VIE 2 and its subsidiaries. Consequently, the Company regards the Vietnam VIE 2 and its subsidiaries as controlled entities and consolidated the assets, liabilities, and results of operations of the Vietnam VIE 2 and its subsidiaries in the consolidated financial information of the Group.

Starting from June 9, 2021, with a series of reorganizations, the HK Holding indirectly obtained all the equity interests in the Vietnam VIEs, and the abovementioned contractual agreements were terminated.

Nevertheless, the contractual arrangements may not be as effective as direct legal ownership in providing the Group with direct control over those aforementioned VIEs and its subsidiaries. Uncertainties presented by relevant local legal systems could impede the Group's beneficiary rights of the results, assets, and liabilities of those aforementioned VIEs and its subsidiaries. The directors of the Company, based on the advice of its legal counsel, consider that the contractual arrangements are in compliance with relevant local laws and regulations, and are legally binding and enforceable.

1.3 Basis of presentation

Immediately prior to and after the Reorganization, all of the Group's business is held by the BVI Holdco. The Group's Business is mainly conducted through a couple of operating entities in relevant countries, which are all directly or indirectly controlled by the BVI Holdco. Pursuant to the Reorganization, the BVI Holdco and all of the Group's business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganization and does not meet the definition of a business. The Reorganization is merely a recapitalization of the Group's business with no change in management of such business and the ultimate owners of the Group's business remain the same. Accordingly, the Group resulting from the Reorganization is regarded as a continuation of the Group's business under the BVI Holdco. and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the BVI Holdco and its subsidiaries, with the assets and liabilities of the Group recognized and measured at the carrying amounts of the Group's business under the consolidated financial statements of the BVI Holdco for all periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied during the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") during the Track Record Period. The Historical Financial Information of the Group has been prepared under the historical cost convention, except for financial assets and financial liabilities measured at fair value through profit or loss.

The Group incurred net losses of USD664.2 million, USD6.2 billion and net profit of USD1.6 billion for the years ended December 31, 2020, 2021, and 2022, respectively. The Group had net operating cash outflows of USD117.5 million, USD900.1 million and USD470.0 million for the years ended December 31, 2020, 2021, and 2022, respectively. As at December 31, 2022, although the Group reported a net deficit of equity of USD5.0 billion, the Group's cash and cash equivalents and net current assets were USD1.5 billion and USD1.1 billion. In addition, the Group's financial liabilities as at December 31, 2022 included convertible preferred shares, with an amount of USD7.8 billion, that would not contractually become redeemable within the next 12 months.

Management has prepared a cash flow projection covering a period of not less than 12 months from December 31, 2022, based on which the directors of the Company believe that the Group will have sufficient working capital to fund its operations and to meet its financial obligations as and when they fall due within 12 months from December 31, 2022. Consequently, the Historical Financial Information has been prepared on a going concern basis.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on January 1, 2022, including IFRS 9, IFRS 15 and IFRS 16, are consistently applied to the Group for the Track Record Period.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for Track Record Period and have not been early adopted by the Group. Those new standards, amendments of standards and interpretations are as follows:

		Effective for annual periods beginning on or after
IFRS 10 (Amendment) and IAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 17	Insurance contracts	January 1, 2023
IAS 1 (Amendment) and IFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	January 1, 2023
IAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IAS 8 (Amendment)	Definition of Accounting Estimates	January 1, 2023
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 1 (Amendments)	Non-current Liabilities with Covenants	January 1, 2024
IAS 1 (Amendment)	Classification of liabilities as current or non-current	January 1, 2024

The directors of the Company anticipate that the application of the above new standards, amendments and interpretations will have no material impact on the Historical Financial Information upon adoption, except for Amendment to IAS 1 where the convertible preference shares of the Company and of the Company's subsidiaries, which are convertible by the holders at any time, will be reclassified to current liabilities upon adoption of IAS 1.

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where 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 (refer to Note 2.3).

Inter-company transactions, balances, and unrealized gains on transactions between Group companies are eliminated. Unrealized 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 income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

There are entities controlled by the Company under certain contractual arrangements. The Company does not have legal ownership in equity of these entities or their subsidiaries. There are also entities controlled by the Company where the Company is holding less than 50% of their equity interests respectively due to certain local restrictions on foreign ownership of companies that provide express delivery services. Nevertheless, under certain contractual arrangements or shareholder's agreements entered into with the registered owners or together with other local owners of these entities, the Company and its other legally owned subsidiaries control these entities by way by controlling their major corporate governance and decision-making processes and directing the results of such processes, governing their major operating, investment, and financing policies and etc. In addition, the Company and its other legally owned subsidiaries are also exposed to variable returns in such companies through certain service contracts, which constitute substantially all the net income of such companies, dividend income as a result of its direct shareholding and as per relevant shareholder's agreements, and etc. Therefore, the Group has rights to exercise power over these entities, receives variable returns from its involvement in these entities, and has the ability to affect those returns through its power over these entities. As a result, they are presented as controlled entities of the Group.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2.3 below), after initially being recognized at cost.

2.2.3 Equity method

Under the equity method of accounting, the investments are initially recognized 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 associates and joint ventures are recognized 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.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized 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 2.10.

2.2.4 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combination

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.

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 recognized 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 as 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 recognized 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 recognized in profit or loss.

2.4 Separate financial statements

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 statements 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 ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (the "CEO") that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates respectively ("the functional currency"). The Historical Financial Information is presented in United States Dollars ("USD"), which is the Company's functional and presentation currency.

(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 recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other gains/(losses).

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 recognized 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 recognized in other comprehensive income.

(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 income statement and 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 recognized in other comprehensive income.

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 and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences is re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized 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 costs to their residual values over their estimated useful lives as follows:

Buildings and warehouses	10-20 years
Logistic equipment	3-10 years
Vehicles	3-10 years
Office equipment	2-5 years
Freehold Land	Infinite useful life
Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting 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 (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.8 Investment properties

Investment properties, principally freehold buildings, warehouses and land, are held for long-term rental yields and are not occupied by the Group. Investment property is measured at historical cost less depreciation. Historical cost includes related transaction costs and where applicable borrowing costs.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives as shown in Note 2.7.

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. 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. 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 5).

(b) Software

Computer softwares are initially recognized and measured at costs incurred to acquire and bring them to use, amortised on a straight-line basis over their estimated useful lives, and recorded in amortization within operating expenses in the consolidated income statement.

(c) Customer relationship

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated life.

(d) Trademark

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. They have an infinite useful life and are not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, and is carried at cost less accumulated impairment losses.

(e) Licence and others

Separately acquired licences and other intangible assets are shown at historical cost. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives.

(f) Research and development expenditures

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalized as intangible assets when recognition criteria are fulfilled. These criteria include:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

(g) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Customer relationship	10-12 years
Software	2-5 years
Trademark	10-20 years
Licence	5-7 years

2.10 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 recognized 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 purposes 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.

2.11 Investments and other financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

Those to be measured subsequently at fair value (either through 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 when and only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized 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.

2.11.3 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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 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 payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are 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 recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: 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 measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.11.4 Impairment

The Group assesses on a forward-looking basis the expected credit loss 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 trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 21 for further details.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

As at December 31, 2020, 2021, and 2022, inventories of the Group are generally consumables and accessories, including packing supplies, apparels and etc.

2.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade 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 21 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Share capital

Ordinary shares and non-redeemable participating preferred shares are classified as equity (Note 25). Mandatorily redeemable preferred shares are classified as liabilities (Note 29).

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the [**REDACTED**].

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade payables also include bank acceptance notes with trade nature and are due within 12 months.

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Financial liabilities at fair value through profit or loss

Before and during the Track Record Period, the Group entered into a series of share purchase agreements with certain investors and issued Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares, Series A Preferred Shares, Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares, Series C2 Preferred Shares and JET Global Series A Preferred Shares.

The Group designated the convertible preferred shares, which the host contracts are financial liabilities, as financial liabilities at fair value through profit or loss, which are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in profit or loss.

The component of fair value changes relating to the Company's own credit risk is recognized in other comprehensive income/(loss). Amounts recorded in other comprehensive income/(loss) related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realized. Fair value changes relating to market risk are recognized in profit or loss.

The convertible preferred shares are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

2.18 Financial liabilities – share redemption liabilities

A contract that contains an obligation for the Group to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount.

The financial liability is recognised initially at the present value of the redemption amount, and is reclassified from equity. Subsequently, the financial liability is measured at amortised cost. If the contract expires without delivery, the carrying amount of the financial liability is reclassified to equity. The Group's contractual obligation to purchase its own equity instruments gives rise to a financial liability for the present value of the redemption amount even if the obligation to purchase is conditional on the counterparty exercising a right to redeem.

2.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.20 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

2.21 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 and associates 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 Historical Financial Information. However, deferred tax liabilities are not recognized 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 realized, or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognized 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 recognized 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.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where 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 recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The Group considers the lease as a single transaction in which the assets and liabilities are integrally linked. There is no net temporary difference at inception. Subsequently, when differences on settlement of the liabilities and the amortisation of right-of-use assets arise, there will be a net temporary difference on which deferred tax is recognized.

2.22 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave 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 recognized 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 balance sheet.

(b) Social security obligations

The Group's subsidiaries have to make contribution to certain social security plans managed by relevant local government authorities in accordance with the relevant rules and regulations. Contributions to these plans are charged to the consolidated income statement as and when incurred. The Group has no legal or constructive obligations to pay further contributions.

2.23 Share-based compensation

Equity-settled share-based compensation transactions

The Group operates share incentive plans, under which it receives services from employees as consideration for equity instruments of the Company. The fair value of the equity instruments received in exchange for the services is recognized as an expense on the consolidated income statement with a corresponding increase in equity.

In terms of the equity instruments awarded to employees, the total amount to be expensed is determined by reference to the fair value of equity instruments granted.

The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied if applicable.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, 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 recognizing the expense during the period between service commencement period and grant date.

2.24 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized 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 can be reliably estimated. Provisions are not recognized 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 recognized 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.25 Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- The Group's performance 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.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct goods or services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents 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 contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

(a) Express delivery services

(i) Services provided to pick-up outlets of network partners in China and other countries

The Group offers an integrated express delivery service to pick-up outlets of network partners in China and other countries, such service includes parcel sorting, line-haul transportation, dispatching and other relevant network management services. The Group generally involves other outlets of network partners in dispatching. The Group is acting as principal in providing the entire express delivery service as the Group controls the dispatching services from other outlets of network partners to integrate into one complete express delivery service and is primarily responsible for the fulfilment of the express delivery service.

The Group charges pick-up outlets fees based on the parcel's size, weight, route to the end recipient's destination and other factors. The Group satisfies the performance obligation of express delivery service and recognises revenue over time and uses an output method of progress based on time-in-transit for express delivery service. The Group generally requires prepayment of such service fees.

In addition, the Group also earns non-refundable fees for initial operating training and other initial services to outlets of network partners, and such fees are generally recognized as revenue when the services are completed.

(ii) Services provided to operating entities of regional sponsors in Indonesia, Thailand, and other countries

The Group provides network services to operating entities of regional sponsors in Indonesia, Thailand and other countries, which include providing system support and continuous training, granting access to the Group's logos and brand names, and general network arrangement and oversight services. The Group is not responsible and not acting as principal for relevant express delivery services regarding orders made by the operating entities of regional sponsors through the network performed by other operating entities of regional sponsors. The Group charges fees from operating entities of regional sponsors based on parcel volumes. The network service is considered as a series of network management and oversight services as they are substantially the same and have same pattern of transfer to the customers. The revenue from the network service is recognized on monthly basis according to monthly fees chargeable to the operating entities of regional sponsors.

In some routes, the operating entities of regional sponsors will use the sorting centers operated by the Group, and in such situation, the Group is responsible for the express delivery service provided by its sorting centers including parcel sorting, line-haul transportation and other services contained in the service contracts, and charges for such service based on parcel's size, weight, route to the end recipient's destination and other factors. Such express delivery service is considered a separated performance obligation in addition to the network service. The Group satisfies the performance obligation of such express delivery service and recognises revenue over time and uses an output method of progress based on time-in-transit for the express delivery service.

The Group issues billings on a monthly basis and grants certain credit periods to such operating entities of regional sponsors.

As mentioned in Note 36 and Note 37, during year 2021 substantially all the operating entities of regional sponsors in Thailand and Indonesia were acquired by the Group, and after such acquisitions, the Group directly and substantially provides its integrated express delivery service to its enterprise or individual customers.

(iii) *Services provided to enterprise customers/individual customers*

The Group also provides an integrated express delivery service directly to certain enterprise/individual customers in China, Indonesia, Thailand and other countries, and directly to enterprise/individual customers in the Philippines, Malaysia, Vietnam and other countries. The Group involves other outlets of network partners or operating entities of regional sponsors in pick-up, dispatching and other services. The Group is acting as principal in providing the entire express delivery service as the Group controls relevant services from other outlets of network partners or operating entities of regional sponsors to integrate into one complete express delivery service and is primarily responsible for the fulfilment of the express delivery service.

The Group charges the customers based on parcel's size, weight, route to the end recipient's destination and other factors. The Group generally issues billings on a regular basis and grants certain credit periods to such customers. The Group satisfies the performance obligation of such express delivery service and recognises revenue over time and uses an output method of progress based on time-in-transit for the express delivery service.

(iv) *Cash on delivery services*

For cash on delivery services, the Group is generally engaged by its customers (normally on-line shopping platforms or on-line merchants) to collect cash payment for the merchandise from end-users, then disburse the cash payment to such customers, and charges certain proportion of the cash payments as service fees as a value-added service on top of the express delivery services. Generally all of such service contracts include only one performance obligation as normally the abovementioned or other relevant promises contained in the service contracts are considered to be not separately identifiable due to the fact that such promises are highly interrelated, and generally the customer expects the Group to deliver services with integration of such promises.

For cash on delivery services, the Group generally satisfies a performance obligation and recognises revenue at a point in time once such services are completed.

The Group provides customers with certain volume-based incentives in relation to express delivery services, which represent variable considerations and are recorded as reductions to the related revenue. The Group estimates the variable considerations to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As the incentives are generally determined on a monthly basis, the uncertainty in estimating the variable considerations to be recorded is very limited.

(b) Cross-border services

For its cross-border services provided to its customers, the Group is generally acting as principal in providing cargo or parcel collection, transportation and warehousing, customs clearances, dispatching and other relevant services to such customers as the Group is primarily responsible for and has control over the services. A substantial part of such service contracts includes only one performance obligation as normally the abovementioned or other relevant promises contained in the service contracts are considered to be not separately identifiable due to the fact that such promises are highly interrelated, and generally the customer expects the Group to deliver services with integration of such promises.

For such service, the Group generally satisfies a performance obligation and recognises revenue over time as it transfers control of such service over time, since the customers receive the benefit of the service as the goods are transported from one location to another. Revenue is recognized based on the extent of progress towards completion of the performance obligation. The Group uses an output method of progress based on time-in-transit as it best depicts the transfer of control to the customers.

(c) The Group's revenue also includes sales of accessories, such as J&T-branded packing supplies and apparels. Revenue from sales of accessories is recognized when control of the product is transferred to the customer and in an amount the Group expects to earn in exchange for the product.

(d) Contract assets and liabilities

Contract assets mainly include unbilled receivables resulting from uncompleted services and contract liabilities mainly include deferred revenue.

2.26 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of logistic equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office equipment.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.27 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to owners 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 earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings 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.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's Historical Financial Information in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.29 Government grants

Grants from the government are recognized 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 recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Note 6 provides further information on how the Group accounts for government grants.

2.30 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

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).

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's subsidiaries primarily operate in the PRC, Indonesia, the Philippines, Malaysia, Thailand, Vietnam and other countries. The transactions of those subsidiaries were generally settled in local currencies. Therefore, foreign exchange risk primarily arises from recognized assets and liabilities in the Group's subsidiaries in the abovementioned countries when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to overseas business partners.

For the Group's subsidiaries whose functional currency is RMB, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, the loss before income tax for the years ended December 31, 2020, 2021, and 2022 would have been approximately USD13,321,774 lower/higher, USD351,097 lower/higher and USD28,924 lower/higher, respectively, as a result of net foreign exchange losses on translation of net monetary liabilities denominated in USD.

For the Group's subsidiaries whose functional currency is IDR, if IDR had strengthened/weakened by 5% against USD with all other variables held constant, the profit before income tax for the years ended December 31, 2020, 2021 and 2022 would have been approximately USD6,219,027 higher/lower, USD8,639,005 higher/lower and USD613 lower/higher, respectively, as a result of net foreign exchange losses on translation of net monetary liabilities denominated in USD for year 2020 and 2021, and net foreign exchange gains on translation of net monetary assets denominated in USD for year 2022.

For the Group's subsidiaries whose functional currency is THB, if THB had strengthened/weakened by 5% against USD with all other variables held constant, the loss before income tax for the years ended December 31, 2020, 2021 and 2022 would have been approximately USD5,915,480 lower/higher, USD13,217,085 lower/higher and USD1,601 higher/lower, respectively, as a result of net foreign exchange losses on translation of net monetary liabilities denominated in USD for year 2020 and 2021, and net foreign exchange gains on translation of net monetary assets denominated in USD for year 2022.

For the Group's subsidiaries whose functional currency is VND, if VND had strengthened/weakened by 5% against USD with all other variables held constant, the loss before income tax for the years ended December 31, 2020 and 2021 would have been approximately USD6,231,468 lower/higher and USD8,894,412 lower/higher respectively, as a result of net foreign exchange losses on translation of net monetary liabilities denominated in USD. Relevant impact for year 2022 is minimal.

For the Group's subsidiaries whose functional currency is MYR, if MYR had strengthened/weakened by 5% against USD with all other variables held constant, the profit before income tax for the years ended December 31, 2020 and 2021 would have been approximately USD2,877,329 higher/lower and USD3,160,759 respectively, as a result of net foreign exchange losses on translation of net monetary liabilities denominated in USD. Relevant impact for year 2022 is minimal.

For the Group's subsidiaries whose functional currency is SGD, if SGD had strengthened/weakened by 5% against USD with all other variables held constant, the loss before income tax for the years ended December 31, 2020, 2021 and 2022 would have been approximately USD540,012 lower/higher, USD699,682 lower/higher and USD4,556 higher/lower, respectively, as a result of net foreign exchange losses on translation of net monetary liabilities denominated in USD for year 2020 and 2021, and net foreign exchange gains on translation of net monetary assets denominated in USD for year 2022.

For the Group's subsidiaries whose functional currency is PHP, if PHP had strengthened/weakened by 5% against USD with all other variables held constant, the profit before income tax for the years ended December 31, 2020, 2021, and 2022 would have been approximately USD2,831,149 lower/higher, USD950,777 lower/higher and USD2,490,294 lower/higher, respectively, as a result of net foreign exchange losses on translation of net monetary liabilities denominated in USD.

(ii) Interest rate risk

The Group's interest rate risk primarily arose from borrowings, loans to third parties, and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group has limited cash flow interest rate risk as at December 31, 2020, 2021, and 2022, as substantially all the borrowings and loans to third parties are carried at fixed interest rates.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2020	**% of total loans**	**2021**	**% of total loans**	**2022**	**% of total loans**
	USD'000		**USD'000**		**USD'000**	
Variable rate borrowings	–	–	–	–	–	–
Fixed rate borrowings – repricing or maturity dates:						
Less than one year	407,143	91%	59,965	67%	77,480	7%
1-2 years	16,922	4%	23,039	26%	38,493	4%
2-5 years	19,995	5%	6,023	7%	982,404	89%
	444,060	100%	89,027	100%	1,098,377	100%

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(b) Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, contract assets, restricted cash and financial assets measured at fair value through profit or loss or included in other receivables and other assets.

(i) Risk management

The Group manages risk arising from cash and cash equivalents, restricted cash and bank wealth management products by only conducting transacts with state-owned or reputable financial institutions, which have no recent history of default.

The Group manages risk arising from trade receivables, contract assets and financial assets included in other receivables and other assets by only conducting transactions only with recognized and creditworthy third parties, or with other customers who passed the Group's creditability assessment. It is the Group's policy that all customers who wish to trade on credit terms or carry out other transactions need to be subject to certain creditability assessment.

The Group manages risk arising from investments included in financial assets measured at fair value through profit or loss by regularly monitoring of the financial performance and balance sheet positions of relevant significant investees, and conduct independent creditability assessment.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables and contract assets from the provision of express delivery services, cross-border services, sales of accessories, rentals and others; and
- other receivables and other non-current assets

While restricted cash and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on aging and shared credit characteristics, which typically vary across countries or regions.

The expected loss rates are based on the historical credit losses and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") and Consumer Price Index ("CPI") of the countries in which it provides its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2020, 2021, and 2022 was determined as follows for trade receivables:

China

As at December 31, 2020	**Within 3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**Above 12 months**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Expected loss rate	1.45%	22.00%	47.12%	92.86%	N/A	
Gross amount	19,651	1,518	556	14	–	21,739
Loss allowance	284	334	262	13	–	893

As at December 31, 2021	**Within 3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**Above 12 months**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Expected loss rate						
Reputable customers *(i)*	1.39%	N/A	N/A	N/A	N/A	
Other customers *(i)*	5.53%	25.11%	59.96%	83.48%	100.00%	
Terminated customers (credit impaired) *(ii)*	100.00%	100.00%	N/A	N/A	N/A	
Gross amount						
Reputable customers	10,022	–	–	–	–	10,022
Other customers	105,843	7,324	5,058	2,185	2,595	123,005
Terminated customers (credit impaired)	15,021	8,404	–	–	–	23,425
Total gross amount	130,886	15,728	5,058	2,185	2,595	156,452

As at December 31, 2021	**Within 3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**Above 12 months**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Loss allowance						
Reputable customers	139	–	–	–	–	139
Other customers	5,850	1,839	3,033	1,824	2,595	15,141
Terminated customers (credit impaired)	15,021	8,404	–	–	–	23,425
Total loss allowance	21,010	10,243	3,033	1,824	2,595	38,705

As at December 31, 2022	**Within 3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**Above 12 months**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Expected loss rate						
Reputable customers *(i)*	N/A	N/A	1.87%	86.05%	N/A	
Other customers *(i)*	2.07%	22.81%	61.26%	87.75%	100.00%	
Terminated customers (credit impaired) *(ii)*	N/A	N/A	N/A	100.00%	100.00%	
Gross amount						
Reputable customers	–	20	482	86	–	588
Other customers	205,787	5,889	573	2,996	493	215,738
Terminated customers (credit impaired)	–	–	–	1,533	29,135	30,668
Total gross amount	205,787	5,909	1,055	4,615	29,628	246,994
Loss allowance						
Reputable customers	–	32	9	74	–	115
Other customers	4,257	1,343	351	2,629	493	9,073
Terminated customers (credit impaired)	–	–	–	1,533	29,135	30,668
Total loss allowance	4,257	1,375	360	4,236	29,628	39,856

(i) In China, the Group categorised the customers as per the size of their capitals, transaction volumes, as well as historical settlement and etc.

(ii) After the acquisition of Best Inc.'s express business in China in December 2021 (Note 38), as a result of the Group's business integration plan and further commercial negotiations, the Group ended business relationships with certain network partners from Best Inc.'s express business in China, consequently, the Group assessed the credit loss for such customers separately as the credit risk profile is different from other customers.

South-East Asia

As at December 31, 2020	Within 3 months	3-6 months	6-9 months	9-12 months	Above 12 months	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Expected loss rate	1.87%	24.78%	53.02%	93.41%	100.00%	
Gross amount	156,241	8,665	149	91	198	165,344
Loss allowance	2,921	2,147	79	85	198	5,430

As at December 31, 2021	Within 3 months	3-6 months	6-9 months	9-12 months	Above 12 months	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Expected loss rate	1.50%	22.60%	55.33%	92.92%	100.00%	
Gross amount	216,443	4,354	244	240	1,275	222,556
Loss allowance	3,236	984	135	223	1,275	5,853

As at December 31, 2022	Within 3 months	3-6 months	6-9 months	9-12 months	Above 12 months	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Expected loss rate	1.60%	27.91%	57.50%	85.82%	100.00%	
Gross amount	235,995	2,798	647	388	1,231	241,059
Loss allowance	3,776	781	372	333	1,231	6,493

Others

As at December 31, 2021	Within 3 months	3-6 months	6-9 months	9-12 months	Above 12 months	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Expected loss rate	2.96%	–	–	–	–	
Gross amount	439	–	–	–	–	439
Loss allowance	13	–	–	–	–	13

As at December 31, 2022	Within 3 months	3-6 months	6-9 months	9-12 months	Above 12 months	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Expected loss rate	1.18%	–	–	–	–	
Gross amount	73,113	–	–	–	–	73,113
Loss allowance	863	–	–	–	–	863

The loss allowances for trade receivables as at December 31, reconcile to the opening loss allowances as follows:

	Trade receivables		
	2020	2021	2022
	USD'000	USD'000	USD'000
Opening loss allowance as at January 1,	2,695	6,323	44,571
Impairment losses recognized, net of reversal	3,694	39,004	34,997
Bad debt write-offs	–	–	(32,166)
Exchange difference	(66)	(756)	(190)
Closing loss allowance as at December 31,	6,323	44,571	47,212

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Impairment losses on trade receivables are presented as net impairment losses within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables and other non-current assets

The Group determines the credit risk of its other receivables and other non-current assets basing on factors including historical experience, internal/external credit rating, overdue status and nature of relevant other receivables and other non-current assets, and also other forward-looking information including macroeconomic factors.

Impairment on other receivables and other non-current assets 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.

On that basis, the loss allowance as at December 31, 2020, 2021, and 2022 was determined as follows for other receivables and other non-current assets:

Risk rating as at December 31, 2020	Expected credit loss rate	Gross carrying amount at default	Gross carrying amount at default	Gross carrying amount at default
		(stage 1)	(stage 2)	(stage 3)
Low risk	0.97%	714,654	N/A	N/A
Moderate risk	5.46%	1,777	N/A	N/A
High risk and credit impaired	N/A	N/A	N/A	N/A

Risk rating as at December 31, 2021	**Expected credit loss rate**	**Gross carrying amount at default**	**Gross carrying amount at default**	**Gross carrying amount at default**
		(stage 1)	**(stage 2)**	**(stage 3)**
Low risk	0.91%	537,137	N/A	N/A
Moderate risk	10.89%	21,851	N/A	N/A
High risk and credit impaired	100.00%	N/A	N/A	1,925

Risk rating as at December 31, 2022	**Expected credit loss rate**	**Gross carrying amount at default**	**Gross carrying amount at default**	**Gross carrying amount at default**
		(stage 1)	**(stage 2)**	**(stage 3)**
Low risk	1.21%	189,959	N/A	N/A
Moderate risk	N/A	N/A	N/A	N/A
High risk and credit impaired	N/A	N/A	N/A	N/A

As at December 31, 2020, minimal credit risk was identified for the receivable of Series A Preferred Share consideration (Note 28). As at December 31, 2021, minimal credit risk was identified for the receivable of Series C2 Preferred Share consideration.

Based on the management's experience and expectation, the deposits and cash on delivery related receivables were also exposed to minimal credit risk as at December 31, 2020, 2021, and 2022.

The above receivables with minimal credit risk are classified as stage one.

The loss allowance for other receivables and other non-current assets at amortised cost as at December 31, reconciles to the opening loss allowance as follows:

	Loans to related parties and third parties	**Receivables of Series C1 Preferred Shares**	**Others**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Opening loss allowance as at January 1, 2020	1,054	–	198	1,252
Increase in the allowance recognized in profit or loss during the year	5,511	–	283	5,794
Exchange difference	(14)	–	(2)	(16)
Closing loss allowance as at December 31, 2020	6,551	–	479	7,030

	Loans to related parties and third parties	Receivables of Series C1 Preferred Shares	Others	Total
	USD'000	USD'000	USD'000	USD'000
Increase in the allowance recognized in profit or loss during the year	1,394	380	542	2,316
Exchange difference	(120)	–	(42)	(162)
Closing loss allowance as at December 31, 2021	7,825	380	979	9,184
(Decrease)/Increase in the allowance recognized in profit or loss during the year	(6,364)	(369)	8,955	2,222
Write-offs	–	–	(8,942)	(8,942)
Exchange difference	(68)	(11)	(86)	(165)
Closing loss allowance as at December 31, 2022	1,393	–	906	2,299

Net impairment losses on financial assets recognized in profit or loss

During the Track Record Period, the following losses were recognized in profit or loss in relation to impaired financial assets:

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Impairment losses			
Movement in loss allowance for trade receivables	3,694	39,004	34,997
Movement in loss allowance for other receivables and other non-current assets	5,794	2,316	2,222
Impairment losses on financial assets at amortised cost	9,488	41,320	37,219

(iii) Financial assets at fair value through profit or loss

The entity is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

(c) Liquidity risk

The Group aims 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 cash and cash equivalents or adjust 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, except for financial liabilities at fair value through profit or loss that are disclosed at fair value.

Non-derivatives	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
As at December 31, 2020					
Borrowings	408,375	13,219	20,610	–	442,204
Trade payables	225,452	–	–	–	225,452
Accruals and other payables (excluding salary and welfare payables, tax payables and other non-financial liabilities)	217,742	–	–	–	217,742
Advances from customers	137,224	–	–	–	137,224
Lease liabilities	65,008	69,137	46,904	7,335	188,384
Financial liabilities at fair value through profit or loss	–	–	–	1,812,915	1,812,915
Total	1,053,801	82,356	67,514	1,820,250	3,023,921

Non-derivatives	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
As at December 31, 2021					
Borrowings	61,185	25,594	6,293	–	93,072
Trade payables	577,065	–	–	–	577,065
Accrued and other payables (excluding salary and welfare payables, tax payables and other non-financial liabilities)	646,915	–	–	–	646,915
Advances from customers	291,362	–	–	–	291,362
Lease liabilities	211,955	151,047	203,869	44,735	611,606
Financial liabilities at fair value through profit or loss	–	–	10,424,409	–	10,424,409
Financial liabilities – ordinary shares redemption liabilities	133,749	–	–	–	133,749
Financial liabilities – redemption liabilities of shares of JNT KSA	–	–	60,000	–	60,000
Total	1,922,231	176,641	10,694,571	44,735	12,838,178

Non-derivatives	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
As at December 31, 2022					
Borrowings	79,212	39,913	1,005,558	–	1,124,683
Trade payables	484,215	–	–	–	484,215
Accrued and other payables (excluding salary and welfare payables and other tax payables)	533,856	–	–	–	533,856
Advances from customers	209,925	–	–	–	209,925
Lease liabilities	154,448	140,122	157,292	51,405	503,267
Financial liabilities at fair value through profit or loss	–	–	7,765,067	–	7,765,067
Financial liabilities – redemption liabilities of shares of JNT KSA	–	–	60,000	–	60,000
Total	1,461,656	180,035	8,987,917	51,405	10,681,013

In addition, as at December 31, 2021, derivative financial liabilities with an carrying amount of USD62,897,000 represents the difference between the carrying amount (fair value) of relevant preferred shares to be repurchased and the repurchase consideration (Note 26 (v)), with total contractual amount of USD244,839,000, and such repurchase was completed in 2022.

Details of the description of financial liabilities at fair value through profit or loss are presented in Note 29.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern 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 convertible preferred shares on an as-if-converted basis) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is relatively low, as a substantial part of its total liabilities as at December 31, 2020, 2021, and 2022 were financial liabilities at fair value through profit or loss, substantially representing the Company and its subsidiaries' preferred shares, which will not contractually become redeemable within the next 12-month period after December 31, 2020, 2021, or 2022.

The asset-liability ratios of the Group as at December 31, 2020, 2021, and 2022 are as follows:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Total assets	2,243,040	6,544,642	5,935,559
Total liabilities	3,113,539	13,181,066	10,919,807
Asset-liability ratio	138.8%	201.4%	184.0%

Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying by 100%. The increase of asset-liability ratio in 2021 is mainly due to the increase of the Company's value, according to which the fair value change of financial liabilities at fair value through profit or loss significantly increased. The increase of asset-liability ratio in 2022 is mainly due to the increasing in borrowings as a result of the Group's financing activities.

3.3 Fair value estimation

Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value as at each balance sheet date, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- 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).

The following table presents the Group's assets and liabilities that are measured at fair value on December 31, 2020:

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Assets				
Short-term investments measured at fair value through profit or loss *(Note 24)*	–	71,324	–	71,324
Liabilities				
Financial liabilities at fair value through profit or loss *(Note 29)*	–	–	1,812,915	1,812,915

The following table presents the Group's assets and liabilities that are measured at fair value on December 31, 2021:

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Assets				
Short-term investments measured at fair value through profit or loss *(Note 24)*	–	41,581	–	41,581
Liabilities				
Financial liabilities at fair value through profit or loss *(Note 29)*	–	–	10,487,306	10,487,306

The following table presents the Group's assets and liabilities that are measured at fair value on December 31, 2022:

	Level 1	Level 2	Level 3	Total
	USD'000	USD'000	USD'000	USD'000
Assets				
Non-current financial assets at fair value through profit or loss *(Note 24)*	–	–	481,050	481,050
Short-term investments measured at fair value through profit or loss *(Note 24)*	–	16,440	–	16,440
	–	16,440	481,050	497,490
Liabilities				
Financial liabilities at fair value through profit or loss *(Note 29)*	–	–	7,765,067	7,765,067

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) 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 by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

For the years ended December 31, 2020, 2021, and 2022, level 2 instruments of the Group's assets mainly include wealth management products offered by banks, classified as financial assets at fair value through profit or loss.

(c) Financial instruments in level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

For the years ended December 31, 2020 and 2021, level 3 instruments of the Group's liabilities mainly included convertible preferred shares (Note 29).

For the years ended December 31, 2022, level 3 instruments of the Group's assets included the Group's investments in Windfall T&L SPC and the convertible bonds of Huisen Global Limited (Note 24), and liabilities mainly included convertible preferred shares (Note 29).

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2020, 2021, and 2022.

The carrying amounts of the Group's financial assets including cash and cash equivalents, restricted cash, trade receivables, other receivables, other assets and other non-current assets, and the Group's financial liabilities, including borrowing, trade payables, lease liabilities, advances from customers, financial liabilities – ordinary share redemption liabilities, financial liabilities – redemption liabilities of shares of JNT KSA, accruals and other payables, approximate their fair values due to their short maturities or that the contract interest rates (if applicable) are generally close to the market interest rates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires 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) Consolidation of affiliated entities

The Group conducts a substantial part of the business in countries including the PRC, Indonesia, Thailand, the Philippines, and Vietnam, where there are certain regulatory restrictions on foreign ownerships in express delivery and relevant businesses. The Group has entered into certain contractual arrangements with relevant local entities and their respective registered shareholders, or certain agreements or constitutional documents with non-controlling shareholders of relevant local entities where the Company is holding less than 50% of their equity interests. The directors of the Company determine that the Group is able to control such entities by assessing and concluding that the Group has the rights to exercise power over such entities, to receive variable returns from its involvement in such entities, and has the ability to affect those returns through its power over such entities. Consequently, the Company consolidates the assets, liabilities and results of operations of such entities in the consolidated financial information of the Group.

Nevertheless, uncertainties presented by the local legal system could impede the Group's beneficiary rights in the results, assets and liabilities of the local entities. The directors of the Company, based on the advice of its legal counsels, have exercised judgement and consider that the abovementioned contractual arrangements, relevant agreements or constitutional documents are in compliance with relevant local laws and regulations, and are legally binding and enforceable.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1.

(c) Fair value of ordinary shares, preferred shares, and financial assets at fair value through profit or loss

The ordinary shares and preferred shares issued by the Company and the Group's financial assets at fair value through profit or loss are not traded in an active market and the respective fair value is substantially determined by using valuation techniques. During the Track Record Period, the Company appointed an external valuer to provide assistance in the valuation of the fair value of relevant ordinary shares, preferred shares and financial assets at fair value through profit or loss. The discounted cash flow method is normally adopted to determine the underlying equity value of the Company or relevant business, and equity allocation model is adopted to determine the fair value of the preferred shares of the Company. Key assumptions, such as discount rate, lack of marketability discount and volatility are disclosed in Note 24, Note 29, Note 35, Note 36 and Note 37.

(d) Current and deferred income taxes

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

For temporary differences which give rise to deferred tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred tax assets are recognized based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

(e) Impairment of goodwill and other non-financial assets

The Group tests annually, or more frequently if events or changes in circumstances indicate that they might be impaired, whether goodwill has suffered any impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined as higher of fair value less costs of disposal and value in use amount. These calculations require use of estimates.

For the purposes of determining the value in use of cash-generating unit or group of cash-generating units, expected cash flows generated by relevant assets are discounted to their present value, which requires significant estimates related to growth rate, gross margin, discount rate and other factors in the cash flow projection. Fair value less costs of disposal is calculated by benchmarking against the price quotation of a comparable model in the second-hand market, adjusting the estimated disposal costs.

The revision to the major assumptions adopted may result in recognition of impairment against goodwill, and recognition or reversal of impairment against other non-financial assets.

(f) Recognition of identifiable net assets acquired in business combinations and useful lives of customer relationship

During the Track Record Period, the Group completed several business combinations, details of which are set out in Note 36, Note 37 and Note 38. In accordance with IFRS 3, the identifiable net assets acquired are to be measured at fair value at the acquisition date to determine the difference between the cost of business combinations and the fair value of the net assets attributable to the Group acquired, which should be recognized as goodwill on the consolidated balance sheets.

In the absence of an active market for the above acquisition transaction undertaken by the Group, the directors of the Company made estimates from a variety of sources, in order to determine the fair value of identifiable net assets acquired. For the fair value of the intangible assets of customer relationships and property, plant and equipment, the directors of the Company made their estimates with reference to valuation results assessed by an external valuer appointed by the Company. The determination of fair value of net assets acquired requires estimates and judgements.

The Group determines the estimated useful lives and consequently the related amortisation charges for such acquired customer relationship. These estimates are based on the relevant industry and historical experience if applicable of the actual useful lives of customer relationship of similar nature and functions. Management will increase the amortisation charges where useful lives are less than previously estimated lives. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in amortisable lives and therefore amortisation expenses in future periods.

5. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision maker has been identified as the Chief Executive Officer (the "CEO").

The CEO examines the Group's performance from a geographic perspective and has identified three reportable segments of its business generally basing on territories in which the Group operates.

The CEO assesses the performance of the abovementioned segments mainly based on segment revenue, segment gross (loss)/profit, and segment adjusted EBITDA.

The abovementioned adjusted EBITDA is defined as net profit or loss to exclude the following items (the "Adjustments"):

- Income tax expense
- Finance income/costs – net
- Depreciation and amortisation
- Share-based compensation expenses – employee benefit expenses
- Share-based compensation expenses – related to equity transactions
- Fair value change of financial assets and liabilities at fair value through profit or loss
- Other gains, expenses or losses the Group and the CEO deem to be one-off

During the Track Record Period, certain expenses, gains and losses incurred at corporate and holding companies' level including the Company, the BVI Holdco and the HK Holding, were defined as un-allocated items.

The revenue from external customers is measured as segment revenue, which is the revenue derived from the customers in each operating segment respectively.

(b) Segment information

The geographical segment information for the years ended December 31, 2020, 2021, and 2022 is as follows:

	Year ended December 31, 2020			
	China	**South-East Asia**	**Others**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Segment revenue	478,847	1,046,504	10,074	1,535,425
Segment cost of revenue	(1,055,581)	(734,551)	(6,781)	(1,796,913)
Segment gross profit/(loss)	(576,734)	311,953	3,293	(261,488)
Adjusted segment EBITDA	(616,227)	266,561	1,652	(348,014)
Unallocated				26,851
Total EBITDA				(321,163)

	Year ended December 31, 2021			
	China	South-East Asia	Others	Total
	USD'000	USD'000	USD'000	USD'000
Segment revenue	2,181,368	2,377,544	292,888	4,851,800
Segment cost of revenue	(3,400,061)	(1,715,413)	(281,070)	(5,396,544)
Segment gross profit/(loss)	(1,218,693)	662,131	11,818	(544,744)
Adjusted segment EBITDA	(939,695)	427,436	(14,028)	(526,287)
Unallocated				(1,844)
Total EBITDA				(528,131)

	Year ended December 31, 2022			
	China	South-East Asia	Others	Total
	USD'000	USD'000	USD'000	USD'000
Segment revenue	4,096,177	2,381,726	789,525	7,267,428
Segment cost of revenue	(4,760,937)	(1,905,724)	(871,005)	(7,537,666)
Segment gross profit/(loss)	(664,760)	476,002	(81,480)	(270,238)
Adjusted segment EBITDA	(334,906)	331,582	(168,789)	(172,113)
Unallocated				(32,329)
Total EBITDA				(204,442)

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Adjusted EBITDA			
China	(616,227)	(939,695)	(334,906)
South-East Asia	266,561	427,436	331,582
Others	1,652	(14,028)	(168,789)
Un-allocated	26,851	(1,844)	(32,329)
Total adjusted EBITDA	(321,163)	(528,131)	(204,442)
Adjustments:			
Depreciation and amortization	(97,302)	(220,489)	(505,947)
Share-based compensation expenses – related to employee benefit expenses *(Note 8)*	(161,073)	(382,594)	(244,104)
Impairment of long-term assets *(Note 15, Note 17)*	–	(250,292)	(219,080)
Impairment of goodwill *(Note 17)*	–	–	(117,502)
Finance costs	(13,831)	(99,077)	(99,499)
Other Integration cost	–	–	(45,864)
Share-based compensation expenses -related to equity transactions *(Note 9)*	(27,229)	(236,418)	(37,262)
Income tax expense	(45,530)	(73,126)	(10,763)
[**REDACTED**] expenses	–	[REDACTED]	[REDACTED]

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Other compensation expenses – in relation to the acquisition of Best Inc.'s express business in China *(Note 8)*	–	(16,027)	(5,306)
Finance income	1,965	9,476	22,002
Fair value change of financial assets and liabilities at fair value through profit or loss	–	(4,383,532)	3,050,694
(Loss)/Profit for the year	(664,163)	(6,192,258)	1,572,567

The total of non-current assets other than financial instruments and deferred tax assets, broken down by location of the assets, are shown in the following table:

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
China	281,236	1,941,342	1,544,461
South-East Asia	281,737	867,640	830,038
Others	1,932	52,176	145,548
	564,905	2,861,158	2,520,047

During the Track Record Period, Revenues of the Group derived from single external customers which accounts for over 10% of the Group's revenue are shown in the following table:

	Year ended December 31,					
	2020		2021		2022	
	USD'000	%	USD'000	%	USD'000	%
Customer A	542,963	35%	1,715,398	35%	1,231,324	17%

(c) Revenue during the Track Record Period

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Type of revenue:			
Express delivery services	1,482,476	4,570,732	6,480,300
Cross-border services	9,519	234,761	710,450
Rental income	8,036	10,163	44,391
Sale of accessories	34,166	30,350	23,730
Others	1,228	5,794	8,557
	1,535,425	4,851,800	7,267,428

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Timing of revenue recognition:			
Overtime	1,437,525	4,732,225	7,102,996
A point in time	89,864	109,412	120,041
Rental income	8,036	10,163	44,391
	1,535,425	4,851,800	7,267,428

6. OTHER INCOME

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Subsidy income	11,466	71,415	87,035
Interest income on loans to related parties	1,305	4,412	10,175
Interest income on loans to third parties	4,285	6,715	939
	17,056	82,542	98,149

The subsidy incomes were mainly related to incentives provided by governments in the PRC based on the amounts of value added tax paid, and subsidies provided by local governments for economic recovery plans in South East Asian countries. The Group has received all the subsidy incomes in full and there was no future obligation related to these subsidy incomes.

7. OTHER GAINS/(LOSSES) – NET

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Provisions for legal claims	–	–	(19,330)
Exchange gains/(losses) – net	29,362	19,887	(17,338)
Net loss on disposal of property, plant and equipment	(37)	(1,424)	(1,873)
Others	(1,851)	7,907	(1,705)
	27,474	26,370	(40,246)

8. EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Salaries and bonuses	395,642	935,834	939,117
Pension cost – defined contribution plans	12,092	37,259	39,132
Share-based compensation expenses *(Notes 26 (i) (ii), (iii))*	161,073	382,594	244,104
Other compensation expenses *(i)*	–	16,027	5,306
Medical and other benefits	22,193	64,138	62,670
	591,000	1,435,852	1,290,329

(i) After the acquisition of Best Inc.'s express business in China (Note 38), as part of the Group's integration plan, the Group offered certain compensation packages to the staffs from Best Inc.'s express business in China who had chosen to end the employment with the Group. As a result, relevant accruals with an amount of USD16,027,000 were made for such purposes.

9. EXPENSES BY NATURE

	Year ended December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Employee benefit expenses *(Note 8)*	591,000	1,435,852	1,290,329
Fulfillment costs	820,139	2,385,225	3,320,187
Other labour costs	96,685	310,959	402,694
Line-haul costs	368,172	1,341,433	2,221,664
Depreciation and amortization *(Note 34 (a))*	97,302	220,489	505,947
Materials	59,518	97,087	107,568
Share-based compensation expenses – related to equity transactions *(Notes 26 (iv), (v), (vi), (vii))*	27,229	236,418	37,262
Short-term leases	21,146	59,730	124,377
Auditors' remuneration	249	1,465	2,252
[**REDACTED**] expenses	–	[REDACTED]	[REDACTED]
Advertising and marketing expenses	18,051	18,535	25,188
Impairment of long-term assets *(Note 15, Note 17)*	–	250,292	219,080
Impairment of goodwill *(Note 17)*	–	–	117,502
Others	77,420	197,066	293,267
	2,176,911	6,566,599	8,677,677

10. FINANCE COSTS – NET

	Year ended December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Finance income			
Interest income from bank deposits	1,965	9,476	22,002
Finance costs			
Interest expenses on convertible preferred shares (Note 43)	–	(81,602)	–
Interest expenses on lease liabilities *(Note 16)*	(6,007)	(13,860)	(37,318)
Interest expenses on borrowings			
Includes: Interest expense on borrowings from financial institutions	(34)	(195)	(54,902)
Interest expense on borrowings from related parties	(4,843)	(642)	(17)
Interest expense on borrowings from third parties	(2,947)	(2,778)	(7,262)
Total finance costs	(13,831)	(99,077)	(99,499)
Finance costs – net	(11,866)	(89,601)	(77,497)

11. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Impairment losses recognized, net of reversal, on:			
– trade receivables	3,694	39,004	34,997
– other receivables and other non-current assets	5,794	2,316	2,222
	9,488	41,320	37,219

12. INCOME TAX EXPENSE

The amount of income tax charged to the consolidated income statements represents:

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Current tax on profits for the year	46,422	66,042	56,183
Deferred income tax *(Note 30)*	(892)	7,084	(45,420)
	45,530	73,126	10,763

Taxes on profits assessable have been calculated at the rates of tax prevailing in the jurisdictions in which relevant entities operate.

(i) Cayman Islands profits tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and is exempted from payment of the Cayman Islands income tax.

(ii) British Virgin Islands ("BVI") profits tax

The Company's subsidiaries incorporated in the BVI are exempted from BVI income tax, as they are incorporated under the International Business Companies Act of the BVI.

(iii) Hong Kong profits tax

The Company's subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK$2,000,000, and 16.5% on any part of assessable profits over HK$2,000,000 for the Track Record Period.

(iv) PRC corporate income tax ("PRC CIT")

The Group's subsidiaries in the PRC are subject to PRC CIT which is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with PRC tax laws and regulations for the Track Record Period, except for disclosed below.

The Group's subsidiary, Shenzhen Yunlu Information Technology Co., Ltd. is qualified as a software enterprise under the relevant laws and regulations in the PRC. Accordingly, it is exempted from PRC CIT for two years since the first profit-making year, followed by a 50% reduction in the PRC CIT tax rate of 25% for the next three years.

Besides, certain Group's subsidiaries benefit from a preferential tax rate of 15% under the CIT Law if they are qualified as high and new technology enterprises under relevant regulations or located in applicable PRC regions, such as certain western regions and special economic zone, as specified in the relevant catalogue of encouraged industries, subject to certain general restrictions described in the CIT Law and the related regulations.

For the Track Record Period, several subsidiaries in the PRC were qualified as small and micro enterprises under the PRC CIT regime, which enjoyed a 50%-87.5% reduction in certain statutory taxable income, with a preferential income tax rate of 20%.

(v) Indonesia corporate income tax ("Indonesia CIT")

The Group's subsidiaries in Indonesia are subject to Indonesia CIT which is calculated based on the applicable tax rate of 22% on the assessable profits of the subsidiaries in accordance with Indonesia tax laws and regulations for the Track Record Period.

(vi) Malaysia corporate income tax ("Malaysia CIT")

The Group's subsidiaries in Malaysia are subject to Malaysia CIT which is calculated based on the applicable tax rate of 24% on the assessable profits of the subsidiaries in accordance with Malaysia tax laws and regulations for the Track Record Period.

(vii) Vietnam corporate income tax ("Vietnam CIT")

The Group's subsidiaries in Vietnam are subject to Vietnam CIT which is calculated based on the applicable tax rate of 20% on the assessable profits of the subsidiaries in accordance with Vietnam tax laws and regulations for the Track Record Period.

(viii) Thailand corporate income tax ("Thailand CIT")

The Group's subsidiaries in Thailand are subject to Thailand CIT which is calculated based on the applicable tax rate of 20% on the assessable profits of the subsidiaries in accordance with Thailand tax laws and regulations for the Track Record Period.

(ix) The Philippines corporate income tax ("the Philippines CIT")

For the six months period ended June 30, 2020, the Group's subsidiaries in the Philippines are subject to the Philippines CIT which is calculated based on the applicable tax rate of 30% on the assessable profits of the subsidiaries in accordance with the Philippines tax laws and regulations. The applicable CIT tax rate has been decreased from 30% to 25% since July 1, 2020.

(x) Withholding income tax

As at December 31, 2020, the Group's business was still in a loss position except for the business in Indonesia and the Philippines. As at December 31, 2021, the Group's major business is still in a loss position except for the business in Indonesia, the Philippines and Malaysia. As at December 31, 2022, the Group's major business is still in a loss position except for the business in Indonesia and the Philippines.

According to the Indonesia CIT Law, a 20% withholding tax will be levied on the immediate holding companies established outside Indonesia when their Indonesian subsidiaries declare dividends out of their profits, and the rate could be lowered to 5% when certain conditions are met in accordance with Hong Kong – Indonesia Double Tax Treaty.

During the years ended December 31, 2020, 2021, and 2022, no dividend withholding tax for Indonesia companies was provided as the directors have confirmed that the Group does not expect those subsidiaries to distribute the retained earnings as at December 31, 2020, 2021, and 2022 in the foreseeable future. Unremitted earnings that deferred income tax liabilities have not been recognized totalled USD73,237,000, USD148,332,000, and USD213,917,000 as at December 31, 2020, 2021, and 2022, respectively.

According to the Philippine CIT Law, withholding tax will be levied on the immediate holding companies established outside the Philippines when their Philippine subsidiaries declare dividends out of their profits. The withholding tax rates are 15% or 30% for the year ended December 31, 2020, and 15% or 25% for the years ended December 31, 2021 and 2022.

During the years ended December 31, 2020, 2021, and 2022, no dividend withholding tax for the Philippine companies was provided as the directors have confirmed that the Group does not expect those subsidiaries to distribute the retained earnings as at December 31, 2020, 2021, and 2022 in the foreseeable future. Unremitted earnings that deferred income tax liabilities have not been recognized totalled USD40,986,000, USD84,471,000 and USD113,742,000 as at December 31, 2020, 2021, and 2022, respectively.

According to the Malaysia CIT Law, Malaysia has no withholding tax on dividends in addition to tax on the profits out of which the dividends are declared.

The difference between the actual income tax expense charged to the consolidated income statements and the amounts which would result from applying the enacted tax rates to (loss)/profit before income tax can be reconciled as follows:

	Year ended December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
(Loss)/profit before income tax	(618,633)	(6,119,132)	1,583,330
Income tax expenses calculated at applicable tax rates	(109,943)	(296,547)	(254,488)
Additional deduction of research and development expense	(1,966)	(4,681)	(403)
Costs, expenses and losses not deductible for tax purposes	3,288	6,649	16,019
Previously unrecognized tax losses and deductible temporary differences utilised	(5,041)	(820)	(63,153)
Previously unrecognized tax losses and deductible temporary differences recognized as deferred tax assets	(3,949)	–	(27,404)
Deductible temporary differences for which no deferred tax asset was recognized	901	63,602	3,907
Tax losses for which no deferred tax asset was recognized	162,240	304,923	336,285
	45,530	73,126	10,763

13. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares and preferred shares outstanding during the financial year.

	Year ended December 31,		
	2020	2021	2022
Net (loss)/profit attributable to owners of the Company (USD'000)	(564,836)	(6,046,983)	1,656,168
Weighted average number of shares (thousands):			
Ordinary Shares outstanding	275,410	–	–
Class A Ordinary Shares outstanding	25,862	343,606	432,651
Class B Ordinary Shares outstanding	18,859	170,754	171,811
Series Pre-A1 Preferred Shares outstanding	70,383	–	–
Series Pre-A2 Preferred Shares outstanding	51,153	–	–
Series A Preferred Shares outstanding	154,135	–	–
Total weighted average number of shares outstanding	595,802	514,360	604,462
Basic (loss)/earnings per share (USD cent)	(94.8)	(1,175.6)	274.0

As Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares have the same dividend entitlement as the Class A and Class B Ordinary Shares, these preferred shares are included in total weighted average number of shares outstanding for the purpose of the calculation of basic loss per share, before reclassifying from equity to financial liabilities at fair value through profit or loss on December 30, 2020 (Note 29).

(b) Diluted

The calculation of the diluted earnings/(loss) per share is based on the profit/(loss) attributable to equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares that would have been outstanding, as appropriate. The weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share is the weighted average number of ordinary shares, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group has four (2021: three; 2020: one) categories of potential ordinary shares, namely convertible preferred shares of the Company, Series A Preferred Shares of JET Global (Note 29), shares of JNT KSA (Note 26) and ordinary shares with vesting schedule granted to network partners (Note 26) (2021: convertible preferred shares of the Company, Series A Preferred Shares of JET Global and shares of JNT KSA; 2020: convertible preferred shares of the Company). Convertible preferred shares were dilutive for the year ended December 31, 2022, and were anti-dilutive for the years ended December 31, 2021 and 2020. Series A Preferred Shares of JET Global and shares of JNT KSA were anti-dilutive for the years ended December 31, 2022 and 2021. Ordinary shares with vesting schedule granted to network partners were anti-dilutive for the year ended December 31, 2022.

	Year ended December 31,		
	2020	2021	2022
Net (loss)/profit attributable to owners of the Company (USD'000)	(564,836)	(6,046,983)	1,656,168
Adjustment for fair value change of the Company's convertible preferred shares through profit or loss	–	–	(3,352,590)
Net (loss)/profit attributable to owners of the Company (USD'000)	(564,836)	(6,046,983)	(1,696,422)
Weighted average number of shares (thousands):			
Weighted average number of shares outstanding	595,802	514,360	604,462
Adjustment for convertible preferred shares of the Company	–	–	840,331
Weighted average number of shares for calculation of diluted (loss)/earnings per share	595,802	514,360	1,444,793
Diluted (loss)/earnings per share (USD cent)	(94.8)	(1,175.6)	(117.4)

14. INVESTMENT PROPERTIES

The Group's investment properties are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Investment properties			
Opening balance	53,125	53,065	718
Addition	1,678	987	–
Transferred to PPE *(Note 15)*	–	(52,648)	–
Depreciation	(1,228)	(266)	(154)
Exchange differences	(510)	(420)	(57)
Closing balance	53,065	718	507
Cost	55,034	966	881
Accumulated depreciation	(1,969)	(248)	(374)
Net book amount	53,065	718	507

In 2021, as a result of the acquisition of the operating entities of Indonesian regional sponsors, who were also the lessees of the investment properties of the Group, an amount of USD52,648,000 of investment properties were transferred to property, plant and equipment (Note 15).

Investment properties mainly represent buildings and warehouses held by the Group in Indonesia erected on freehold land and include the cost of land, buildings and warehouses. The fair values as at December 31, 2020, 2021, and 2022 were determined by management's self-assessment using discounted cash flow projection based on significant unobservable inputs.

The fair values of the investment properties were set out as follows:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Fair value	57,231	890	876

(i) Leasing arrangements

The investment properties are leased to tenants (substantially operating entities of regional sponsors) under operating leases with rentals payable monthly, generally with fixed monthly payments and the lease term of around one year. As at December 31, 2022, the remaining leasing arrangements have lease terms less than 7 years.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

The minimum lease receivable on leases of investment properties is USD4,338,000, USD341,000 and USD284,000 as at December 31, 2020, 2021, and 2022, respectively.

No major or significant contractual obligation for future repairs and maintenance is committed.

Lease income amounting to approximately USD3,169,000, USD3,458,000, and USD57,000 for the years ended December 31, 2020, 2021, and 2022, respectively, were related to the lease of investment properties.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and warehouses	Logistic equipment	Vehicles	Leasehold improvements	Office equipment	Land	Others	Construction in progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost									
As at January 1, 2020	7,566	13,580	48,698	10,349	22,360	–	226	7,240	110,019
Acquisition of subsidiaries	–	–	188	11	25	–	–	–	224
Transfer upon completion	8,172	11,556	1,180	1,288	2,907	–	18	(25,121)	–
Other additions	381	39,915	117,999	9,949	24,871	1,136	537	53,316	248,104
Other disposals	–	(646)	(1,135)	–	(617)	–	(16)	–	(2,414)
Exchange differences	(113)	1,260	3,959	449	817	32	12	971	7,387
As at December 31, 2020	16,006	65,665	170,889	22,046	50,363	1,168	777	36,406	363,320
Acquisition of subsidiaries *(Notes 36, 37 and 38)*	2,285	407,442	19,898	53,910	13,300	1,905	244	97,245	596,229
Transfer from investment properties	25,912	–	–	–	–	28,690	–	–	54,602
Transfer upon completion	205	86,077	10,883	5,578	2,263	–	–	(105,006)	–
Other additions	1,609	78,458	174,326	15,636	29,271	–	468	238,353	538,121
Other disposals	–	(17,900)	(7,749)	(1,418)	(8,697)	–	(317)	–	(36,081)
Exchange differences	(484)	(742)	(2,432)	(462)	(1,112)	(307)	(150)	845	(4,844)
As at December 31, 2021	45,533	619,000	365,815	95,290	85,388	31,456	1,022	267,843	1,511,347
Acquisition of subsidiaries	59	1,367	1,791	–	544	–	–	–	3,761
Transfer upon completion	9,302	289,106	4,872	23,101	6,594	–	–	(332,975)	–
Transfer to Intangible assets	–	–	–	–	–	–	–	(235)	(235)
Other additions	18,810	137,038	87,642	17,681	33,762	30,035	1,501	218,737	545,206
Other disposals	(327)	(107,535)	(8,882)	(34,418)	(5,689)	(1,051)	(284)	(8,434)	(166,620)
Exchange differences	(7,755)	(95,746)	(29,594)	(11,801)	(8,664)	(1,496)	4	(13,647)	(168,699)
As at December 31, 2022	65,622	843,230	421,644	89,853	111,935	58,944	2,243	131,289	1,724,760

	Buildings and warehouses	Logistic equipment	Vehicles	Leasehold improvements	Office equipment	Land	Others	Construction in progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Depreciation									
As at January 1, 2020	(152)	(1,531)	(7,563)	(4,127)	(7,051)	–	(18)	–	(20,442)
Charge for the year	(1,643)	(3,974)	(18,564)	(4,864)	(10,067)	–	(158)	–	(39,270)
Disposal of subsidiaries	–	–	2	–	–	–	–	–	2
Other disposals	–	34	188	–	90	–	1	–	313
Exchange differences	(59)	(57)	(460)	(135)	(177)	–	(3)	–	(891)
As at December 31, 2020	(1,854)	(5,528)	(26,397)	(9,126)	(17,205)	–	(178)	–	(60,288)
Transferred from investment properties	(1,954)	–	–	–	–	–	–	–	(1,954)
Charge for the year	(3,404)	(22,496)	(49,578)	(13,576)	(15,149)	–	(241)	–	(104,444)
Other disposals	–	4,658	1,463	1,228	3,279	–	183	–	10,811
Exchange differences	55	422	1,118	259	459	–	71	–	2,384
As at December 31, 2021	(7,157)	(22,944)	(73,394)	(21,215)	(28,616)	–	(165)	–	(153,491)
Charge for the year	(3,694)	(92,333)	(78,935)	(28,338)	(24,228)	–	(382)	–	(227,910)
Other disposals	87	5,740	3,779	8,943	3,005	–	19	–	21,573
Exchange differences	775	17,921	7,496	6,419	3,885	–	(3)	–	36,493
As at December 31, 2022	(9,989)	(91,616)	(141,054)	(34,191)	(45,954)	–	(531)	–	(323,335)

	Buildings and warehouses	Logistic equipment	Vehicles	Leasehold improvements	Office equipment	Land	Others	Construction in progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Impairment									
As at January 1, 2020 and December 31, 2020	–	–	–	–	–	–	–	–	–
Charge for the year	(766)	(170,480)	(251)	(16,309)	(3,100)	–	–	(59,386)	(250,292)
As at December 31, 2021	(766)	(170,480)	(251)	(16,309)	(3,100)	–	–	(59,386)	(250,292)
Charge for the year	(587)	(171,466)	(192)	(10,128)	(2,375)	–	–	(30,748)	(215,496)
Transfer upon completion	–	(38,975)	–	–	–	–	–	38,975	–
Other disposals	–	81,164	118	5,350	408	–	–	5,577	92,617
Currency translation differences	–	19,209	545	1,233	471	–	–	3,172	24,630
As at December 31, 2022	(1,353)	(280,548)	220	(19,854)	(4,596)	–	–	(42,410)	(348,541)
Net book amount									
As at December 31, 2020	14,152	60,137	144,492	12,920	33,158	1,168	599	36,406	303,032
As at December 31, 2021	37,610	425,576	292,170	57,766	53,672	31,456	857	208,457	1,107,564
As at December 31, 2022	54,280	471,066	280,810	35,808	61,385	58,944	1,712	88,879	1,052,884

The provision for impairment during the years ended December 31, 2021 and 2022 represented the impairment loss of the property, plant and equipment that are expected to be redundant.

Subsequent to the acquisition of Best Inc.'s express business in China in December 2021 (Note 38), the Group planned to integrate and consolidate the express delivery network facilities acquired with its own. The Group identified certain redundant sorting centers which would be closed within one or two years when the current lease agreements ended, and assessed the recoverable amounts of the relevant assets based on the higher of value in use with reference to discounted cash flow projections and fair value less costs of disposal. Accordingly, impairment provisions amounting to USD250,292,000 were made against the relevant assets of property, plant and equipment during the year ended December 31, 2021.

In 2022, subsequent to integration of the express delivery network acquired from Best Inc. with its own, the Group further planned to optimize its China domestic express delivery network to achieve higher efficiency and quality. As a result, the Group further identified certain redundant sorting centers and assessed the recoverable amounts of the relevant assets based on the higher of value in use with reference to discounted cash flow projections and fair value less costs of disposal. Accordingly, impairment provisions amounting to USD167,080,000 were made against the relevant assets of property, plant and equipment during the year ended December 31, 2022.

Considering relevant market conditions, reference to its peers' performance and general trends of the industry, the Group performed the impairment tests for relevant long-term assets. As a result, management has identified that relevant carrying amounts of CGUs or groups of CGUs have exceeded their recoverable amounts. Accordingly, additional impairment charges of USD48,416,000 and USD121,086,000 were made to property, plant and equipment and intangible assets (Note 17) respectively as at December 31, 2022.

The recoverable amount of the abovementioned long-term assets is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on certain assumptions made by management. The key assumptions used for value-in-use calculations are as follows:

	As at December 31,
	2021
Pre-tax discount rate	18.24%
Recoverable amount (USD'000)	324,707

	As at December 31,
	2022
Pre-tax discount rate	17.25%
Recoverable amount (USD'000)	461,115

Depreciation expenses have been charged to the consolidated income statements as follows:

	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Cost of revenue	30,055	87,234	208,104
Selling, general and administrative expenses	8,657	16,881	19,511
Research and development expenses	558	329	295
	39,270	104,444	227,910

As at December 31, 2020, 2021, and 2022, property, plant and equipment with carrying amount of USD17,180,000, USD69,684,000 and USD71,592,000 were pledged as securities for the Group's borrowings from financial institutions (Note 28), respectively.

16. LEASES

(i) Amounts recognized in the consolidated balance sheets

The consolidated balance sheets show the following amounts relating to leases:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Right-of-use assets			
Buildings and warehouses	182,789	578,085	460,258
Vehicles	3,117	10,099	11,320
Land	682	3,138	2,471
Equipment and others	174	12,890	7,158
	186,762	604,212	481,207
Lease liabilities			
Current lease liabilities	63,639	207,490	151,195
Non-current lease liabilities	111,378	391,232	341,471
	175,017	598,722	492,666

Additions to the right-of-use assets during the financial years ended December 31, 2020, 2021, and 2022 were USD169,150,000, USD530,693,000 and USD269,678,000, respectively.

(ii) Amounts recognized in the consolidated income statements

The consolidated income statements show the following amounts relating to leases:

	2020	2021	2022
	USD'000	USD'000	USD'000
Depreciation charge of right-of-use assets			
Buildings and warehouses	55,266	104,224	245,899
Vehicles	499	6,138	5,694
Land	226	701	437
Equipment and others	9	2,815	5,146
	56,000	113,878	257,176
Interest expense *(Note 10)*	6,007	13,860	37,318
Expense relating to short-term leases (included in cost of revenue, selling, general and administrative expenses, research, and development expenses)	21,146	59,730	124,377

The total cash outflows for leases payments for the years ended December 31, 2020, 2021, and 2022 were USD87,206,000, USD195,541,000 and USD417,516,000 respectively. For the years ended December 31, 2020, 2021, and 2022, among the cash outflow for lease payments, cash outflow for the principal elements of lease payments were USD61,405,000, USD101,703,000, and USD262,668,000 respectively, which is presented in cash flows from financing activities. The lease payments related to short-term leases were USD19,794,000, USD79,978,000, and USD117,530,000 for the years ended December 31, 2020, 2021, and 2022, which are presented in cash flows from operating activities.

(iii) The group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, vehicles, land and equipment. Lease contracts are typically made for fixed periods of 6 months to 6 years but may have extension options as described in (v) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Under certain circumstances, certain amount of deposits is required to be paid to the lessors. Generally leased assets may not be used as security for borrowing purposes.

(iv) Variable lease payments

The Group's property leases generally do not contain material variable payment terms that are linked to sales generated.

(v) Extension and termination options

The majority of extension and termination options held are exercisable by mutual agreement of the Group and the respective lessors.

(vi) Residual value guarantees

The Group generally does not provide residual value guarantees in relation to equipment leases.

17. INTANGIBLE ASSETS

	Software	Goodwill	Customer relationship	Trademark	License and others	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost						
As at January 1, 2020	2,134	1,444	310	–	–	3,888
Additions	1,303	220	–	786	1,481	3,790
Exchange differences	54	–	–	–	51	105
As at December 31, 2020	3,491	1,664	310	786	1,532	7,783
Acquisition of subsidiaries	956	946,365	173,531	–	332	1,121,184
Additions	5,608	–	–	427	–	6,035
Exchange differences	9	(2,200)	–	–	35	(2,156)
As at December 31, 2021	10,064	945,829	173,841	1,213	1,899	1,132,846
Acquisition of subsidiaries *(b)*	151	51,829	–	–	–	51,980
Other additions	7,531	–	–	154	–	7,685
Other disposals	(54)	–	–	–	–	(54)
Exchange differences	(861)	(76,718)	(6,564)	–	(180)	(84,323)
As at December 31, 2022	16,831	920,940	167,277	1,367	1,719	1,108,134
Amortization						
As at January 1, 2020	(936)	–	(16)	–	–	(952)
Additions	(477)	–	(31)	(59)	(237)	(804)
Exchange differences	(3)	–	–	–	(10)	(13)
As at December 31, 2020	(1,416)	–	(47)	(59)	(247)	(1,769)
Additions	(842)	–	(730)	(96)	(233)	(1,901)
Exchange differences	28	–	–	–	(10)	18
As at December 31, 2021	(2,230)	–	(777)	(155)	(490)	(3,652)
Additions	(2,898)	–	(17,528)	(180)	(101)	(20,707)
Other disposals	32	–	–	–	–	32
Exchange differences	415	–	356	–	77	848
As at December 31, 2022	(4,681)	–	(17,949)	(335)	(514)	(23,479)

	Software	Goodwill	Customer relationship	Trademark	License and others	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Impairment						
As at January 1, 2020, December 31, 2020 and December 31, 2021	–	–	–	–	–	–
Additions	–	(117,502)	(3,584)	–	–	(121,086)
Other disposals	–	–	–	–	–	–
Exchange differences	–	–	–	–	–	–
As at December 31, 2022	–	(117,502)	(3,584)	–	–	(121,086)
Carrying values						
As at December 31, 2020	2,075	1,664	263	727	1,285	6,014
As at December 31, 2021	7,834	945,829	173,064	1,058	1,409	1,129,194
As at December 31, 2022	12,150	803,438	145,744	1,032	1,205	963,569

The abovementioned software was all externally acquired rather than internally developed.

(a) During the Track Record Period, no development costs were capitalised as intangible assets.

Amortization expenses have been charged to the consolidated income statements as follows:

	2020	2021	2022
	USD'000	USD'000	USD'000
Cost of revenue	607	315	8,139
Selling, general and administrative expenses	197	1,586	12,568
	804	1,901	20,707

(b) Acquisition of the operating entity of Brazilian regional sponsors

In October 2022, the Group acquired the operating entity of Brazilian regional sponsors (the "Brazilian Acquiree"). As the consideration of this transaction, the Group swapped certain equity interests of its major operating entity in Brazil to the corresponding Brazilian regional sponsors.

With the assistance from an external valuer appointed by the Group, the Group applied the discounted cash flow method to determine the underlying equity value of the Brazilian Acquiree. The fair value of relevant net identifiable assets acquired was around negative USD9,127,000.

The fair value of the swapped-out equity interests of the operating entity exceeded the fair value of relevant net identifiable assets acquired by USD51,829,000, which was recognised as goodwill.

(c) Impairment test for goodwill

A cash-generating unit (CGU) is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets. Goodwill is allocated to the Group's CGUs or groups of CGUs identified according to the territories in which the Group operates:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
China	220	630,676	459,428
Indonesia	1,194	216,407	199,012
Thailand	–	96,293	90,937
Brazil	–	–	51,829
Others	250	2,453	2,232
	1,664	945,829	803,438

The recoverable amount of a CGU or a group of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on certain assumptions made by management covering a ten-year period (the "Period"). The management consider the length of the forecast period is appropriate because it generally takes longer for the Group to reach a stable growth state, especially taking into account the fact that the e-commerce express industry in the abovementioned regions is an emerging industry with fast growth in the coming years and the Group is still in the initial stage of rapid growth. The key assumptions used for value-in-use calculations for the Track Record Period (if applicable) are as follows:

2021

	China	Indonesia	Thailand
Annual growth rate within the Period	5.4%-105.0%	5.5%-29.2%	10.7%-64.2%
Growth rate to extrapolate cash flows beyond the Period	2.5%	3.0%	2.0%
Gross margin	0.0%-13.4%	24.8%-28.9%	(12.0%)-33.0%
Pre-tax discount rate	18.14%	19.87%	20.24%
Excess of recoverable amount over carrying value (USD'000)	5,297,516	2,294,940	508,299

2022

	China	Indonesia	Thailand	Brazil
Compound annual growth rate within the Period	2.4%-33.3%	5.3%-28.0%	10.2%-40.6%	27.6%-302.9%
Growth rate to extrapolate cash flows beyond the Period	2.2%	3.0%	2.0%	3.0%
Gross margin	3.2%-8.2%	23.1%-28.5%	12.7%-30.3%	(4.4%)-20.5%
Pre-tax discount rate	17.48%	19.17%	21.45%	24.85%
Excess of recoverable amount over carrying value (USD'000)	–	1,987,918	580,469	129

Management determined budgeted gross margin and growth rates based on past performance and its expectations of market development. The growth rates to extrapolate cash flows beyond the Period are consistent with forecasts included in relevant industry reports. The discount rates used are pre-tax after reflecting specific risks of the relevant CGUs and groups of CGUs.

For the groups of CGUs in China, management has also assessed the risk of impairment of goodwill and concluded that no impairment charge would be required as at December 31, 2021. As at December 31, 2022, for the groups of CGUs in China, according to management's impairment test performed with the assistance of an independent valuer, the carrying amount exceeded relevant recoverable amount. As a result, impairment charges of goodwill amounting to approximately USD117,502,000 were recognised.

For the groups of CGUs in Indonesia and Thailand, assuming compound annual revenue growth rate within the budget period, growth rate to extrapolate cash flows beyond the budget period and gross margin decreased by 10% relatively, and pre-tax discount rate increased by 10% relatively, no impairment charge would be required for the goodwill as at December 31, 2022 and 2021.

For the groups of CGUs in Brazil, management has also assessed the risk of impairment of goodwill and concluded that no impairment charge would be required as at December 31, 2022.

18. MAJOR SUBSIDIARIES AND CONTROLLED ENTITIES

The Company's investments in subsidiaries are as follows:

	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Investment in Onwing Global Limited *(i)*	217,958	882,972	882,972
Investment in Yunlu International Limited *(ii)*	–	124,506	124,506
	217,958	1,007,478	1,007,478

(i) In 2021, the Company issued certain ordinary shares as considerations of certain transactions (Note 35, Note 36, Note 37), which were accounted for as its investment in Onwing Global Limited, a subsidiary directly held by the Company.

(ii) In 2021, as part of the reorganization of the cross-border service business, the Company established Yunlu International Limited, injected cash of USD124,506,000 and restructured the Group's subsidiaries in cross-border business under it.

As at December 31, 2020, 2021, and 2022, and as at the date of this report, the Company had the following major subsidiaries (including controlled structured entities):

Name of entity	Type of legal entity	Country/Place and date of incorporation	Paid-in capital As at December 31, 2020	Paid-in capital As at December 31, 2021	Paid-in capital As at December 31, 2022	Percentage of Attributable equity interest to the Company As at December 31, 2020	2021	2022	As at the date of this report	Principal activities and place of operation
Indirectly held:										
Jitu International Logistics Co., Ltd. (Note 26 (iii))[Note 2]	Limited Liability Company	The PRC, January 10, 2018	CNY14,000,000	CNY200,020,000	CNY200,020,000	99.3%	89.3%	76.94%	76.94%	Cross-border services
Thuan Phong Express Company Limited	Limited Liability Company	Vietnam, January 13, 2016	VND2,500,000,000	VND112,500,000,000	VND112,500,000,000	62%	100%	100%	100%	Express delivery services
PH Global Jet Express Inc. doing business under the name and style of J&T Express	Limited Liability Company	The Philippines September 14, 2018	PHP2,500,000	PHP2,500,000	PHP2,500,000	40%	40%	40%	40%	Express delivery services
J&T Express (Malaysia) Sdn.Bhd.	Limited Liability Company	Malaysia, January 10, 2018	MYR3,878,075	MYR3,878,075	MYR3,878,075	70.2%	100%	100%	100%	Express delivery services
Global Jet Express (Thailand) Co., Ltd.	Limited Liability Company	Thailand, August 17, 2018	THB200,000,000	THB123,507,750	THB123,507,750		*Note 1*			Express delivery services
Controlled entities:										
J&T Express China Co., Ltd.[Note 2]	Limited Liability Company	The PRC, September 29, 2007	CNY10,000,000	CNY10,000,000	CNY10,000,000	100%	100%	100%	100%	Courier and warehousing services
J&T Express (Jinhua) Supply Chain Co., Ltd.[Note 2]	Limited Liability Company	The PRC, October 28, 2019	CNY10,000,000	CNY10,000,000	CNY10,000,000	100%	100%	100%	100%	Courier and warehousing services
J&T Express (Hebei) Acme Supply Chain Management Co., Ltd.[Note 2]	Limited Liability Company	The PRC, November 13, 2019	CNY10,000,000	CNY10,000,000	CNY10,000,000	51%	85%	85%	85%	Courier and warehousing services
J&T Express (Shandong) Supply Chain Co., Ltd.[Note 2]	Limited Liability Company	The PRC, October 31, 2019	CNY5,100,000	CNY10,000,000	CNY10,000,000	51%	85%	85%	85%	Courier and warehousing services
J&T Express (Henan) Acme Supply Chain Co., Ltd.[Note 2]	Limited Liability Company	The PRC, November 1, 2019	CNY10,000,000	CNY10,000,000	CNY10,000,000	51%	85%	85%	85%	Courier and warehousing services
J&T Express (Jieyang) Supply Chain Management Co., Ltd.[Note 2]	Limited Liability Company	The PRC, November 5, 2019	CNY5,600,000	CNY6,600,000	CNY6,600,000	51%	85%	85%	85%	Courier and warehousing services
J&T Express (Guangzhou) Supply Chain Co., Ltd.[Note 2]	Limited Liability Company	The PRC, October 18, 2019	CNY10,000,000	CNY10,000,000	CNY10,000,000	100%	100%	100%	100%	Courier and warehousing services
J&T Express (Fujian) Supply Chain Management Co., Ltd.[Note 2]	Limited Liability Company	The PRC, November 7, 2019	CNY10,000,000	CNY10,000,000	CNY10,000,000	51%	85%	85%	85%	Courier and warehousing services
Pt. Global Jet Express	Limited Liability Company	Indonesia, December 20, 2006	IDR3,000,000,000	IDR3,000,000,000	IDR3,000,000,000	100%	100%	100%	100%	Express delivery services

Notes:

(1) As at December 31, 2020, the Company indirectly owns 48% shareholding of Global Jet Express (Thailand) Co., Ltd., while according to relevant investment agreements, the Company indirectly enjoys around 98% of the dividend interests of Global Jet Express (Thailand) Co., Ltd. As at December 31, 2021 and 2022, the Company indirectly owns around 74% shareholding of Global Jet Express (Thailand) Co., Ltd, and according to relevant investment agreements, the Company indirectly enjoys substantially 100% of the dividend interests of Global Jet Express (Thailand) Co., Ltd..

(2) The English names of the companies referred above represent the best effort made by the management of the Company to directly translate the Chinese names as they have not registered any official English names.

The statutory auditors of the Group's major subsidiaries were as follows:

	Name of statutory auditor		
	2020	**2021**	**2022**
Indirectly held:			
Jitu International Logistics Co., Ltd.	Shenzhen Huashuo Certified Public Accountants (General Partnership)(Note 1)	Shenzhen Huashuo Certified Public Accountants (General Partnership)(Note 1)	Shenzhen Huashuo Certified Public Accountants (General Partnership)(Note 1)
Thuan Phong Express Company Limited	A&C Baker Tilly	A&C Baker Tilly	[RSM Vietnam Auditing & Consulting]
PH Global Jet Express Inc. doing business under the name and style of J&T Express	Isla Lipana & Co.	Isla Lipana & Co.	Isla Lipana & Co. (PwC Philippines)
J&T Express (Malaysia) Sdn.Bhd.	SJ & CO PLT	PricewaterhouseCoopers PLT	[YH TAN & ASSOCIATES PLT]
Global Jet Express (Thailand) Co., Ltd.	Kaemakorn Vachiravarakarn	Dharmniti Auditing Co., Ltd	Dharmniti Auditing Co., Ltd
Controlled entities:			
J&T Express China Co., Ltd.	Zhongzhun Certified Public Accountants (Special General Partnership) Shanghai Branch(Note 1)	Beijing Chengyu Certified Public Accountants (Special General Partnership) Shanghai Branch(Note 1)	Shanghai Shenya Certified Public Accountants Co., Ltd
J&T Express (Jinhua) Supply Chain Co., Ltd.	Jinhua Daofeng Certified Public Accountants (General Partnership)(Note 1)	Jinhua Daofeng Certified Public Accountants (General Partnership)(Note 1)	Zhejiang Nanfang Certified Public Accountants Co., Ltd.
J&T Express (Hebei) Acme Supply Chain Management Co., Ltd.	Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) Hebei Branch(Note 1)	HeBei ShangCheng Public Accounting Firm(Note 1)	HeBei ShangCheng Public Accounting Firm(Note 1)
J&T Express (Shandong) Supply Chain Co., Ltd.	Shandong Xinhua Co., Ltd. Jinan Branch(Note 1)	Jinan Suyuan Certified Public Accountants(Note 1)	Shandong Suyuan Certified Public Accountants (General Partnership)
J&T Express (Henan) Acme Supply Chain Co., Ltd.	Grant Thornton Certified Public Accountants (Special General Partnership) Henan Branch(Note 1)	Grant Thornton Certified Public Accountants (Special General Partnership) Henan Branch(Note 1)	Grant Thornton Certified Public Accountants (Special General Partnership) Henan Branch(Note 1)
J&T Express (Jieyang) Supply Chain Management Co., Ltd.	Guangdong Huaqian Accounting Firm(Note 1)	Guangdong Huaqian Accounting Firm(Note 1)	Guangzhou Hengxin Accountant Firm Co., Ltd.
J&T Express (Guangzhou) Supply Chain Co., Ltd.	Guangzhou Avalue Certified Public Accountants Co., Ltd.(Note 1)	Guangzhou Jinling Certified Public Accountings(Note 1)	Guangzhou Hengxin Accountant Firm Co., Ltd.
J&T Express (Fujian) Supply Chain Management Co., Ltd.	Xiamen Huacheng Certified Public Accountants Co., Ltd.(Note 1)	Xiamen Yingjian Certified Public Accountants Co., Ltd(Note 1)	Quanzhou Yonghexing Certified Public Accountants Co., Ltd.
Pt. Global Jet Express	ShineWing Indonesia	[ShineWing Indonesia]	[ShineWing Indonesia]

Note:

(1) The English names of the statutory auditors represent the best effort by the management of the Company in translating their Chinese names as they do not have official English names.

19. FINANCIAL INSTRUMENTS BY CATEGORY

Group

	Note	As at December 31, 2020 USD'000	2021 USD'000	2022 USD'000
Financial Assets				
Financial assets at amortised cost				
Trade receivables	*21*	180,760	334,876	513,954
Other receivables and other assets (excluding prepayments)	*22*	651,021	394,518	144,088
Other non-current assets (excluding prepayments)	*20*	58,380	157,212	43,570
Restricted cash	*23*	928	125,970	79,725
Cash and cash equivalents	*23*	600,425	2,102,448	1,504,048
Financial assets at fair value through profit or loss	*24*	71,324	41,581	497,490
		1,562,838	3,156,605	2,782,875

	Note	As at December 31, 2020 USD'000	2021 USD'000	2022 USD'000
Financial Liabilities				
Financial Liabilities at amortised cost				
Trade payables	*31*	225,452	577,065	484,215
Accruals and other payables (excluding salary and welfare payables, tax payables and other non-financial liabilities)	*32*	217,742	646,915	533,856
Advances from customers	*33*	137,224	291,362	209,925
Borrowings	*28*	444,060	89,027	1,098,377
Lease liabilities	*16*	175,017	598,722	492,666
Financial liabilities – ordinary share redemption liabilities	*29*	–	133,749	–
Financial liabilities – redemption liabilities of shares of JNT KSA	*29*	–	25,458	30,583
Financial liabilities at fair value through profit or loss	*29*	1,812,915	10,487,306	7,765,067
		3,012,410	12,849,604	10,614,689

Company

	Note	As at December 31, 2020	2021	2022
		USD'000	USD'000	USD'000
Financial Assets				
Financial assets at amortised cost				
Loans to subsidiaries	*20*	688,400	4,438,706	4,379,799
Other receivables and other assets (excluding prepayments)	*22*	466,110	226,460	307
Cash and cash equivalents	*23*	105,475	222,341	3,347
Financial assets at fair value through profit or loss	*24*	50,007	–	481,050
		1,309,992	4,887,507	4,864,503

	Note	As at December 31, 2020	2021	2022
		USD'000	USD'000	USD'000
Financial Liabilities				
Financial liabilities at amortised cost				
Accrued expenses and other payables	*32*	–	161,901	6,127
Financial liabilities – ordinary share redemption liabilities	*29*	–	133,749	–
Financial liabilities at fair value through profit or loss	*29*	1,812,915	10,201,544	7,212,933
		1,812,915	10,497,194	7,219,060

20. OTHER NON-CURRENT ASSETS

Group

	As at December 31, 2020	2021	2022
	USD'000	USD'000	USD'000
Loans to related parties – non-current portion	167	146,299	–
Loans to third parties – non-current portion	58,829	2,127	37,428
Prepayments for constructions	15,713	13,918	19,778
Deposits	–	11,370	7,363
Others	–	–	39
Less: allowance for credit losses	(616)	(2,584)	(1,260)
	74,093	171,130	63,348

Terms for loans to related parties and third parties were negotiated on a case-by-case basis. During the Track Record Period, generally the Group entered into loan agreements with related parties and third parties with terms ranging from 8 months to 2 years, with annual interest rates from 0.4% to 7%. At the end of each reporting period, such loans due over 12 months were included in other non-current assets.

Company

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Loans to subsidiaries	688,400	4,438,706	4,379,799

During the Track Record Period, loans to subsidiaries were not interest bearing, and the Company classified such loans as non-current assets as generally management did not expect to recover the loans within twelve months as at December 31, 2021 and 2022.

21. TRADE RECEIVABLES

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Trade receivables	187,083	379,447	561,166
Less: provision for impairment	(6,323)	(44,571)	(47,212)
	180,760	334,876	513,954

The majority of the balances of trade receivables are generally due from customers of cross-border services and enterprise or other direct customers of express delivery services in China, Indonesia, Thailand, the Philippines, Malaysia and other countries, and customers of other services, to whom the Group generally grants a credit period of 30 to 120 days.

For outlets of network partners in China, service fees are typically required to be prepaid.

The aging analysis of trade receivables based on invoice date is as follows:

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Within 3 months	175,892	347,768	514,895
3-6 months	10,183	20,082	8,793
6-9 months	705	5,302	1,702
9-12 months	105	2,425	4,917
Above 12 months	198	3,870	30,859
Less: provision for impairment	(6,323)	(44,571)	(47,212)
Total	180,760	334,876	513,954

The Group applies the simplified approach under IFRS 9, which requires lifetime expected losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and forward-looking estimates. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Information about the impairment of trade receivables and the Group's exposure to credit risk is described in Note 3.1.

The carrying amounts of the Group's trade receivables approximated their fair values as at the balance sheet dates.

22. PREPAYMENTS, OTHER RECEIVABLES, AND OTHER ASSETS

Group

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Loans to related parties	70,453	47,364	–
Loans to third parties	248,553	16,155	1,674
Receivable of Series A Preferred Share consideration *(Note 29)*	236,862	–	–
Receivable of Series C1 Preferred Share consideration *(Note 25 (15))*	–	30,000	–
Receivable of Series C2 Preferred Share consideration *(Note 26 (v))*	–	159,922	–
Prepaid VAT and other taxes	71,911	422,339	482,667
Deposits	37,356	81,379	77,151
Prepaid expenses	22,431	65,333	76,255
Others	64,211	66,298	66,302
Less: allowance for credit losses	(6,414)	(6,600)	(1,039)
	745,363	882,190	703,010

Company

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Loans to related parties	–	36,600	–
Loans to third parties	233,500	–	–
Receivable of Series A Preferred Share consideration *(Note 29)*	236,862	–	–
Receivable of Series C1 Preferred Share consideration *(Note 25 (15))*	–	30,000	–
Receivable of Series C2 Preferred Share consideration *(Note 26 (v))*	–	159,922	–
Others	–	361	307
Less: allowance for credit losses	(4,252)	(423)	–
	466,110	226,460	307

As at December 31, 2020, 2021, and 2022, loans to related parties and third parties due within 1 year were included in current assets, and those due over 1 year would be included in non-current assets (Note 20).

Terms for loans to related parties and third parties were negotiated on a case-by-case basis and during the Track Record Period, the Group and the Company entered into loan agreements with related parties and third parties with terms ranging from 8 months to 2 years, with annual interest rates from 0.4% to 7% per annum and unsecured. The loans to related parties and third parties were substantially settled in 2022.

The receivable of Series C1 Preferred Share consideration settled in 2022.

In respect of the receivable of Series C2 Preferred Share consideration, as mentioned in Note 26 (v), in December 2021, 24,440,890 Series C2 Preferred Shares with total amount of consideration of USD382,877,000 were issued, of which USD159,922,000 was pending to be received as at December 31, 2021. Accordingly, the payable with the same amount related to the repurchase of the ordinary shares and preferred shares was also pending to be paid according to the relevant agreements (Note 32). Considering such, minimal credit risk was identified for the receivable of Series C2 Preferred Share consideration. The outstanding receivables and payables were settled in 2022.

23. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

Group

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Restricted cash			
Cash at banks	928	125,970	79,725
Cash and cash equivalents			
Cash on hand and at banks	600,425	2,102,448	1,504,048
Total	601,353	2,228,418	1,583,773

Company

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Cash on hand and at banks	105,475	222,341	3,347

As at December 31, 2020, 2021, and 2022, restricted cash with a total amount of USD621,000, USD633,000, and USD218,000, respectively were pledged as collaterals for the Group's borrowings (Note 28).

As at December 31, 2020, 2021, and 2022, restricted cash with a total amount of USD307,000, USD46,179,000 and USD41,497,000, respectively, were placed as securities of the Group's certain guarantees and commitments.

As at December 31, 2020, 2021, and 2022, restricted cash with a total amount of nil, USD79,158,000 and USDnil, respectively, were pledged as collateral for the Group's bank acceptance notes.

As at December 31, 2022, restricted cash with a total amount of approximately USD38,010,000 was placed under restriction, due to a number of on-going legal claims, for which management has made relevant provisions (Note 32).

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Current			
Bank wealth management products *(i)*	71,324	41,581	16,440
Non-current			
Investments in the convertible bonds of Huisen Global Limited *(ii)*	–	–	428,678
Investments in Windfall T&L SPC *(iii)*	–	–	52,372
	–	–	481,050
	71,324	41,581	497,490

(i) Bank wealth management products purchased by the Group were issued by major and reputable commercial banks without guaranteed returns. The Group manages and evaluates the performance of investments on a fair value basis in accordance with the Group's risk management and investment strategy. The fair values of part of the bank wealth management products are based on cash flow discounted using the expected return based on observable market inputs and are within level 2 of the fair value hierarchy.

(ii) In 2022, the Group invested around USD457,000,000 in the convertible bonds issued by Huisen Global Limited, a related party, engaged in the industry of freight less-than truckload delivery business, which was accounted for as financial assets at fair value through profit or loss.The bond matures in seven years after its issuance and may be extended at the holder's discretion, the interest of which is 1.5% per annum. At the discretion of the holder, the entire principal amount may be converted into preferred shares to be issued by the Huisen Global Limited in the event of any of its future equity financing transaction, with the conversion price as 80% of the price at its latest equity financing immediately prior to it.

The movements of investments in the convertible bonds of Huisen Global Limited are set out below:

	2022
	USD'000
Carrying amount at the beginning of the year	–
Purchase the convertible bonds of Huisen Global Limited	457,000
Changes in fair value – profit or loss	(28,322)
Carrying amount at the end of the year	428,678

With the assistance from an external valuer appointed by the Group, the Group applied the discounted cash flow method to determine the underlying equity value of Huisen Global Limited, and adopted equity allocation model (if applicable) to determine the fair value of the abovementioned convertible bonds.

In determining the fair value of the abovementioned convertible bonds, one or more of the significant inputs are not based on observable market data, and therefore the Group included the abovementioned investments in level 3 financial instruments. Key assumptions are set out as below:

	As at December 31, 2022 USD'000	Relationship of unobservable inputs to fair value
Discount rate	17.0%	The higher the discount rate, the lower the fair value
Discount of lack of marketability ("DLOM")	26.0%	The higher the DLOM, the lower the fair value
Expected volatility	47.6%	The higher the expected volatility, the lower the fair value

Discount rate was estimated by weighted average cost of capital as at the valuation date. The DLOM was estimated based on the option-pricing method. Under the 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. Expected volatility was estimated based on annualized standard deviation of daily stock price return of comparable companies for the period before respective valuation date and with similar span as time to expiration. In addition to the assumptions adopted above, the Huisen Global Limited's projections of future performance were also factored into the determination of the underlying equity value of Huisen Global Limited on the valuation date.

The estimated carrying amount of relevant convertible bonds as at December 31, 2022 would have been USD10,288,000 lower/USD12,875,000 higher, respectively, should the discount rate used in discounted cash flow analysis be higher/lower by 100 basis points from management's estimates.

(iii) Through January to March 2022, the Group invested around USD60,000,000 in a private equity fund focusing on investing in industries such as logistics and its upstream and downstream industry chains, under significant influence of a member of key management personnel. The contractual term of investment is between 3-5 years, which may be further extended with the consent of the majority of investors.

The movements of investments in Windfall T&L SPC are set out below:

	2022 USD'000
Carrying amount at the beginning of the year	–
Investment in Windfall T&L SPC	60,020
Changes in fair value – profit or loss	(7,648)
Carrying amount at the end of the year	52,372

As the abovementioned fund and personnel are specialized in making investments in the abovementioned private sectors, the Group does not seek control or significant influence over it. As per relevant agreements and contracts, the Group does not take any board seats and is not involved in relevant decision-making process of the abovementioned investees. As a result, the Group does not have control or significant influence over the fund, and accounts for such investment as financial assets at fair value through profit or loss.

25. SHARE CAPITAL

Authorised

	Ordinary shares						Preferred shares														
	Number of ordinary shares	Nominal value of ordinary shares	Number of Class A Ordinary Shares	Nominal value of Class A Ordinary Shares	Number of Class B Ordinary Shares	Nominal value of Class B Ordinary Shares	Number of Series Pre-A1 Preferred Shares	Nominal value of Series Pre-A1 Preferred Shares	Number of Series Pre-A2 Preferred Shares	Nominal value of Series Pre-A2 Preferred Shares	Number of Series A Preferred Shares	Nominal value of Series A Preferred Shares	Number of Series B Preferred Shares	Nominal value of Series B Preferred Shares	Number of Series B+ Preferred Shares	Nominal value of Series B+ Preferred Shares	Number of Series C1 Preferred Shares	Nominal value of Series C1 Preferred Shares	Number of Series C2 Preferred Shares	Nominal value of Series C2 Preferred Shares	Total number of shares
	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)
As at January 1, 2020	4,871,066	49	–	–	–	–	74,667	1	54,267	1	–	–	–	–	–	–	–	–	–	–	5,000,000
Reclassification and redesignation upon issuance of the Series A Preferred Shares *(1)*	(276,334)	(3)	–	–	–	–	–	–	–	–	276,334	3	–	–	–	–	–	–	–	–	–
Reclassification and redesignation upon repurchase of the Series A Preferred Shares *(2)*	6,413	–	–	–	–	–	–	–	–	–	(6,413)	–	–	–	–	–	–	–	–	–	–
Reclassification and redesignation of Class A and B Ordinary Shares *(3)*	(4,601,145)	(46)	4,466,745	45	134,400	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Reclassification and redesignation upon issuance of the Series B Preferred Shares *(4)*	–	–	(22,462)	–	–	–	–	–	–	–	–	–	22,462	–	–	–	–	–	–	–	–
Reclassification and redesignation of Class A and B Ordinary Shares *(4)*	–	–	(50,550)	(1)	50,550	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
As at December 31, 2020	–	–	4,393,733	44	184,950	2	74,667	1	54,267	1	269,921	3	22,462	–	–	–	–	–	–	–	5,000,000
Reclassification and re-designation upon issuance of the Series B+ Preferred Shares *(5)*	–	–	(255,864)	(3)	–	–	–	–	–	–	–	–	–	–	255,864	3	–	–	–	–	–
Reclassification and re-designation upon issuance of the Series C1 Preferred Shares *(6)*	–	–	(212,765)	(2)	–	–	–	–	–	–	–	–	–	–	–	–	212,765	2	–	–	–
Reclassification and re-designation upon issuance of the Series C2 Preferred Shares *(6)*	–	–	(72,250)	(1)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	72,250	1	–
As at December 31, 2021 and 2022	–	–	3,852,854	38	184,950	2	74,667	1	54,267	1	269,921	3	22,462	–	255,864	3	212,765	2	72,250	1	5,000,000

(1) In May 2020, the Company redesignated and reclassified 276,334,498 ordinary shares from its authorized ordinary shares into Series A Preferred Shares.

(2) In September 2020, the Company repurchased and cancelled 6,413,333 Series A Preferred Shares at substantially nil consideration, redesignated and reclassified such Series A Preferred Shares into ordinary shares.

(3) In November 2020, the Company redesignated and reclassified 4,466,745,503 ordinary shares from its authorized ordinary shares into Class A Ordinary Shares, and 134,400,000 ordinary shares from its authorized ordinary shares into Class B Ordinary Shares.

(4) In December 2020, the Company redesignated and reclassified 22,462,293 Class A Ordinary Shares from its authorized ordinary shares into Series B Preferred Shares, and 50,550,000 Class A Ordinary Shares from its authorized ordinary shares into Class B Ordinary Shares.

(5) In February 2021, the Company redesignated and reclassified 255,864,131 Class A Ordinary Shares from its authorized ordinary shares into Series B+ Preferred Shares.

(6) In October 2021, the Company redesignated and reclassified 212,765,236 Class A Ordinary Shares from its authorized ordinary shares into Series C1 Preferred Shares, and 72,250,382 Class A Ordinary Shares from its authorized ordinary shares into Series C2 Ordinary Shares.

Issued

The Company was incorporated in the Cayman Islands as an exempted company registered under the laws of the Cayman Islands on October 24, 2019. Upon incorporation of the Company, one share was issued at par value of USD0.00001.

	Number of ordinary shares	Nominal value of ordinary shares	Number of Class A Ordinary Shares	Nominal value of Class A Ordinary Shares	Number of Class B Ordinary Shares	Nominal value of Class B Ordinary Shares	Number of Series Pre-A1 Preferred Shares	Nominal value of Series Pre-A1 Preferred Shares	Number of Series Pre-A2 Preferred Shares	Nominal value of Series Pre-A2 Preferred Shares	Number of Series A Preferred Shares	Nominal value of Series A Preferred Shares	Number of Series B Preferred Shares	Nominal value of Series B Preferred Shares
	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000
As at January 1, 2020	320,000	3	–	–	–	–	74,667	1	54,267	–	–	–	–	–
Issuance of Series A Preferred Shares *(1)*	–	–	–	–	–	–	–	–	–	–	269,921	3	–	–
Reclassification and redesignation of Class A and B Ordinary Shares *(2)*	(320,000)	(3)	185,600	2	134,400	1	–	–	–	–	–	–	–	–
Issuance of Series B Preferred Shares *(3)*	–	–	–	–	–	–	–	–	–	–	–	–	22,462	–
Transfer of Series Pre-A1, Pre-A2 and Series A Preferred Shares from equity to liability *(4)*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
As at December 31, 2020	–	–	185,600	2	134,400	1	74,667	1	54,267	–	269,921	3	22,462	–

On incorporation of the Company on October 24, 2019, the Company underwent the Reorganization as described in Note 1.2. The movements in share capital of the Company subsequent to its incorporation are as follows:

(1) In May 2020, the Company entered into a share purchase agreement with the Series A Preferred Shares investors pursuant to which, the Company issued 276,334,498 shares of Series A Preferred Shares and in September 2020 repurchased and cancelled 6,413,333 Series A Preferred Shares. The total consideration for the issuance of Series A Preferred Shares amounted to USD1,186,633,000, of which USD977,193,000 was received during the year and the outstanding consideration receivable of USD236,862,000 was recognized on the balance sheet as at December 31, 2020 (Note 22). The receivables were fully settled in 2021.

(2) In November 2020, the Company redesignated and reclassified 185,600,000 ordinary shares into Class A Ordinary Shares, and 134,400,000 ordinary shares into Class B Ordinary Shares.

(3) In December 2020, the Company entered into a share purchase agreement with the Series B Preferred Shares investor, pursuant to which, the Company issued 22,462,293 shares of Series B Preferred Shares with the total consideration of USD100,000,000, recognized as financial liabilities at fair value through profit or loss (Note 29).

(4) In December 2020, along with the issuance of Series B Preferred Shares, the Company promulgated the Third Amended and Restated Memorandum of Association (Note 29), according to which certain shareholders are able to discretionarily trigger the drag-along sale, and in which all assets and funds of the Company legally available for distribution to all the shareholders shall be distributed. Consequently, Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares were reclassified as financial liabilities measured at fair value through profit or loss on December 31, 2020 (Note 29).

	Number of Class A Ordinary Shares	Nominal value of Class A Ordinary Shares	Number of Class B Ordinary Shares	Nominal value of Class B Ordinary Shares	Number of Series Pre-A1 Preferred Shares	Nominal value of Series Pre-A1 Preferred Shares	Number of Series Pre-A2 Preferred Shares	Nominal value of Series Pre-A2 Preferred Shares	Number of Series A Preferred Shares	Nominal value of Series A Preferred Shares	Number of Series B Preferred Shares	Nominal value of Series B Preferred Shares	Number of Series B+ Preferred Shares	Nominal value of Series B+ Preferred Shares	Number of Series C1 Preferred Shares	Nominal value of Series C1 Preferred Shares	Number of Series C2 Preferred Shares	Nominal value of Series C2 Preferred Shares
	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000
As at January 1, 2021	185,600	2	134,400	1	74,667	1	54,267	–	269,921	3	22,462	–	–	–	–	–	–	–
Issuance of Series B+ Preferred Shares *(5)*	–	–	–	–	–	–	–	–	–	–	–	–	255,864	3	–	–	–	–
Share-based compensation for employees *(6,11)*	77,335	1	28,808	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase of Class B Ordinary Shares *(7)*	–	–	(3,143)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Class A Ordinary Shares to acquire Cambodia NCI *(8)*	259	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Class A Ordinary Shares to acquire Malaysia NCI *(8)*	25,669	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Class A Ordinary Shares to acquire Vietnam NCI *(8)*	18,778	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Class A Ordinary Shares to acquire China NCI *(8)*	32,509	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share-based compensation to regional sponsors *(9)*	32,821	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Class A Ordinary Shares to acquire operating entities of Thai regional sponsor *(10)*	11,210	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends *(12)*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase of Class A Ordinary Shares from one shareholder *(13)*	(111)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Class A Ordinary Shares to acquire operating entities of Indonesian regional sponsors *(14)*	55,274	1	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Series C1 Preferred Shares *(15)*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	134,051	1	–	–
Issuance of Series C2 Preferred Shares *(16)*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	24,441	–
Repurchase of ordinary shares and preferred shares *(17)*	(4,898)	–	(3,736)	–	(1,743)	–	(1,267)	–	(6,300)	–	(524)	–	(5,972)	–	–	–	–	–
Repurchase of ordinary shares and preferred shares – commitment *(17)*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
As at December 31, 2021	434,446	4	156,329	2	72,924	1	53,000	–	263,621	3	21,938	–	249,892	3	134,051	1	24,441	–

(5) In February 2021, the Company entered into a share purchase agreement with the Series B+ Preferred Shares investors, pursuant to which, the Company issued 255,864,131 shares of Series B+ Preferred Shares with the total consideration of USD1,822,382,000, recognized as financial liabilities at fair value through profit or loss. (Note 29).

(6) On December 30, 2020 and February 26, 2021, pursuant to the Company's share-based payment 2020 Plan (Note 26 (i)), the Company granted 48,017,110 and 5,054,433 Class A Ordinary Shares, respectively, to an entity beneficially owned by a member of key management personnel of the Company ("Company T"), at nil consideration. The 53,071,543 shares were registered on March 1, 2021, of which 28,807,744 shares were redesignated as Class B Ordinary Shares on the same date. On January 8, 2021, March 31, 2021 and August 31, 2021, the Company further granted 51,051,691, 1,009,964 and 1,009,888 Class A Ordinary Shares respectively, to the Company's employees at nil consideration, and the 53,071,543 shares were registered during June 2021 and September 2021. The fair value of the shares granted were recognised as share-based compensation for employee benefit expenses for the relevant years (Note 26 (i)).

(7) In February 2021, the Company repurchased 3,142,500 Class B Ordinary Shares from Company T, with total consideration of USD22,382,000 (Note 26 (iv)).

(8) In April 2021, with the consideration of 32,508,856, 25,669,206, 18,778,451, and 259,202 Class A Ordinary Shares, the Company completed the acquisitions of certain non-controlling interests of the Chinese subsidiaries, Malaysian subsidiary, Vietnam subsidiary and Cambodia subsidiary, respectively. Details of the acquisitions are set out in Note 35. These Class A Ordinary Shares were registered later in 2021.

(9) In April 2021, the Company granted 32,820,938 Class A Ordinary Shares to certain employees of the Group. These Class A Ordinary Shares were registered later in 2021 (Note 26 (ii)).

(10) As per relevant agreements, the Group issued 11,210,471 Class A Ordinary Shares of the Company to acquire certain equity interests and to obtain control of 13 operating entities of Thai regional sponsors. These transactions were completed on June 30, 2021 (Note 36).

(11) In June 2021, Company T transferred 24,263,799 Class A Ordinary Shares of the Company to other parties to fulfil its prior commitments.

(12) In August 2021, the Company declared a cash dividend of 12.0 cents per fully paid ordinary share and preferred share, totalling USD72,244,000 out of the Company's share premium account. The dividend was fully paid in November 2021 (Note 43).

(13) In August 2021, the Company repurchased 111,111 Class A Ordinary Shares from one Class A Ordinary Shareholder, with total consideration of USD1,566,000 (Note 26 (iv)).

(14) As per relevant agreements, the Group obtained control of 25 operating entities of certain Indonesian regional sponsors and issued 55,273,897 Class A Ordinary Shares to relevant Indonesian regional sponsors. These transactions were completed on August 31, 2021 (Note 37).

(15) Through October to December 2021, the Company entered into share purchase agreements with the Series C1 Preferred Shares investors and pursuant to which, the Company issued 134,050,964 shares of Series C1 Preferred Shares with the total consideration of USD1,890,125,000, recognized as financial liabilities at fair value through profit or loss. (Note 29). As at December 31, 2021, the outstanding consideration receivable was USD30,000,000 (Note 22).

(16) In December 2021, the Company entered into share purchase agreements with the Series C2 Preferred Shares investors and pursuant to which, the Company issued 24,440,890 shares of Series C2 Preferred Shares with the total consideration of USD382,877,000, recognized as financial liabilities at fair value through profit or loss. (Note 26 (v), Note 29). As at December 31, 2021, the outstanding consideration receivable was USD159,922,000 (Note 22).

(17) In December 2021, accompanying with issuance of Series C2 Preferred Shares, the Company entered into agreements with certain existing shareholders to repurchase 48,607,928 shares, among which 24,440,890 shares had been repurchased and deregistered as at December 31, 2021. As to the remaining 24,167,038 shares to be repurchased, of which 4,843,603 Class A Ordinary Shares and 3,694,268 Class B Ordinary Shares are recognized as treasury shares with certain redemption liabilities recognized, and rest were related to repurchase of preferred shares with certain derivative financial liabilities recognized. The ordinary shares to be repurchased were included in the calculation of earnings per share for the year ended December 31, 2021 since such shares remained exposed to certain risks and rewards in relation to the equity interests. The repurchase and de-registration of remaining shares were completed in 2022 (Notes 26 (v) and 29).

	Number of Class A Ordinary Shares	Nominal value of Class A Ordinary Shares	Number of Class B Ordinary Shares	Nominal value of Class B Ordinary Shares	Number of Series Pre-A1 Preferred Shares	Nominal value of Series Pre-A1 Preferred Shares	Number of Series Pre-A2 Preferred Shares	Nominal value of Series Pre-A2 Preferred Shares	Number of Series A Preferred Shares	Nominal value of Series A Preferred Shares	Number of Series B Preferred Shares	Nominal value of Series B Preferred Shares	Number of Series B+ Preferred Shares	Nominal value of Series B+ Preferred Shares	Number of Series C1 Preferred Shares	Nominal value of Series C1 Preferred Shares	Number of Series C2 Preferred Shares	Nominal value of Series C2 Preferred Shares
	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000	('000)	USD'000
As at January 1, 2022	434,446	4	156,329	2	72,924	1	53,000	–	263,621	3	21,938	–	249,892	3	134,051	1	24,441	–
Issuance of Series C1 Preferred Shares *(18)*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	13,377	–	–	–
Issuance of Series C2 Preferred Shares *(19,21)*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	31,087	–
Repurchase of ordinary shares and preferred shares *(20,21)*	(6,230)	–	(4,752)	–	(2,217)	–	(1,611)	–	(8,014)	–	(667)	–	(7,596)	–	–	–	–	–
Share-based compensation for employees *(22,23)*	1,474	–	22,288	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Issuance of Class A Ordinary Shares to network partners in China *(24)*	38,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase of Class A Ordinary Shares from one shareholder *(25)*	(1,450)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
As at December 31, 2022	466,240	4	173,865	2	70,707	1	51,389	–	255,607	3	21,271	–	242,296	3	147,428	1	55,528	–

(18) Through January to March 2022, the Company entered into share purchase agreements with the Series C1 Preferred Shares investors and pursuant to which, the Company issued 13,377,060 shares of Series C1 Preferred Shares with the total consideration of USD189,024,000, recognized as financial liabilities at fair value through profit or loss. (Note 29).

(19) Through January to March 2022, pursuant to the agreements, the Company issued 24,167,038 shares of Series C2 Preferred Shares to certain third-party investors.

(20) Through January to March 2022, accompanying with issuance of Series C2 Preferred Shares, pursuant to relevant the agreements, the Company repurchased the 24,167,038 shares, including 4,843,603 Class A Ordinary Shares, 3,694,268 Class B Ordinary Shares, 1,723,288 Series Pre-A1 Preferred Shares, 1,252,460 Series Pre-A2 Preferred Shares, 6,229,713 Series A Preferred Shares, 518,425 Series B Preferred Shares and 5,905,281 Series B+ Preferred Shares (Notes 26 (v) and 29).

(21) In August 2022, the Company further entered into agreements with certain personals and third-party investors to repurchase 1,386,996 Class A Ordinary Shares, 1,057,875 Class B Ordinary Shares, 493,474 Series Pre-A1 Preferred Shares, 358,650 Series Pre-A2 Preferred Shares, 1,783,917 Series A Preferred Shares, 148,454 Series B Preferred Shares and 1,691,013 Series B+ Preferred Shares, and issued 6,920,379 Series C2 Preferred Shares as the consideration (Note 26 (v)).

(22) In April 2022, the Company granted 1,474,280 Class A Ordinary Shares to employees of the Group at nil consideration, and the shares granted were fully vested on the grant date (Note 26 (i)).

(23) Through October 2021 to March 2022, the Company granted 22,287,975 Class A Ordinary Shares to certain key management personnel at nil consideration and the shares granted were fully vested on relevant grant dates. The shares were registered in March 2022 and redesignated as Class B Ordinary Shares on the same date (Note 26 (i)).

(24) In September 2022, the Company issued 38,000,000 Class A Ordinary Shares for the purpose to carry out its 2022 Incentive Plan, of which 29,502,660 Class A Ordinary Shares are treasury shares (Note 26 (viii)).

(25) In September 2022, the Company repurchased 1,449,568 Class A Ordinary Shares at fair market value from certain Class A Ordinary Shareholders, with total consideration of USD15,294,000, of which USD11,601,000 had been paid in the year ended December 31, 2022 (Note 26 (iv)).

26. SHARE-BASED COMPENSATION

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Share-based compensation – related to employee benefit expenses *(Note 8)*:			
Employee benefit expenses – shares granted to employees under "J&T Global Express Limited 2020 Share Incentive Plan" ("2020 Plan") *(i)*	161,073	213,314	239,521
Employee benefit expenses – shares granted to regional sponsors as employees *(ii)*	–	141,344	–
Equity interests transferred to management team of the cross-border business *(iii)*	–	27,936	4,583
	161,073	382,594	244,104
Share-based compensation – related to equity transactions *(Note 9)*:			
Repurchase of Class A and Class B Ordinary Shares *(iv)*	–	10,652	4,292
Ordinary shares and preferred shares repurchased accompanying Series C2 Preferred Shares issuance *(v)*	–	105,910	16,480
Ordinary shares and preferred shares to be repurchased accompanying Series C2 Preferred Shares issuance *(v)*	–	106,566	–
Issuance of preferred shares *(vi)*	27,229	9,310	16,490
Issuance of JNT KSA shares *(vii)*	–	3,980	–
	27,229	236,418	37,262
Issuance of ordinary shares to network partners and regional sponsors under "J&T Global Express Limited Equity Incentive Plan" ("2022 Incentive Plan") *(viii)*	–	–	65,193
	188,302	619,012	346,559

(i) Shares granted to employees under 2020 Plan

In December 2020, the board of directors of the Company approved the establishment of 2020 Plan with the purpose of attracting, motivating, retaining, and rewarding certain members of management and employees. The awards that may be awarded or granted under 2020 plan include options, RSUs, restricted shares, dividend equivalents, deferred shares, share payments, share appreciation rights and other awards. Pursuant to the Second Amended and Restated Shareholder Agreement signed on December 30, 2020, the maximum number of shares that may be issued under 2020 Plan shall be 101,088,653 Class A Ordinary Shares, which was further expanded in February 2021 accompanying the closing of Series B+ financing, and during October 2021 to March 2022 accompanying the closing of Series C1 financing and certain extraordinary general meeting of the shareholders of the Company.

On December 30, 2020 and February 26, 2021, the Company granted 48,017,110 and 5,054,433 Class A Ordinary Shares, respectively, to a member of key management personnel at nil consideration, and the shares granted were fully vested on the grant dates. The 53,071,543 shares were registered on March 1, 2021, of which 28,807,744 shares were redesignated as Class B Ordinary Shares on the same date (Note 25).

Through October to December 2021, the Company granted 1,340,510 Class A Ordinary Shares to the abovementioned key management personnel at nil consideration. Through January to March 2022, the Company further granted 20,947,465 Class A Ordinary Shares to this key management personnel at nil consideration. These shares granted were fully vested on relevant grant dates, then registered in March 2022 and redesignated as Class B Ordinary Shares on the same date (Note 25).

On January 8, 2021, March 31, 2021, August 31, 2021 and April 8, 2022, the Company granted 51,051,691, 1,009,964, 1,009,888 and 1,474,280, respectively, totalling 54,545,823 Class A Ordinary Shares to employees of the Group at nil consideration, and the shares granted were fully vested on the grant date. The shares were registered in June 2021, September 2021 and April 2022 respectively (Note 25).

The fair values of the Company's ordinary shares granted under 2020 Plan are as follows:

	Number of ordinary shares	Weighted average fair value per share in USD	Employee benefit expenses – share-based compensation expenses
			USD'000
Granted during year 2020	48,017,110	3.35	161,073
Granted during year 2021	59,466,486	3.59	213,314
Granted during year 2022	22,421,745	10.68	239,521

The Company appointed an external valuer to provide assistance in the valuation of the fair value of its ordinary shares at the grant dates. The discounted cash flow method was adopted to determine the underlying equity fair value of the Group and the equity allocation model was applied to determine the fair value of the underlying ordinary shares of the Company. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Company with best estimate.

The total expenses recognized in the consolidated income statements with a corresponding increase in share-based compensation reserve for the abovementioned share-based awards granted were USD161,073,000, USD213,314,000 and USD239,521,000 for the years ended December 31, 2020, 2021, and 2022, respectively. All shares were vested upon the grant date without any outstanding unvested shares as at December 31, 2020, 2021, and 2022.

(ii) Shares granted to regional sponsors as employees

On April 30, 2021, in addition to the abovementioned 2020 Plan, the Company granted 32,820,938 Class A Ordinary Shares to certain regional sponsors, who are employees of the Group. The shares granted vested immediately upon the grant date, with a fair value amount of USD141,344,000 and fully charged to employee benefit expenses – share-based compensation expenses during the year ended December 31, 2021. The abovementioned Class A Ordinary Shares were registered later in 2021 (Note 25).

(iii) Equity interests transferred to management team of the cross-border business

On September 30, 2021, through a reorganization of the cross-border service business, the relevant management team of cross-border business of the Group was awarded a portion of equity interests of the cross-border business of the Group at nil consideration and fully vested on the grant date. The carrying amount of the relevant equity interests of the cross-border business of the Group was approximately USD12,556,000. The fair value of such equity interests awarded was estimated to be approximately USD27,936,000, which was recognized as share-based compensation expenses. An increase of USD15,380,000 in share-based compensation reserve was recognized, representing the difference between the fair value and carrying amount of the relevant equity interests of the cross-border business of the Group.

In January 2022, the relevant management team of cross-border business of the Group invested approximately USD6,274,000 and obtained a portion of equity interests of the cross-border business of the Group, the fair value of which amounted to USD10,857,000. The difference between such consideration and the fair value of such equity interests amounted to USD4,583,000, which was recognized as share-based compensation expenses and an increase of USD6,025,000 in other reserve was recognized, representing the difference between the fair value and carrying amount of the abovementioned equity interests.

(iv) Repurchase of Class A and Class B Ordinary Shares

On February 26, 2021, the Company repurchased 3,142,500 Class B Ordinary Shares from an entity beneficially owned by a member of key management personnel of the Company ("Company T"), with total consideration of USD22,382,000 (Note 25). The difference between such consideration and the fair value of the repurchased shares amounted to USD9,651,000, which was recognized as share-based compensation expenses during the year ended December 31, 2021.

On August 31, 2021, the Company repurchased 111,111 Class A Ordinary Shares from one shareholder of the Company, with total consideration of USD1,566,000 (Note 25). The difference between such consideration and the fair value of the repurchased shares amounted to USD1,001,000, which was recognized as share-based compensation expenses during the year ended December 31, 2021.

On September 30, 2022, the Company repurchased 1,449,568 Class A Ordinary Shares from certain shareholders of the Company, with total consideration of USD15,294,000 (Note 25). The difference between such consideration and the fair value of the repurchased shares amounted to USD4,292,000, which was recognized as share-based compensation expenses during the year ended December 31, 2022.

(v) Repurchase of ordinary shares and preferred shares in relation to Series C2 Preferred Shares issuance

On December 31, 2021, the Company entered into agreements with a number of third-party investors to issue Series C2 Preferred Shares, with the total consideration of USD761,465,000 for 48,607,928 Series C2 Preferred Shares of the Company. Simultaneously, the Company entered into agreements with its certain existing shareholders to repurchase 48,607,928 ordinary and preferred shares of the Company (see the table below), at the same amount with the consideration as the abovementioned Series C2 Preferred Shares.

On December 31, 2021, 24,440,890 Series C2 Preferred Shares with consideration of USD382,877,000 were issued (Note 25), and the same number of ordinary and preferred shares were repurchased by the Company at the same consideration (Note 25) and de-registered. As at December 31, 2021, USD222,955,000 of the abovementioned consideration was settled along with the consideration for the repurchase of relevant ordinary shares and preferred shares. The remaining consideration of USD159,922,000 was recorded as receivable of Series C2 Preferred Share consideration (Note 22) and consideration payable for repurchase of ordinary shares and preferred shares (Note 32) on the Group's consolidated balance sheet as at December 31, 2021, which were settled on a net basis in 2022.

The remaining 24,167,038 Series C2 Preferred Shares were issued in January and March 2022.

On December 31, 2021, the number of ordinary and preferred shares repurchased and to be repurchased and their respective fair values are set out below:

	Fair value as at the repurchase date	Number of shares	Repurchase consideration	Share-based compensation expenses
	USD'000		USD'000	USD'000
Repurchased				
Class A Ordinary Shares	52,046	4,898,491	76,737	24,691
Class B Ordinary Shares	39,696	3,736,129	58,528	18,832
Series Pre-A1 Preferred Shares	18,900	1,742,815	27,302	8,402
Series Pre-A2 Preferred Shares	13,738	1,266,653	19,843	6,105
Series A Preferred Shares	71,311	6,300,306	98,697	27,386
Series B Preferred Shares	6,125	524,299	8,213	2,088
Series B+ Preferred Shares	75,151	5,972,197	93,557	18,406
	276,967	24,440,890	382,877	105,910
To be repurchased				
Class A Ordinary Shares	51,103	4,843,603	75,877	24,774
Class B Ordinary Shares	38,977	3,694,268	57,872	18,895
Series Pre-A1 Preferred Shares	18,560	1,723,288	26,997	8,437
Series Pre-A2 Preferred Shares	13,490	1,252,460	19,620	6,130
Series A Preferred Shares	70,033	6,229,713	97,592	27,559
Series B Preferred Shares	6,016	518,425	8,121	2,105
Series B+ Preferred Shares	73,843	5,905,281	92,509	18,666
	272,022	24,167,038	378,588	106,566
	548,989	48,607,928	761,465	212,476

Shares repurchased in 2021

For the ordinary and preferred shares that had been repurchased as at December 31, 2021, share-based compensation expenses of USD105,910,000 was recognized during the year ended December 31, 2021, and such amount represented the difference between (i) the repurchase consideration of USD382,877,000 and (ii) the fair values of the relevant ordinary and preferred shares at the repurchase date of December 31, 2021.

Shares repurchased in 2022

For the abovementioned 4,843,603 Class A ordinary shares and 3,694,268 Class B ordinary shares, totalling 8,537,871 ordinary shares, share-based compensation expenses of USD43,669,000 was recognised for the year ended December 31, 2021. The amount represented the difference between (i) the repurchase consideration of USD133,749,000 which was recognized as financial liabilities – ordinary share redemption liabilities (Note 29) and (ii) the fair values of such ordinary shares as at December 31, 2021. These ordinary shares were reclassified as treasury shares as at December 31, 2021 and repurchased in January and March 2022. The ordinary shares reclassified as treasury shares were included in the calculation of earnings per share for the year ended December 31, 2021 since such shares remained exposed to certain risks and rewards in relation to the equity interests.

For the abovementioned 15,629,167 preferred shares, share-based compensation expenses of USD62,897,000 for the year ended December 31, 2021, and derivative financial liabilities at fair value through profit or loss for the same amount as at December 31, 2021 (Note 29), were recognized in the Group's consolidated financial statements. The amount represented the difference between (i) the repurchase consideration of USD244,839,000 and (ii) the carrying amount of financial liabilities at fair value through profit or loss in relation to the relevant preferred shares. These preferred shares were repurchased in January and March 2022.

The abovementioned 24,167,038 Series C2 Preferred Shares were issued concurrently in January and March 2022.

In August 2022, the Company further entered into agreements with certain personals and third-party investors to repurchase 1,386,996 Class A Ordinary Shares, 1,057,875 Class B Ordinary Shares, 493,474 Series Pre-A1 Preferred Shares, 358,650 Series Pre-A2 Preferred Shares, 1,783,917 Series A Preferred Shares, 148,454 Series B Preferred Shares and 1,691,013 Series B+ Preferred Shares, and issued 6,920,379 Series C2 Preferred Shares as the consideration. The difference between such consideration and the fair value of the repurchased shares amounted to USD16,480,000, which was recognized as share-based compensation expenses during the year ended December 31, 2022.

	Fair value as at the repurchase date	Number of shares	Repurchase consideration	Share-based compensation expenses
	USD'000		USD'000	USD'000
Class A Ordinary Shares	10,528	1,386,996	14,365	3,837
Class B Ordinary Shares	8,029	1,057,875	10,957	2,928
Series Pre-A1 Preferred Shares	3,836	493,474	5,111	1,275
Series Pre-A2 Preferred Shares	2,788	358,650	3,715	927
Series A Preferred Shares	14,251	1,783,917	18,476	4,225
Series B Preferred Shares	1,207	148,454	1,538	331
Series B+ Preferred Shares	14,557	1,691,013	17,514	2,957
	55,196	6,920,379	71,676	16,480

(vi) Issuance of preferred shares

In December 2020, after entering into an agreement with a third-party investor, the Company raised Series B financing with the total amount of USD100,000,000 by issuance of 22,462,293 Series B Preferred Shares. The fair value of all the Series B Preferred Shares was approximately USD127,229,000, and the difference of USD27,229,000 between the fair value and the total consideration received was considered as a compensation for the unidentifiable service from such investor, and recognized as share-based compensation expenses.

Through October to December 2021, the Company entered into agreements with a number of third-party investors to raise Series C1 financing, with the total amount of USD1,890,125,000 by issuance of 134,050,964 Series C1 Preferred Shares. The fair value of all the Series C1 Preferred Shares was approximately USD1,899,435,000, and the difference between such fair value and the total consideration received with the amount of USD9,310,000 was considered as a compensation for the unidentifiable service from such investors, and recognized as share-based compensation expenses.

Through January to March 2022, the Company entered into agreements with a number of third-party investors to further raise Series C1 financing, with the total amount of USD189,024,000 by issuance of 13,377,060 Series C1 Preferred Shares. The fair value of all the Series C1 Preferred Shares was approximately USD205,514,000, and the difference between such fair value and the total consideration received with the amount of USD16,490,000 was considered as a compensation for the unidentifiable service from such investors, and recognized as share-based compensation expenses.

(vii) Issuance of JNT KSA shares

JNT Express KSA LLC ("JNT KSA") is a non-wholly owned subsidiary of the Group operating in Saudi Arabia, established in 2021. The shares of JNT KSA held by a third-party investor were entitled to an exit right as below and were recognized as financial liabilities – redemption liabilities of shares of JNT KSA.

Exit right

After the fifth anniversary of the closing date and so long as JNT KSA maintains its business operation, the abovementioned investor shall have an exit right for the purpose of disposing of all (but not less than all) of its shares.

The exit price will be subject to certain agreements between the Group and the third-party investor. Upon receiving the exit right exercise notice, the Company shall issue to the abovementioned investor a number of shares of the Company substantially equal to the result of (i) the exit price divided by (ii) the applicable share price of the Company. If the Company is not publicly listed as at the exit date, the satisfactory information evidencing the Company's share price shall be provided to the exiting shareholder.

The fair value of the abovementioned shares of JNT KSA held by the third-party investor along with the exit right entitled was USD23,980,000, being the present value of the expected redemption amount, which exceeded the injected capital from the investor of USD20,000,000, the difference of USD3,980,000 was considered as a compensation for the unidentifiable service from such investor, and recognized as share-based compensation expenses for the year ended December 31, 2021.

The Company accounted such shares and exit right as a redemption liability at the amount of USD23,980,000 at initial recognition. As at December 31, 2022, the carrying amount of such redemption liability was USD30,583,000 (2021: USD25,458,000).

(viii) Issuance of ordinary shares to network partners under 2022 Incentive Plan

In 2022, the board of directors of the Company approved the establishment of the 2022 Incentive Plan for the purpose of enhancing the bonding between the interests of the Group and relevant regional sponsors and network partners.

Pursuant to the 2022 Incentive Plan, the maximum number of shares that may be issued shall be 38,000,000 Class A Ordinary Shares.

On September 28, 2022, the Company granted certain network partners 6,330,100 ordinary shares under the abovementioned plan with the total consideration of USD44,579,000. Pursuant to relevant award agreements, the vesting schedule is as follows, on the condition that the network partners will remain in service.

Vesting date	Percentage of shares vested
September 28, 2023	30%
September 28, 2024	30%
September 28, 2025	40%

Upon the termination of service, the unvested portion of ordinary shares shall be returned to the Company, and the Company shall also refund the relevant purchase price.

Pursuant to the relevant agreements, the unvested portion of the ordinary shares are not entitled to any voting power or dividends.

A summary of activities of the shares granted under such plan is presented as follows:

	Year ended December 31, 2022	
	Number of ordinary shares	Weighted average grant-date fair value
		USD per share
At beginning of the period	–	–
Granted	6,330,100	7.59
Vested	–	–
Forfeited or cancelled	–	–
At end of the period	6,330,100	7.59

In addition to the abovementioned shares granted with considerations and vesting schedule listed above, the 2022 Incentive Plan also include certain number of ordinary shares to be granted with various vesting arrangements and with nil consideration.

Ordinary shares granted with "fast-track" vesting schedule

On September 28, 2022, the Company granted certain network partners 90,000 ordinary shares at nil consideration, the fair value of which was USD683,000. Pursuant to the relevant award agreements, these ordinary shares will fully vest on September 28, 2023 on the condition that the network partners will remain in service.

Upon the termination of service, the unvested portion of ordinary shares shall be returned to the Company.

Pursuant to the relevant agreements, the unvested portion of the ordinary shares are not entitled to any voting power or dividends.

Ordinary shares granted with no vesting schedule

On September 28, 2022, the Company granted certain network partners 8,497,340 ordinary shares at nil consideration, the fair value of which was USD64,498,000. Pursuant to the relevant award agreements, these shares granted immediately vest upon the grant date.

The Company appointed an external valuer to provide assistance in the valuation of the fair value of its ordinary shares at the grant dates. The discounted cash flow method was adopted to determine the underlying equity fair value of the Group and the equity allocation model was applied to determine the fair value of the underlying ordinary shares of the Company. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Company with best estimate. As the shares granted to network partners in 2022 under the 2022 Incentive Plan were not linked to distinct goods or services, such shares granted were considered as payments to customers. Revenue with a total amount of approximately USD65,193,000 was reduced for the year ended December 31, 2022, representing the difference between the total consideration received and the fair value of the abovementioned vested shares at the grant date, with a corresponding increase in share-based compensation reserve.

27. SHARE PREMIUM AND OTHER RESERVES

(a) Share premium

Group

	Total
	USD'000
As at January 1, 2020	216,628
Issuance of Series A Preferred Shares *(Note 25)*	1,186,630
Reclassification of Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares *(Note 29)*	(1,370,074)
As at December 31, 2020	33,184
As at January 1, 2021	33,184
Issuance of Class A Ordinary Shares pursuant to transactions with non-controlling interests *(Notes 25 and 35)*	332,528
Business acquisition of Thai and Indonesian operating entities of regional sponsors and others *(Notes 25, 36 and 37)*	332,485
Dividend *(Note 43)*	(72,244)
Repurchase of ordinary shares *(Notes 25, 26 and 29)*	(9,329)
Repurchase of ordinary shares – commitment *(Notes 25, 26 and 29)*	(8,890)
As at December 31, 2021	607,734
As at January 1, 2022	607,734
Repurchase of ordinary shares *(Notes 25, 26 and 29)*	(3,905)
As at December 31, 2022	603,829

Company

	Total
	USD'000
As at January 1, 2020	217,954
Issuance of Series A Preferred Shares *(Note 25)*	1,186,630
Reclassification of Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares *(Note 29)*	(1,370,074)
As at December 31, 2020	34,510
As at January 1, 2021	34,510
Issuance of Class A Ordinary Shares pursuant to transactions with non-controlling interests *(Notes 25 and 35)*	332,528
Business acquisition of Thai and Indonesian operating entities of regional sponsors and others *(Notes 25, 36 and 37)*	332,485
Dividend *(Note 43)*	(72,244)
Repurchase of ordinary shares *(Notes 25, 26 and 29)*	(9,329)
Repurchase of ordinary shares – commitment *(Notes 25, 26 and 29)*	(8,890)
As at December 31, 2021	609,060
As at January 1, 2022	609,060
Repurchase of ordinary shares *(Notes 25, 26 and 29)*	(3,905)
As at December 31, 2022	605,155

(b) Other reserves

Group

	Share-based compensation reserve	Translation reserve	Others	Total
	USD'000	USD'000	USD'000	USD'000
As at January 1, 2020	–	(622)	–	(622)
Reclassification of Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares *(Note 29)*	–	–	(315,612)	(315,612)
Employee benefit expenses – Share-based compensation *(Note 26)*	161,073	–	–	161,073
Transaction with non-controlling interests	–	–	1,633	1,633
Currency translation differences	–	(12,806)	–	(12,806)
Other	–	–	(134)	(134)
As at December 31, 2020	161,073	(13,428)	(314,113)	(166,468)
As at January 1, 2021	161,073	(13,428)	(314,113)	(166,468)
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	–	–	(24,874)	(24,874)
Issuance of convertible preferred shares *(Notes 25 and 29)*	–	–	(4)	(4)
Share-based compensation *(Note 26)*	370,037	–	–	370,037
Transaction with non-controlling interests *(Note 35)*	–	–	(514,661)	(514,661)
Disposal of subsidiaries	–	–	(604)	(604)
Repurchase of ordinary shares and convertible preferred shares *(Notes 25 and 26)*	–	–	(95,710)	(95,710)
Repurchase of ordinary shares – commitment *(Notes 25 and 26)*	–	–	(81,190)	(81,190)
Currency translation differences	–	(12,973)	–	(12,973)
Others	–	–	625	625
At December 31, 2021	531,110	(26,401)	(1,030,531)	(525,822)

	Share-based compensation reserve	Translation reserve	Others	Total
	USD'000	USD'000	USD'000	USD'000
As at January 1, 2022	531,110	(26,401)	(1,030,531)	(525,822)
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	–	–	9,875	9,875
Share-based compensation *(Note 26)*	239,521	–	–	239,521
Transaction with non-controlling interests *(Note 35)*	–	–	6,025	6,025
Issuance of ordinary shares pursuant to the 2022 Incentive Plan	–	–	71,886	71,886
Repurchase of ordinary shares and convertible preferred shares *(Notes 25 and 26)*	–	–	(25,654)	(25,654)
Issuance of ordinary shares of the Company's subsidiary pursuant to the acquisition of the operating entity of Brazilian regional sponsors *(Note 17)*	–	–	36,323	36,323
Currency translation differences	–	(247,043)	–	(247,043)
Others	–	–	781	781
At December 31, 2022	770,631	(273,444)	(931,295)	(434,108)

In February, August and December 2021, January, March, August and September 2022 (Note 26 (iv)), the Company repurchased certain number of ordinary shares and preferred shares. For those repurchased ordinary shares, the differences between the carrying values (historical cost) and the fair values of such repurchased shares as at repurchase date were substantially recorded in other reserves, while the differences between the fair values of such repurchased shares as at repurchase date and the relevant repurchase considerations of such shares were substantially recorded as share-based compensation expenses. For those repurchased preferred shares which were already carried at fair value and recognised as financial liabilities at fair value through profit or loss, the difference between the carrying values (fair values) as at repurchase date and relevant repurchase considerations of such shares were substantially recorded as share-based compensation expenses.

Company

	Share-based compensation reserve	Others	Total
	USD'000	USD'000	USD'000
As at January 1, 2020	–	–	–
Reclassification of Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares *(Note 29)*	–	(315,612)	(315,612)
Employee benefit expenses – Share-based compensation *(Note 26)*	161,073	–	161,073
As at December 31, 2020	161,073	(315,612)	(154,539)

	Share-based compensation reserve	Others	Total
	USD'000	USD'000	USD'000
As at January 1, 2021	161,073	(315,612)	(154,539)
Share-based compensation *(Note 26)*	354,657	–	354,657
Repurchase of ordinary shares and preferred shares *(Notes 25 and 26)*	–	(95,710)	(95,710)
Issuance of convertible preferred shares *(Notes 25 and 29)*	–	(4)	(4)
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	–	(24,780)	(24,780)
Repurchase of ordinary shares – commitment *(Notes 25 and 26)*	–	(81,190)	(81,190)
As at December 31, 2021	515,730	(517,296)	(1,566)
As at January 1, 2022	515,730	(517,296)	(1,566)
Share-based compensation *(Note 26)*	239,521	–	239,521
Repurchase of ordinary shares and preferred shares *(Notes 25 and 26)*	–	(25,654)	(25,654)
Issuance of ordinary shares pursuant to the 2022 Incentive Plan *(Note 26)*	–	71,886	71,886
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	–	10,321	10,321
As at December 2022	755,251	(460,743)	294,508

28. BORROWINGS

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Non-current			
Borrowings from financial institutions *(i)*	6,001	21,714	1,020,897
Borrowings from related parties *(Note 39)*	20,516	7,075	–
Borrowings from third parties	10,400	273	–
	36,917	29,062	1,020,897
Current			
Borrowings from financial institutions *(i)*	4,807	41,025	74,480
Borrowings from related parties *(Note 39)*	147,104	7,395	–
Borrowings from third parties *(ii)*	255,232	11,545	3,000
	407,143	59,965	77,480
Total borrowings	444,060	89,027	1,098,377

(i) As at December 31, 2020, 2021 and 2022, borrowings from financial institutions of USD10,808,000, USD30,581,000 and USD1,095,377,000 respectively, were substantially secured by the pledges of bank deposits (Note 23), and property, plant and equipment (Note 15), supported by guarantees from certain regional sponsors, as well as debentures over the items including but not limited to the shares the Company holds in certain subsidiaries, certain receivables, bank accounts, material intellectual property and other assets of the Group. The Group was in compliance with the relevant borrowing covenants during the Track Record Period.

In addition, as at December 31, 2021, borrowings from financial institutions with an amount of USD32,158,000 were assumed from the acquisition of Best Inc.'s express business in China (Note 38), and were secured by the pledge of property, plant and equipment with carrying amount of USD14,702,000 (Note 15) and supported by guarantees from by Best Inc.. Such borrowings were settled in year 2022.

(ii) As at December 31, 2020, the outstanding Series A Preferred Share consideration from one of the Series A Preferred Share investors was around USD236,862,000. Considering such investor provided a series of outstanding borrowings to the Group's subsidiaries in the PRC through its affiliates, generally with a repayment term of 12 months and interest free, minimal credit risk was identified for the receivable of Series A Preferred Share consideration (Note 22). As at December 31, 2022, the abovementioned outstanding Series A Preferred Share consideration had been received, and the corresponding outstanding borrowings had also been repaid.

(iii) As at December 31, 2020, 2021, and 2022, the borrowings were generally due within 1 month to 5 years, and the borrowings from related parties and third parties were not secured. The weighted average interest rates per annum as at December 31, 2020, 2021, and 2022 were 2.94%, 3.32%, and 6.29% respectively.

(iv) At December 31, 2020, 2021, and 2022, the Group's borrowings were repayable as follows:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Within 1 year	407,143	59,965	77,480
Between 1 and 2 years	16,922	23,039	38,493
Between 2 and 5 years	19,995	6,023	982,404
	444,060	89,027	1,098,377

The fair values of the borrowings were not materially different from their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

29. FINANCIAL LIABILITIES

(a) Financial liabilities at fair value through profit or loss

Group

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Convertible preferred shares of the Company			
– Series Pre-A1 Preferred Shares	271,150	785,363	537,970
– Series Pre-A2 Preferred Shares	197,129	570,846	391,012
– Series A Preferred Shares	1,217,407	2,963,550	1,998,989
– Series B Preferred Shares	127,229	254,591	169,395
– Series B+ Preferred Shares	–	3,124,776	2,045,614
– Series C1 Preferred Shares	–	2,056,644	1,503,377
– Series C2 Preferred Shares	–	382,877	566,576
Shares of the Company's subsidiaries			
– Series A Preferred Shares of JET Global Express Limited ("JET Global")	–	285,762	552,134
Derivatives			
– Commitment to repurchase preferred shares	–	62,897	–
	1,812,915	10,487,306	7,765,067

Company

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Convertible preferred shares of the Company			
– Series Pre-A1 Preferred Shares	271,150	785,363	537,970
– Series Pre-A2 Preferred Shares	197,129	570,846	391,012
– Series A Preferred Shares	1,217,407	2,963,550	1,998,989
– Series B Preferred Shares	127,229	254,591	169,395
– Series B+ Preferred Shares	–	3,124,776	2,045,614
– Series C1 Preferred Shares	–	2,056,644	1,503,377
– Series C2 Preferred Shares	–	382,877	566,576
Derivatives			
– Commitment to repurchase preferred shares	–	62,897	–
	1,812,915	10,201,544	7,212,933

Convertible preferred shares of the Company

(i) Series B Preferred Shares

In December 2020, after entering into an agreement with a third-party investor, the Company raised Series B financing with total consideration of USD100,000,000 by issuance of 22,462,293 Series B Preferred Shares. The fair value of all the Series B Preferred Shares issued was around USD127,229,000. The difference of USD27,229,000 between such fair value and the total consideration received was recognized as share-based compensation expenses (Note 26 (vi)).

(ii) Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares

Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares were initially recognized as equity. On December 30, 2020, along with the issuance of Series B Preferred Shares, the Company promulgated an updated memorandum of association. According to the memorandum of association, certain shareholders are able to discretionarily trigger the drag-along sale, and in which all assets and funds of the Company legally available for distribution to the shareholders shall be distributed. Consequently, Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares were reclassified as financial liabilities measured at fair value through profit or loss (Note 25).

Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares were reclassified from equity as financial liabilities measured at fair value through profit or loss on December 30, 2020.

As at December 30, 2020, the effect of such reclassification is as follows:

	USD'000
Carrying amount of Series Pre-A1 Preferred Shares	103,408
Carrying amount of Series Pre-A2 Preferred Shares	80,037
Carrying amount of Series A Preferred Shares	1,186,633
	1,370,078
Less:	
Nominal value of Series Pre-A1 Preferred Shares, Series Pre-A2 Preferred Shares and Series A Preferred Shares remained in equity	(4)
Fair value of Series Pre-A1 Preferred Shares	(271,150)
Fair value of Series Pre-A2 Preferred Shares	(197,129)
Fair value of Series A Preferred Shares	(1,217,407)
Movement of other reserves	(315,612)

(iii) Series B+ Preferred Shares

In February 2021, the Company entered into agreements with a number of third-party investors to raise Series B+ financing, with total consideration of USD1,822,382,000 by issuance of 255,864,131 Series B+ Preferred Shares. The fair value of Series B+ Preferred Shares at issuance was the same as the consideration.

(iv) Series C1 and C2 Preferred Shares

Through October to December 2021, the Company entered into agreements with a number of third-party investors to raise Series C1 financing, with total consideration of USD1,890,125,000 by issuance of 134,050,964 Series C1 Preferred Shares. The fair value of Series C1 Preferred Shares at issuance was USD1,899,435,000. The difference of USD9,310,000 between the fair value and the total consideration received was recognized as share-based compensation expenses (Note 26 (vi)).

Through January to March 2022, the Company entered into agreements with a number of third-party investors to raise Series C1 financing, with total consideration of USD189,024,000 by issuance of 13,377,060 Series C1 Preferred Shares. The fair value of Series C1 Preferred Shares at issuance was USD205,514,000. The difference of USD16,490,000 between the fair value and the total consideration received was recognized as share-based compensation expenses (Note 26 (vi)).

On December 31, 2021, the Company entered into agreements with a number of third-party investors to issue Series C2 Preference Shares, with total consideration of USD761,465,000 by issuance of 48,607,928 Series C2 Preferred Shares. As at December 31, 2021, 24,440,890 Series C2 Preferred Shares were issued at consideration of USD382,877,000 which was also the fair value of the shares at issuance and as at December 31, 2021. The remaining 24,167,038 Series C2 Preferred Shares was issued in January and March 2022 (Note 26 (v)).

In August 2022, the Company further entered into agreements with certain personals and third-party investors to repurchase 1,386,996 Class A Ordinary Shares, 1,057,875 Class B Ordinary Shares, 493,474 Series Pre-A1 Preferred Shares, 358,650 Series Pre-A2 Preferred Shares, 1,783,917 Series A Preferred Shares, 148,454 Series B Preferred Shares and 1,691,013 Series B+ Preferred Shares, and issued 6,920,379 Series C2 Preferred Shares as the consideration. The difference between such consideration and the fair value of the repurchased shares amounted to USD16,480,000, which was recognized as share-based compensation expenses during the year ended December 31, 2022. (Note 26 (v)).

The Group designated Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares and Series C2 Preferred Shares as financial liabilities at fair value through profit or loss at initial recognition upon issuance of shares.

(v) Rights, preferences and privileges of the Group's convertible preferred shares

The rights, preferences and privileges of the above convertible preferred shares are as follows:

Dividend rights

The directors of the Company may, upon approval by the majority of preferred shareholders, declare dividends and distributions on shares in issue and authorise payment of funds under such dividends or distributions out of the funds of the Company lawfully available therefor. All such payments shall be distributed pro rata among all holders of the ordinary shares and preferred shares (on an as converted basis).

Conversion rights

Each preferred share may, at the option of the holder thereof, be converted at any time after the date of issuance of such preferred shares into Class A Ordinary Shares, or shall automatically be converted into Class A Ordinary Shares upon the closing of an IPO of the Company.

The conversion ratio for the preferred shares to the Class A Ordinary Shares is 1:1 if no adjustments to conversion price have occurred. As at December 31, 2022, each convertible preferred share is convertible into one Class A Ordinary Share.

Voting rights

The holder of each Class A Ordinary Share issued and outstanding shall have one vote for each Class A Ordinary Share held by such holder, the holder of each Class B Ordinary Share issued and outstanding shall have twenty votes for each Class B Ordinary Share held by such holder, and the holder of each preferred share shall be entitled to the number of votes equal to the whole number of Class A Ordinary Shares into which such preferred share could be converted.

Notwithstanding the above, in the event that the voting power of the collective total amount of issued and outstanding Class B Ordinary Shares ever falls lower than 70% of the entire voting power of the total issued and outstanding shares of the Company, the number of votes allotted to each issued and outstanding Class B Ordinary Share shall be automatically adjusted to the nearest whole number of votes that would result in the issued and outstanding Class B Ordinary Shares holding at least 70% of the entire voting power of the total issued and outstanding shares of the Company.

Liquidation preferences

Each holder of preferred shares and ordinary shares shall be entitled to receive for each series of preferred shares and ordinary shares he or it holds on the preferential basis, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of other series of preferred shares and ordinary shares or any other class or series of shares by reason of their ownership of such shares, the amount equal to one hundred percent (100%) of the respective applicable issue price, plus (a) all interest that would accrue on the applicable issue price during the period from the relevant issue date to the date of receipt by the holder thereof of the full liquidation amount at a rate of 6% per annum, plus (b) declared but unpaid dividends for holders of ordinary shares and preferred shares, respectively.

If the assets and funds available for distribution shall be insufficient to permit the payment to such holders of the full preferred preference amount, the liquidation preference amount will be paid to the holders of preferred shares and ordinary shares in the following order: first to holders of Series C1 Preferred Shares, second to holders of Series C2 Preferred Shares, third to holders of Series B+ Preferred Shares, forth to holders of Series B Preferred Shares, fifth to holders of Series A Preferred Shares, and lastly to the holders of Series Pre-A1 Preferred Share, the holders of Series Pre-A2 Preferred Share and the holders of ordinary share (collectively, the "Early Holders"). After distributing or paying in full the liquidation preference amount to all of the holders of preferred shares and ordinary shares, the remaining assets of the Company available for distribution to members, if any, shall be distributed to the holders of the preferred shares and ordinary shares on a pro rata basis, based on the number of ordinary shares then held by each holder on an as-converted basis.

Redemption rights

The Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares and Series C2 Preferred Shares are entitled the redemption right. These convertible preferred shares issued by the Company are redeemable at a price equal to the applicable purchase price plus all accrued interest and declared but unpaid dividends, payable in cash, at any time after the earliest of (i) March 1, 2026, (ii) the occurrence of a material breach, or fraud or wilful misconduct by the Group or founder parities in its performance of the transaction documents, which remains uncured for ninety (90) days upon written notification from any holder of Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares or Series C2 Preferred Shares, (iii) the occurrence of a material adverse effect, or (iv) the request by any holder of Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares or Series C2 Preferred Shares exercising its redemption rights under (i), (ii) or (iii) to redeem all or a portion of the equity securities held by it.

The redemption price payable on each of the abovementioned convertible preferred shares is the applicable purchase price for each share, plus (a) all interest that would accrue on applicable purchase price during the period from the relevant issue date to the date of receipt by the holder thereof of the full redemption amount at a rate of 8% per annum, plus (b) all declared but unpaid dividends on the abovementioned convertible preferred shares through the date of receipt by the holder of the full redemption amount thereof.

The aforementioned redemption right is not given to the holders of Series A Preferred Share, the holders of Series Pre-A1 Preferred Share, the holders of Series Pre-A2 Preferred Share and the holders of ordinary share.

Certain shares of the Company's subsidiaries

Series A Preferred Shares of JET Global

JET Global is the holding company of the Group's business in Mexico, Egypt, Brazil and Middle East.

In July 2021, JET Global entered into agreements with third-party investors to raise Series A financing, with total consideration of USD283,620,000 by issuance of 283,620,000 JET Global Series A Preferred Shares. These financing proceeds were divided into four parts with certain investment allocation ratio, and allocated among the businesses of the four regions, namely Mexico, Egypt, Brazil, and Middle East ("Allocated Investment"). Major operations in such regions substantially started in 2022.

The rights, preferences, and privileges of the JET Global Series A Preferred Shares are as follows:

Dividend rights

The directors of JET Global may from time to time declare dividends (including interim dividends) and distributions on JET Global's shares. No dividend will be declared and paid on JET Global's ordinary shares unless and until a dividend is declared and paid on JET Global Series A Preferred Shares.

Voting rights

The holder of each share issued and outstanding, including JET Global's ordinary share and JET Global Series A Preferred Share, shall have one vote for each share held by such holder.

Liquidation preference

In the liquidation, dissolution or winding up of substantially all regional entities of a given region, prior and in preference to any distribution of any of the available funds and assets to any other holders of shares, each JET Global Series A Preferred Share holder shall be entitled to receive for each issued and outstanding JET Global Series A Preferred Share, the amount equal to one hundred percent (100%) of the Allocated Investment, plus (a) all interest that would accrue on the Allocated Investment during the period from the relevant issue date to the date of receipt by the holder thereof of the full liquidation amount at a rate of 6% per annum, plus (b) declared but unpaid dividends for such portion of preferred shares, respectively.

If the available funds and assets of liquidated regions are insufficient for the full payment to all JET Global Series A Preferred Shareholders, then these available funds and assets shall be distributed among the JET Global Series A Preferred Shareholders in proportion. After distributing or paying in full the liquidation preference amount to JET Global Series A Preferred Shareholders, the remaining available funds, and assets, if any, shall be distributed shall be distributed among the holders of the JET Global's ordinary shares and preferred shares on a pro rata basis, based on the number of ordinary shares then held by each holder on an as-converted basis.

Conversion rights

Each preferred share may, at the option of the holder thereof, be converted at any time after the date of issuance of such preferred shares into ordinary shares of JET Global, or shall automatically be converted into ordinary shares of JET Global upon the closing of an [**REDACTED**] of JET Global.

The conversion ratio for the preferred shares to the ordinary shares is 1:1 if no adjustments to conversion price have occurred. As at December 31, 2022, each convertible preferred share is convertible into one ordinary share of JET Global.

Exit right

During two thirty-day periods following receipt of the annual regional financial statements of all abovementioned regions after the fifth and sixth anniversary of the closing date, each JET Global Series A Preferred Shareholders will have an exit right for the purpose of disposing of all (but not less than all) of their JET Global Series A Preferred Shares.

The exit price will be subject to certain agreements between the group and the third-party investors.

Upon receiving the exit right exercise notice, the Company shall issue to the exiting JET Global Series A Preferred Shareholders a number of shares of the Company substantially equal to the result of (i) the sum of all regional exit prices for each unliquidated region, divided by (ii) the applicable share price of the Company. If the Company is not publicly listed as at the exit date, the satisfactory information evidencing the Company's share price shall be provided to the exiting shareholder.

Derivatives – repurchase of certain preferred shares

On December 31, 2021, accompanying with issuance of Series C2 Preferred Shares, the Company entered into agreements with certain existing shareholders to repurchase totally 48,607,928 of the Company's ordinary and preferred shares (Note 26 (v)). As at December 31, 2021, there are still 1,723,288 Series Pre-A1 Preferred Shares, 1,252,460 Series Pre-A2 Preferred Shares, 6,229,713 Series A Preferred Shares, 518,425 Series B Preferred Shares and 5,905,281 Series B+ Preferred Shares outstanding to be repurchased. The expected excess of the repurchase price over the fair value of these convertible preferred shares was recognized as financial liabilities at fair value through profit or loss.

Accompanying the repurchase of the abovementioned convertible preferred shares in January and March 2022, the relevant derivatives were derecognized concurrently. The fair value of relevant repurchased shares as at transaction date approximated the fair value as at December 31, 2021.

The movements of financial liabilities at fair value through profit or loss are set out below:

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Carrying amount at the beginning of the year	–	1,812,915	10,487,306
Reclassification of Series Pre-A1 Preferred Shares from equity *(Note 25 (4))*	271,150	–	–
Reclassification of Series Pre-A2 Preferred Shares from equity *(Note 25 (4))*	197,129	–	–
Reclassification of Series A Preferred Shares from equity *(Note 25 (4))*	1,217,407	–	–
Issuance of Series B Preferred Shares	127,229	–	–
Issuance of Series B+ Preferred Shares	–	1,822,381	–
Issuance of Series C1 Preferred Shares	–	1,899,435	205,514
Issuance of Series C2 Preferred Shares	–	382,877	442,944
Repurchase of Series Pre-A1 Preferred Shares *(Note 26 (v))*	–	(18,900)	(21,685)
Repurchase of Series Pre-A2 Preferred Shares *(Note 26 (v))*	–	(13,738)	(15,754)
Repurchase of Series A Preferred Shares *(Note 26 (v))*	–	(71,311)	(81,522)
Repurchase of Series B Preferred Shares *(Note 26 (v))*	–	(6,125)	(6,981)
Repurchase of Series B+ Preferred Shares *(Note 26 (v))*	–	(75,151)	(85,330)
Issuance of Series A Preferred Shares of JET Global	–	283,620	–
Derivative – commitment to repurchase preferred shares *(Note 26 (v))*	–	62,897	(62,897)
Changes in fair value – profit or loss	–	4,383,532	(3,086,653)
Changes in fair value – other comprehensive loss	–	24,874	(9,875)
Carrying amount at the end of the year	1,812,915	10,487,306	7,765,067

Determination of fair value

With the assistance from an external valuer appointed by the Group, the Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the convertible preferred shares. Key assumptions are set out as below:

	As at December 31,			Relationship of unobservable inputs to fair value
	2020	**2021**	**2022**	
Discount rate	17%	15%	14%	The higher the discount rate, the lower the fair value
Discount of lack of marketability ("DLOM")	9%-17%	9%-13%	9%-13%	The higher the DLOM, the lower the fair value
Expected volatility	41.29%	42.63%	49.61%	The higher the expected volatility, the lower the fair value

Discount rate was estimated by weighted average cost of capital as at each valuation date. The DLOM was estimated based on the option-pricing method. Under the 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. Expected volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies for the period before respective valuation date and with similar span as time to expiration. 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 on each valuation date.

The estimated carrying amount of relevant preferred shares as at December 31, 2022 would have been USD788,022,000 lower/USD903,958,000 higher, respectively, should the discount rate used in discounted cash flow analysis be higher/lower by 100 basis points from management's estimates. (2021: USD882,235,000 lower/USD1,075,386,000 higher; 2020: USD115,717,000 lower/USD132,117,000 higher).

(b) Financial liabilities – ordinary share redemption liabilities

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Financial liabilities – ordinary share redemption liabilities	–	133,749	–
Financial liabilities – redemption liabilities of shares of JNT KSA *(Note 26 (vii))*	–	25,458	30,583

On December 31, 2021, accompanying with issuance of Series C2 Preferred Shares, the Company entered into agreements with certain existing shareholders to repurchase totally 48,607,928 their shares. As at December 31, 2021, there were 4,843,603 Class A Ordinary Shares and 3,694,268 Class B Ordinary Shares to be repurchased, and the repurchase consideration was recognized as financial liabilities – ordinary share redemption liabilities. Details are set out in Note 26 (v).

30. DEFERRED INCOME TAX

(i) Deferred income tax assets

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
The balance comprises temporary differences attributable to:			
Deductible tax losses	4,006	23,080	58,788
Lease liabilities	45,688	140,636	129,047
Provision and other temporary difference	876	4,104	6,643
Total deferred tax assets	50,570	167,820	194,478
Net-off with deferred tax liabilities	(45,569)	(157,972)	(151,371)
Net deferred tax assets	5,001	9,848	43,107

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences. The analysis of deferred income tax assets is as follows:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Deferred income tax assets			
– to be recovered after 12 months	25,442	45,467	39,617
– to be recovered within 12 months	25,128	122,353	154,861
	50,570	167,820	194,478

The gross movements in deferred income tax assets before offsetting during the Track Record Period are as follows:

	Deductible tax losses	Lease liabilities	Provision and other temporary difference	Total
	USD'000	USD'000	USD'000	USD'000
As at January 1, 2020	–	15,777	879	16,656
Credit/(debit) to consolidated income statement	3,948	29,778	(125)	33,601
Exchange differences	58	133	122	313
As at December 31, 2020 and January 1, 2021	4,006	45,688	876	50,570
Acquisition of subsidiaries *(Notes 36, 37, 38)*	23,080	–	–	23,080
Credit/(debit) to consolidated income statement	(4,075)	94,248	3,102	93,275
Exchange differences	69	700	126	895
As at December 31, 2021 and January 1, 2022	23,080	140,636	4,104	167,820
Credit/(debit) to consolidated income statement	37,378	(8,479)	1,580	30,479
Exchange differences	(1,670)	(3,110)	959	(3,821)
As at December 31, 2022	58,788	129,047	6,643	194,478

Deferred income tax assets are recognized to the extent that the realisation of the related tax benefit through the future taxable profits is probable. Deferred income tax assets have not been recognized in respect of the following items:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Tax losses	733,619	2,336,651	3,130,790
Deductible temporary differences	4,985	257,223	357,289
	738,604	2,593,874	3,488,079

As at December 31, 2020 and December 31, 2021, the unrecognized tax losses primarily arise from the Company's subsidiaries in the PRC and other South-East Asia countries. As at December 31, 2022, the unrecognized tax losses primarily arise from the Company's subsidiaries in the PRC and other South-East Asia countries.

The expiry dates of the unrecognized tax losses are as follows:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
2021	25	–	–
2022	15	72	–
2023	18,611	18,611	18,611
2024	84,400	84,407	84,407
2025	620,089	760,014	444,786
2026	–	1,452,090	949,673
2027	4,450	396	1,552,579
2031	–	3,358	3,358
2032	–	–	5,895
no expiry date	6,029	17,703	71,481
	733,619	2,336,651	3,130,790

(ii) Deferred income tax liabilities

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
The balance comprises temporary differences attributable to:			
Right-of-use assets	45,569	143,189	130,805
Depreciation and other temporary difference	3,051	47,867	42,973
Total deferred tax liabilities	48,620	191,056	173,778
Net-off of deferred tax assets	(45,569)	(157,972)	(151,371)
Net deferred tax liabilities	3,051	33,084	22,407

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences. The analysis of deferred income tax liabilities is as follows:

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Deferred income tax liabilities			
– to be settled after 12 months	23,557	66,482	57,947
– to be settled within 12 months	25,063	124,574	115,831
	48,620	191,056	173,778

The gross movements in deferred income tax liabilities before offsetting during the Track Record Period are as follows:

	Right-of-use assets	**Depreciation and other temporary difference**	**Total**
	USD'000	**USD'000**	**USD'000**
As at January 1, 2020	15,768	–	15,768
Debit to consolidated income statement	29,642	3,067	32,709
Exchange differences	159	(16)	143
As at December 31, 2020 and January 1, 2021	45,569	3,051	48,620
Acquisition of a subsidiary *(Note 36, Note 37, Note 38)*	–	40,631	40,631
Debit to consolidated income statement	96,867	3,492	100,359
Exchange differences	753	693	1,446
As at December 31, 2021 and January 1, 2022	143,189	47,867	191,056
Credit to consolidated income statement	(9,574)	(5,367)	(14,941)
Exchange differences	(2,810)	473	(2,337)
As at December 31, 2022	130,805	42,973	173,778

31. TRADE PAYABLES

The following is an aging analysis of the Group's trade payables presented based on the invoice issuance date:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Within 3 months	212,619	505,960	434,660
3 to 6 months	9,028	19,200	26,512
6 to 9 months	1,253	28,286	14,360
9 to 12 months	1,891	22,903	5,103
Above 12 months	661	716	3,580
	225,452	577,065	484,215

The carrying amounts of trade payables approximated their fair values as at the balance sheet dates.

32. ACCRUALS AND OTHER PAYABLES

Group

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Cash on delivery related payables	137,017	95,047	156,666
Salary and welfare payables	62,336	219,607	163,637
Deposits	25,928	192,734	175,229
Tax payables (excluding Corporate Income Tax)	24,284	48,830	40,999
Payables for purchase of long-term assets	5,644	110,710	88,587
Consideration payable for repurchase of ordinary shares and preferred shares *(Note 26 (v))*	–	159,922	–
Consideration received pursuant to 2022 Incentive Plan *(Note 26 (viii))*	–	–	37,886
Others	49,153	88,502	113,374
	304,362	915,352	776,378

Company

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Consideration of repurchase of ordinary shares and preferred shares *(Note 26 (v))*	–	159,922	–
Others	–	1,979	6,127
	–	161,901	6,127

33. ADVANCES FROM CUSTOMERS

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Advances from customers for express delivery services	137,224	291,362	209,925

Advances from customers for express delivery services were mainly the advance payments from customers which can be refunded as per request by customers.

As at December 31, 2020, 2021, and 2022, the outstanding express delivery service orders would generally be completed within ten days, while other types of orders generally within one month.

All contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

34. CASH FLOW INFORMATION

(a) Cash generated used in operations

The reconciliation from (loss)/profit for the year to cash used in operations is as follows:

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
(Loss)/profit for the year	(664,163)	(6,192,258)	1,572,567
Adjustments for:			
Income tax expense	45,530	73,126	10,763
Depreciation of property, plant and equipment	39,270	104,444	227,910
Depreciation of right-of-use assets	56,000	113,878	257,176
Depreciation of investment properties	1,228	266	154
Amortization of intangible assets	804	1,901	20,707
Impairment losses on financial assets	9,488	41,320	37,219
(Reversal)/accrual of inventory provisions	(4)	3	103
Impairment losses on long-term assets	–	250,292	219,080
Impairment losses on goodwill	–	–	117,502
Finance income	(1,965)	(9,476)	(22,002)
Finance costs	13,831	99,077	99,499
Other income	(17,056)	(82,542)	(98,149)
Other losses – net	(258)	(560)	(1,263)
Share-based compensation	188,302	619,012	346,559
Net loss on disposal of property, plant and equipment	37	1,424	1,873
Fair value change of financial assets and liabilities at fair value through profit or loss	–	4,383,532	(3,050,694)
Share of results of associates	323	(1,208)	302
Foreign exchange (gains)/losses – net	(29,362)	(19,887)	17,338
Movements in working capital			
(Increase)/decrease in inventories	(9,867)	(8,622)	127
Increase in trade receivables	(128,078)	(4,322)	(191,126)
Increase in prepayments, other receivables, and other assets	(203,926)	(105,520)	(42,182)

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Increase/(decrease) in trade payables	189,454	(305,366)	(84,661)
Increase in accruals and other payables	324,141	128,302	118,202
Increase/(decrease) in advances from customers	68,792	62,774	(73,643)
(Placement)/return of restricted cash	–	(49,950)	45,830
Cash used in operations	(117,479)	(900,360)	(470,809)

(b) Net debt reconciliation

Net debt

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Cash and cash equivalents	600,425	2,102,448	1,504,048
Restricted cash	928	125,970	79,725
Financial assets at fair value through profit or loss	71,324	41,581	497,490
Borrowings	(444,060)	(89,027)	(1,098,377)
Lease liabilities	(175,017)	(598,722)	(492,666)
Financial liabilities at fair value through profit or loss	(1,812,915)	(10,487,306)	(7,765,067)
Financial liabilities – redemption liabilities of shares of JNT KSA	–	(25,458)	(30,583)
Financial liabilities – ordinary share redemption liabilities	–	(133,749)	–
Net debt	(1,759,315)	(9,064,263)	(7,305,430)
Cash and financial assets at fair value through profit or loss	672,677	2,269,999	2,081,263
Gross debt – fixed interest rates	(2,431,992)	(11,334,262)	(9,386,693)
Net debt	(1,759,315)	(9,064,263)	(7,305,430)

This section sets out the movements in net debt for each of the years presented.

	Liabilities from financing activities					Other assets			
	Borrowings	Lease liabilities	Financial liabilities at FVTPL	Financial liabilities – redemption liabilities of shares of JNT KSA	Financial liabilities at FVTPL – ordinary share redemption liabilities	Cash and cash equivalents	Restricted cash	Financial assets at FVTPL	Total
As at January 1, 2020	(163,881)	(61,063)	–	–	–	97,173	586	6,752	(120,433)
Cash flows	(260,090)	67,412	(100,000)	–	–	495,380	342	63,909	266,953
New leases entered	–	(169,150)	–	–	–	–	–	–	(169,150)
Interest expenses	(7,824)	(6,007)	–	–	–	–	–	–	(13,831)
Share-based compensation expense	–	–	(27,229)	–	–	–	–	–	(27,229)
Transfer from equity *(Note 25, 29)*	–	–	(1,685,686)	–	–	–	–	–	(1,685,686)
Foreign exchange adjustments	(12,265)	(6,209)	–	–	–	7,872	–	663	(9,939)
As at December 31, 2020 and January 1, 2021	(444,060)	(175,017)	(1,812,915)	–	–	600,425	928	71,324	(1,759,315)
Cash flows	403,056	115,563	(3,966,126)	(20,000)	–	1,501,327	49,962	(30,954)	(1,947,172)
New leases entered	–	(207,356)	–	–	–	–	–	–	(207,356)
Interest expenses	(3,615)	(13,860)	–	(1,478)	–	–	–	–	(18,953)
Repurchase of preferred shares *(Note 29)*	–	–	185,225	–	–	–	–	–	185,225
Share-based compensation expense	–	–	(9,310)	(3,980)	(43,669)	–	–	–	(56,959)
Outstanding proceeds of Series C2 Preferred Shares	–	–	(159,922)	–	–	–	–	–	(159,922)
Non-cash payment for Series C2 Preferred Shares	–	–	(222,955)	–	–	–	–	–	(222,955)
Outstanding proceeds of Series C1 Preferred Shares	–	–	(30,000)	–	–	–	–	–	(30,000)
Derivative – commitment to repurchase preferred shares	–	–	(62,897)	–	–	–	–	–	(62,897)
Fair Value Change	–	–	(4,383,532)	–	–	–	–	–	(4,383,532)
Fair Value Change – other comprehensive loss	–	–	(24,874)	–	–	–	–	–	(24,874)

	Liabilities from financing activities					Other assets			
	Borrowings	Lease liabilities	Financial liabilities at FVTPL	Financial liabilities – redemption liabilities of shares of JNT KSA	Financial liabilities at FVTPL – ordinary share redemption liabilities	Cash and cash equivalents	Restricted cash	Financial assets at FVTPL	Total
Recognition of ordinary share redemption liabilities	–	–	–	–	(90,080)	–	–	–	(90,080)
Acquisition of subsidiaries	(41,067)	(336,714)	–	–	–	–	75,080	488	(302,213)
Foreign exchange adjustments	(3,341)	18,662	–	–	–	696	–	723	16,740
As at December 31, 2021 and January 1, 2022	(89,027)	(598,722)	(10,487,306)	(25,458)	(133,749)	2,102,448	125,970	41,581	(9,064,263)
Cash flows	(954,715)	299,986	(219,024)	–	–	(498,246)	(46,245)	490,979	(927,265)
New leases entered	–	(261,593)	–	–	–	–	–	–	(261,593)
Interest expenses	(57,056)	(37,318)	–	(5,125)	–	–	–	–	(99,499)
Lease modification	–	108,461	–	–	–	–	–	–	108,461
Settlement of receivable of Series C2 Preferred Share consideration	–	–	30,000	–	–	–	–	–	30,000
Repurchase of preferred shares *(Note 29)*	–	–	211,272	–	–	–	–	–	211,272
Share-based compensation expense	–	–	(16,490)	–	–	–	–	–	(16,490)
Non-cash payment for Series C2 Preferred Shares	–	–	(442,944)	–	–	–	–	–	(442,944)
Fulfilment of commitment to repurchase preferred shares	–	–	62,897	–	–	–	–	–	62,897
Fair Value Change	–	–	3,086,648	–	–	–	–	–	3,086,648
Fair Value Change – other comprehensive loss	–	–	9,880	–	–	–	–	(35,970)	(26,090)
Repurchase of ordinary shares *(Note 29)*	–	–	–	–	133,749	–	–	–	133,749
Acquisition of subsidiaries	–	(8,981)	–	–	–	–	–	–	(8,981)
Foreign exchange adjustments	2,421	5,501	–	–	–	(100,154)	–	900	(91,332)
As at December 31, 2022	(1,098,377)	(492,666)	(7,765,067)	(30,583)	–	1,504,048	79,725	497,490	(7,305,430)

35. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The material transactions with non-controlling interests during the Track Record Period are as follows:

(a) Acquisition of non-controlling interests of Chinese subsidiaries

On April 30, 2021, the Group acquired additional 34% of the 49% non-controlling equity interests of 36 the PRC subsidiaries with aggregated cash consideration of USD837,000, and the issuance of 32,508,856 Class A Ordinary Shares of the Company with fair value of USD4.3065 per share.

Immediately prior to the purchase, the carrying amount of the 49% non-controlling interests in these the PRC subsidiaries in aggregate was negative USD223,081,000. The Group recognized an increase in non-controlling interests by USD154,791,000 and a decrease in equity attributable to owners of the Company by USD295,627,000.

(b) Acquisition of non-controlling interests of the Malaysian subsidiary

On April 30, 2021, the Group acquired an additional 29.8% of the equity interests of the Group's main operating entity in Malaysia with the issuance of 25,669,206 Class A Ordinary Shares of the Company with fair value of USD4.3065 per share.

Immediately prior to the purchase, the carrying amount of the 29.8% non-controlling interests in the Malaysian subsidiary was USD5,444,000. The Group recognized a decrease in non-controlling interests by USD5,444,000 and a decrease in equity attributable to owners of the Company by USD105,101,000.

(c) Acquisition of non-controlling interests of the Vietnamese subsidiary

On April 30, 2021, through updating certain contractual arrangements, the Group indirectly obtained an additional 38.0% of the equity interests of the Group's main operating entity in Vietnam, with the issuance of 18,778,451 Class A Ordinary Shares of the Company with fair value of USD4.3065 per share.

Immediately prior to the purchase, the carrying amount of the 38.0% non-controlling interest in the Vietnamese subsidiary was negative USD27,772,000. The Group recognized an increase in non-controlling interests by USD27,772,000 and a decrease in equity attributable to owners of the Company by USD108,642,000.

(d) Acquisition of non-controlling interests of the Cambodia subsidiary

On April 30, 2021, the Group acquired an additional 28.0% of the equity interests of the Group's main operating entity in Cambodia with the issuance of 259,202 Class A Ordinary Shares of the Company with fair value of USD4.3065 per share.

Immediately prior to the purchase, the carrying amount of the 28.0% non-controlling interest in the Cambodia subsidiary was negative USD810,000. The Group recognized an increase in non-controlling interests by USD810,000 and a decrease in equity attributable to owners of the Company by USD1,925,000.

The Class A Ordinary Shares issued in the abovementioned transactions were all registered in 2021.

The effect of the transactions with non-controlling interests on the equity attributable to the owners of the Company during the Track Record Period are summarised follows:

2020	**Total**
	USD'000
Carrying amount of non-controlling interests debited/(credited)	914
Consideration received from non-controlling interests in cash – net	719
Total consideration	719
Excess of consideration received recognized in the transactions with non-controlling interests reserve within equity	1,633

2021	Acquisition of NCI of the PRC subsidiaries	Acquisition of NCI of Malaysia subsidiary	Acquisition of NCI of Vietnam subsidiary	Acquisition of NCI of Cambodia subsidiary	Other immaterial transactions	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Carrying amount of non-controlling interests debited/(credited)	(154,791)	5,444	(27,772)	(810)	5,198	(172,731)
Consideration paid to non-controlling interests in cash	(837)	–	–	–	(8,564)	(9,401)
Consideration paid to non-controlling interests in ordinary shares	(139,999)	(110,545)	(80,870)	(1,115)	–	(332,529)
Total consideration	(140,836)	(110,545)	(80,870)	(1,115)	(8,564)	(341,930)
Excess of consideration paid recognized in the transactions with non-controlling interests reserve within equity	(295,627)	(105,101)	(108,642)	(1,925)	(3,366)	(514,661)

With the assistance from an external valuer appointed by the Group, the Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the issued ordinary shares. Key assumptions are set out as below:

Discount rate	17%
DLOM	15%
Expected volatility	41.83%

2022	Equity interests transferred to management team of the cross-border business (Note 26 (iii))
	USD'000
Carrying amount of non-controlling interests credited	(4,832)
Consideration received from non-controlling interests in cash	6,274
Share-based compensation expenses	4,583
Increase in other reserve	6,025

36. BUSINESS COMBINATION OF OPERATING ENTITIES OF THAILAND REGIONAL SPONSORS

(a) Summary of acquisition

According to relevant agreements entered in 2021, the Company issued 11,210,471 Class A Ordinary Shares for the Group to acquire 70% of the equity interests of 12 operating entities and 86.5% of one operating entity of Thai regional sponsors (the "Thai Acquirees") and to obtain control of each Thai Acquiree. The transactions were completed on June 30, 2021.

Details of the companies acquired, and the purchase consideration are as follows:

Name of the acquirees	Transaction Date	Ordinary shares issued	Fair value of ordinary shares issued
			USD'000
Thai Acquiree 1	June 30, 2021	907,206	4,135
Thai Acquiree 2	June 30, 2021	907,206	4,135
Thai Acquiree 3	June 30, 2021	907,206	4,135
Thai Acquiree 4	June 30, 2021	907,206	4,135
Thai Acquiree 5	June 30, 2021	907,206	4,135
Thai Acquiree 6	June 30, 2021	907,204	4,135
Thai Acquiree 7	June 30, 2021	907,207	4,135
Thai Acquiree 8	June 30, 2021	907,206	4,135
Thai Acquiree 9	June 30, 2021	907,206	4,135
Thai Acquiree 10	June 30, 2021	907,206	4,135
Thai Acquiree 11	June 30, 2021	907,204	4,135
Thai Acquiree 12	June 30, 2021	907,206	4,135
Thai Acquiree 13	June 30, 2021	324,002	1,471
Subtotal		11,210,471	51,091
Settlement of pre-existing net payables to the Group			86,578
Total consideration			137,669

The pre-existing net payables of the acquirees to the Group is USD86,578,000 as at June 30, 2021. No gain or loss is recognised on the settlement, because the net payables were effectively settled at the recorded amount.

The fair value of the ordinary shares of the Company issued as part of the consideration paid for the Thai Acquirees was USD4.5574 per share.

With the assistance from an external valuer appointed by the Group, the Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the issued ordinary shares of the Company. Key assumptions are set out as below:

Discount rate	17%
DLOM	14%
Expected volatility	41.78%

The assets and liabilities recognized as a result of the acquisition, excluding the pre-existing net payables of the acquirees to the Group are as follows:

	Fair value
	USD'000
Cash and cash equivalents	5,930
Inventories	1,202
Trade receivables	10,851
Prepayments, other receivables, and other assets	4,309
Right-of-use assets	5,407
Property, plant and equipment	2,406
Intangible assets: customer relationship	2,192
Intangible assets: others	55
Other non-current assets	3,999
Trade Payables and other payables	(3,293)
Lease liabilities	(5,407)
Current income tax liabilities	(1,074)
Borrowings	(4,946)
Net identifiable assets acquired	21,631
Add: non-controlling deficits	17,718
Add: goodwill	98,320
Net assets acquired	137,669

The goodwill is attributable to the workforce and the expected future high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of acquired trade receivables is USD10,851,000. The gross contractual amount for trade receivables due is USD12,075,000, with a loss allowance of USD1,224,000 recognised on acquisition.

(ii) Accounting policy of non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in the Thai Acquirees, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

(iii) Revenue and profit contribution

The acquired business contributed revenue of USD4,795,000, gross loss of USD26,357,000, loss before tax of USD46,017,000 and net loss of USD46,017,000 to the Group for the period from June 30, 2021 to December 31, 2021.

If the acquisition had occurred on January 1, 2021, consolidated [**REDACTED**] revenue, gross loss, loss before tax and net loss for the year ended December 31, 2021 would have been USD4,901,284,000, USD547,870,000, USD6,129,906,000, and USD6,203,033,000 respectively. These amounts have been calculated using the subsidiaries' results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2021, together with the consequential tax effects.

(b) Purchase consideration – cash inflow

	USD'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	–
Add: Balances acquired – cash	5,930
Net inflow of cash – investing activities	5,930

37. BUSINESS COMBINATION OF OPERATING ENTITIES OF INDONESIAN REGIONAL SPONSORS

(a) Summary of acquisition

According to relevant agreements entered in 2021, the Group had contractual agreements with an operating entity and its relevant shareholders (terminated in 2022, as the Group obtained relevant equity interests), and made capital injection totalling USD19,342,000 to 24 operating entities of certain Indonesian regional sponsors (the "Indonesian Acquirees"), and the Company issued 55,273,897 Class A Ordinary Shares to such Indonesian regional sponsors for the Group to acquire 70% of the equity interests and to obtain control of each Indonesian Acquiree. The transactions were completed on August 31, 2021.

Details of the companies acquired, and the purchase considerations are as follows:

Name of the Indonesian Acquirees	Acquisition date	Number of ordinary shares issued	Fair value of ordinary shares issued	Cash consideration	Total consideration
			USD'000	USD'000	USD'000
Indonesian Acquiree 1	August 31, 2021	797,261	4,059	81	4,140
Indonesian Acquiree 2	August 31, 2021	1,080,007	5,498	161	5,659
Indonesian Acquiree 3	August 31, 2021	540,004	2,749	81	2,830
Indonesian Acquiree 4	August 31, 2021	1,231,424	6,269	40	6,309
Indonesian Acquiree 5	August 31, 2021	1,080,007	5,498	40	5,538
Indonesian Acquiree 6	August 31, 2021	826,638	4,208	161	4,369
Indonesian Acquiree 7	August 31, 2021	1,016,935	5,177	20	5,197
Indonesian Acquiree 8	August 31, 2021	1,753,283	8,926	211	9,137
Indonesian Acquiree 9	August 31, 2021	543,460	2,767	48	2,815
Indonesian Acquiree 10	August 31, 2021	1,071,799	5,456	403	5,859
Indonesian Acquiree 11	August 31, 2021	1,768,403	9,003	484	9,487
Indonesian Acquiree 12	August 31, 2021	2,216,174	11,282	484	11,766
Indonesian Acquiree 13	August 31, 2021	1,972,093	10,040	48	10,088
Indonesian Acquiree 14	August 31, 2021	864,006	4,399	1,693	6,092
Indonesian Acquiree 15	August 31, 2021	6,223,865	31,685	3,224	34,909
Indonesian Acquiree 16	August 31, 2021	3,366,598	17,139	1,612	18,751
Indonesian Acquiree 17	August 31, 2021	4,464,965	22,731	2,466	25,197

Name of the Indonesian Acquirees	Acquisition date	Number of ordinary shares issued	Fair value of ordinary shares issued	Cash consideration	Total consideration
			USD'000	USD'000	USD'000
Indonesian Acquiree 18	August 31, 2021	7,916,451	40,302	1,755	42,057
Indonesian Acquiree 19	August 31, 2021	2,160,014	10,996	1,628	12,624
Indonesian Acquiree 20	August 31, 2021	2,160,014	10,996	484	11,480
Indonesian Acquiree 21	August 31, 2021	709,997	3,615	8	3,623
Indonesian Acquiree 22	August 31, 2021	862,278	4,390	20	4,410
Indonesian Acquiree 23	August 31, 2021	2,052,661	10,450	1,612	12,062
Indonesian Acquiree 24	August 31, 2021	2,193,279	11,166	967	12,133
Indonesian Acquiree 25	August 31, 2021	6,402,281	32,594	1,611	34,205
Subtotal		55,273,897	281,395	19,342	300,737
Settlement of pre-existing net payables					11,363
Total purchase consideration					312,100

The pre-existing net payables of the acquirees to the Group is USD11,363,000 as at August 31, 2021. No gain or loss is recognised on the settlement, because the net payables were effectively settled at the recorded amount.

The fair value of the ordinary shares of the Company issued as part of the consideration paid for the Indonesian Acquirees was USD5.0909 per share.

With the assistance from an external valuer appointed by the Group, the Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the issued ordinary shares. Key assumptions are set out as below:

Discount rate	16%
DLOM	14%
Expected volatility	41.13%

The assets and liabilities recognized as a result of the acquisition, excluding the pre-existing net payables of the acquirees to the Group are as follows:

	Fair value
	USD'000
Cash and cash equivalents	109,193
Inventories	2,752
Trade Receivables	36,492
Prepayments, other receivables, and other assets	42,639
Right-of-use assets	19,959
Investment properties	468
Property, plant and equipment	33,975
Intangible assets: customer relationship	80,370
Intangible assets: others	134
Other non-current assets	171
Trade Payables	(22,771)
Advances from customers	(227)
Accrued expenses and other payables	(119,026)

	Fair value
	USD'000
Current income tax liabilities	(18,729)
Borrowings	(3,851)
Lease liabilities	(2,592)
Employee benefit obligations	(349)
Long-term payables	(867)
Deferred tax liability	(17,477)
Net identifiable assets acquired	140,264
Less: non-controlling interests	(43,651)
Add: goodwill	215,487
Net assets acquired	312,100

The goodwill is attributable to the workforce and the high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of acquired trade receivables is USD36,492,000. The gross contractual amount for trade receivables due is USD36,966,000, with a loss allowance of USD474,000 recognised on acquisition.

(ii) Accounting policy for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in the Indonesian Acquirees, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

(iii) Revenue and profit contribution

The acquired business contributed revenue of USD12,167,000, gross profit of USD81,821,000, profit before tax of USD69,352,000 and net profit of USD52,104,000 to the Group for the period from August 31, 2021 to December 31, 2021.

If the acquisition had occurred on January 1, 2021, consolidated [**REDACTED**] revenue, gross loss, loss before tax and net loss for the year ended December 31, 2021 would have been USD4,957,201,000, USD427,372,000, USD6,035,388,000 and USD6,109,451,000 respectively. These amounts have been calculated using the subsidiaries' results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2021, together with the consequential tax effects.

(b) Purchase consideration – cash inflow

	USD'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	(19,343)
Add: Balances acquired – cash	109,193
Net inflow of cash – investing activities	89,850

38. BUSINESS COMBINATION OF BEST INC.'S EXPRESS BUSINESS IN CHINA

(a) Summary of acquisition

On December 8, 2021, as to further enhance the Group's scale and network in China, the Group acquired Best Inc.'s express business in China with cash consideration of USD715,511,000, through obtaining 100% of the equity interests of the main operating entity of such business and other relevant assets.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value
	USD'000
Cash and cash equivalents	11,042
Restricted cash	75,080
Financial assets at fair value through profit or loss	147
Inventories	1,088
Trade receivables	109,285
Prepayments, other receivables, and other assets	197,836
Right-of-use assets	297,971
Property, plant and equipment	558,389
Intangible assets: customer relationships	88,258
Other intangible assets	549
Other non-current assets	9,975
Trade payables and other payables	(806,019)
Advances from customers	(95,700)
Borrowings	(34,134)
Lease liabilities	(328,714)
Net identifiable liabilities acquired	85,053
Less: non-controlling interests	–
Add: goodwill	630,458
Net assets acquired	715,511

The goodwill is attributable to the workforce and the expected future high profitability of the acquired business. It will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of acquired trade receivables is USD109,285,000. The gross contractual amount for trade receivables due is USD147,480,000, with a loss allowance of USD38,195,000 recognised on acquisition.

(ii) Revenue and profit contribution

The acquired business contributed revenue of USD196,958,000, gross loss of USD10,583,000, loss before tax of USD39,348,000 and net loss of USD39,348,000 to the Group for the period from December 8, 2021 to December 31, 2021.

If the acquisition had occurred on January 1, 2021, consolidated [**REDACTED**] revenue, gross loss, loss before tax and net loss for the year ended December 31, 2021 would have been USD7,331,286,000, USD732,207,000, USD6,422,307,000, and USD6,495,434,000 respectively.

In addition, if the abovementioned acquisitions of operating entities of Thailand regional sponsors (Note 36), operating entities of Indonesian regional sponsors (Note 37) and Best Inc.'s express business in China (Note 38) had occurred on January 1, 2021, consolidated [**REDACTED**] revenue, gross loss, loss before tax and net loss for the year ended December 31, 2021 would have been USD7,486,172,000, USD617,961,000, USD6,375,067,000, and USD6,449,131,000 respectively.

These amounts have been calculated using the subsidiaries' results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2021, together with the consequential tax effects.

(b) Purchase consideration – cash outflow

	USD'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	715,511
Less: Balances acquired	
Cash	(11,042)
Net outflow of cash – investing activities	704,469

39. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control.

Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Name of related party	Relationship with the Group
Galaxy Brilliant Inc.	Controlled by a member of key management personnel
Constant Talent Limited	Controlled by a member of key management personnel
Jet Commerce Group	Controlled by a member of key management personnel
Jie Business Sdn Bhd	Controlled by a member of key management personnel
Windfall T&L SPC	Under significant influence of a member of key management personnel
J&T Courier Service Sdn Bhd	Under significant influence of a member of key management personnel
Honour Victory Holdings Limited	Under significant influence of a member of key management personnel
Jumbo Link Holdings Limited	Under significant influence of a member of key management personnel
Shanghai Huisen Zhilian Express Co., Ltd	Under significant influence of a member of key management personnel
Huisen Global Limited	Under significant influence of a member of key management personnel
BNT Express Co., Ltd	Controlled by a member of key management personnel (before acquisition) *(Note 36)*
Guangdong OPPO Mobile Telecommunications Corp.,Ltd.	Controlled by a member of key management personnel (before the end of appointment of the member of key management personnel)
PT. Semut Merah Squad	Controlled by a member of key management personnel (before acquisition) *(Note 37)*
Suzhou BBK Investment Development Co., Ltd.	Controlled by a member of key management personnel

(b) Transactions with related parties

Save as disclosed in other notes of this report, related party transactions of the Group are listed as follows:

(i) Borrowings received from related parties

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Guangdong OPPO Mobile Telecommunications Corp., Ltd.	118,509	–	–
Honour Victory Holdings Limited	6,099	3,236	–
Others	–	4,756	–
	124,608	7,992	–

(ii) Repayment of borrowings from related parties

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Guangdong OPPO Mobile Telecommunications Corp., Ltd.	–	124,025	–
Honour Victory Holdings Limited	–	23,422	5,651
Jumbo Link Holdings Limited	–	9,775	4,659
Suzhou BBK Investment Development Co., Ltd.	7,407	–	–
Others	1,057	2,444	3,843
	8,464	159,666	14,153

(iii) Loans to related parties

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Shanghai Huisen Zhilian Express Co., Ltd	52,292	80,430	–
Huisen Global Limited	–	24,200	320,000
Galaxy Brilliant Inc.	–	21,600	–
Jet Commerce Group	450	–	–
Others	4,857	1,928	–
	57,599	128,158	320,000

(iv) Collection of loans to related parties

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Huisen Global Limited	–	–	344,200
Shanghai Huisen Zhilian Express Co., Ltd	–	–	135,424
Galaxy Brilliant Inc.	–	6,200	15,400
Others	1,004	411	8,777
	1,004	6,611	503,801

(v) Interest expenses on borrowings from related parties

	Year ended December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Guangdong OPPO Mobile Telecommunications Corp., Ltd.	4,218	178	–
Others	625	464	17
	4,843	642	17

(vi) Interest income on loans to related parties

	Year ended December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Shanghai Huisen Zhilian Express Co., Ltd	1,198	4,009	8,552
Others	107	403	1,623
	1,305	4,412	10,175

(vii) Rendering of services

	Year ended December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Jie Business Sdn Bhd	967	2,630	2,450
Jet Commerce Group	–	–	1,655
PT. Semut Merah Squad	19,361	3,466	–
BNT Express Co., Ltd	3,655	2,325	–
Others	2,585	5,031	2,820
	26,568	13,452	6,925

(viii) Receiving of services

	Year ended December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
J&T Courier Service Sdn Bhd	–	–	4,790
PT. Semut Merah Squad	12,379	57,899	–
BNT Express Co., Ltd	10,344	3,723	–
Others	2,127	2,402	188
	24,850	64,024	4,978

(ix) Other transactions

During 2021, a series of transactions were completed by the Group (Note 35, Note 36, Note 37), and part of the transaction consideration was paid to a member of key management personnel, who is also a regional sponsor, as follows:

	USD'000
Acquisition of Minority interests in Subsidiaries in China and South-East Asia	16,222
Business acquisition of entities of the regional sponsor	19,255
	35,477

Through January to March 2022, the Group invested around USD60,000,000 in Windfall T&L SPC, a private equity fund focusing on investing in industries such as logistics and its upstream and downstream industry chains, under significant influence of a member of key management personnel. The contractual term of investment is between 3-5 years. As the Group does not have significant influence over such fund, the Group accounted such investment as financial assets at fair value through profit or loss. (Note 24)

(c) Balances with related parties

(i) Borrowings

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Honour Victory Holdings Limited	24,654	5,694	–
Jumbo Link Holdings Limited	9,947	4,933	–
Constant Talent Limited	3,755	3,843	–
Guangdong OPPO Mobile Telecommunications Corp., Ltd.	126,777	N/A	N/A
Others	2,487	–	–
	167,620	14,470	–

(ii) Loan receivables

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Shanghai Huisen Zhilian Express Co., Ltd	57,166	145,688	–
Jet Commerce Group	8,033	7,967	–
Huisen Global Limited	–	24,200	–
Galaxy Brilliant Inc.	–	15,400	–
BNT Express Co., Ltd	3,854	–	–
Others	1,567	408	–
Subtotal	70,620	193,663	–
Less: allowance for credit losses	(1,116)	(2,974)	–
	69,504	190,689	–

(iii) Bond receivables

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Huisen Global Limited *(Note 24)*	–	–	428,678

(iv) Receivables from related parties

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Trade receivables			
PT. Semut Merah Squad	2,326	–	–
BNT Express Co., Ltd	2,046	–	–
Others	217	897	589
Subtotal	4,589	897	589
Less: allowance for credit losses	(161)	(41)	(20)
	4,428	856	569
Other receivables			
BNT Express Co., Ltd	4,024	–	–
Shanghai Huisen Zhilian Express Co., Ltd	1,533	–	–
Others	663	316	319
Subtotal	6,220	316	319
Less: allowance for credit losses	(75)	(4)	(5)
	6,145	312	314

(v) Payables to related parties

	As at December 31,		
	2020	**2021**	**2022**
	USD'000	**USD'000**	**USD'000**
Trade payables			
BNT Express Co., Ltd	1,324	–	–
Others	520	21	115
	1,844	21	115
Other payables			
Honour Victory Holdings Limited	–	–	6,605
J&T Courier Service Sdn Bhd	–	2,340	2,461
Others	612	500	7
	612	2,840	9,073

(d) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Salaries, bonuses and fees	2,721	20,031	11,040
Pension cost – defined contribution plans	8	51	45
Share-based compensation	161,073	114,085	223,773
	163,802	134,167	234,858

(e) Terms and conditions

Terms for loans to related parties were negotiated on a case-by-case basis. During the Track Record Period, generally the Group entered into loan agreements with related parties with terms substantially ranging from 8 months to 3 years, with annual interest rates ranging from 0.4% to 7%.

The loans from the related parties generally mature between 1 to 3 years are repayable in a lump sum at maturity. The annual interest rate on these loans is generally fixed at a rate below 5%.

Services were rendered to or received from the related parties during the Track Record Period based on normal commercial terms, conditions and market rates that would be available to third parties and further negotiations.

40. COMMITMENT

(a) Capital commitments

Capital expenditure contracted for as at December 31, 2020, 2021 and 2022 but not yet incurred is as follows:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Right-of-use asset – Land in the PRC	–	22,052	11,659

(b) Short-term lease commitments

The Group leases certain warehouses and vehicles under non-cancellable short-term lease agreements. The lease terms are generally within one year.

The Group's future aggregate minimum lease payments under such non-cancellable short-term leases are as follows:

	As at December 31,		
	2020	2021	2022
	USD'000	USD'000	USD'000
Within one year	9,675	22,575	41,733

41. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration paid or payable to the directors of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) during the years ended December 31, 2020, 2021, and 2022 was as follows.

	Year ended December 31, 2020				
Name	**Fees**	**Salaries and bonuses**	**Pension cost – defined contribution plans**	**Share-based compensation**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Executive Director:					
Mr. Jet Jie Li *(i)*	–	1,642	5	161,073	162,720
Non-executive Directors:					
Ms. Alice Yu-fen Cheng *(ii)*	70	–	–	–	70
Mr. Yuan Zhang *(ii)*	–	–	–	–	–
Ms. Qinghua Liao *(ii)*	–	–	–	–	–
Other directors *(iv)*	–	113	–	–	113
	70	1,755	5	161,073	162,903

	Year ended December 31, 2021				
Name	**Fees**	**Salaries and bonuses**	**Pension cost – defined contribution plans**	**Share-based compensation**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Executive Director:					
Mr. Jet Jie Li *(i)*	–	11,932	23	80,223	92,178
Non-executive Directors:					
Ms. Alice Yu-fen Cheng *(ii)*	120	–	–	–	120
Mr. Yuan Zhang *(ii)*	–	–	–	–	–
Ms. Qinghua Liao *(ii)*	–	–	–	–	–
Other directors *(iv)*	–	762	12	3,988	4,762
	120	12,694	35	84,211	97,060

	Year ended December 31, 2022				
Name	**Fees**	**Salaries and bonuses**	**Pension cost – defined contribution plans**	**Share-based compensation**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Executive Director:					
Mr. Jet Jie Li *(i)*	–	4,349	11	223,773	228,133
Non-executive Directors:					
Ms. Alice Yu-fen Cheng *(ii)*	–	–	–	–	–
Mr. Yuan Zhang *(ii)*	–	–	–	–	–
Ms. Qinghua Liao *(ii)*	–	–	–	–	–
Other directors *(iv)*	–	656	10	–	666
	–	5,005	21	223,773	228,799

Notes:

(i) Mr. Jet Jie Li was appointed as executive director, Chief Executive Officer of the Company and chairman of the Board of the Company on May 15, 2020.

(ii) Ms. Alice Yu-fen Cheng and Mr. Yuan Zhang were appointed as non-executive directors of the Company on May 15, 2020. Ms. Qinghua Liao was appointed as non-executive director of the Company on March 3, 2022.

(iii) The appointment of Mr. Erh Fei Liu, Mr. Peng Shen and Mr. Charles Zhaoxuan Yang as our independent non-executive Directors will take effect on the [**REDACTED**]. During the years ended December 31, 2020, 2021, and 2022, the independent non-executive directors have not yet been appointed and did not receive any directors' remuneration in the capacity of independent non-executive directors of the Company.

(iv) Ms. Yang Lulu, Mr. Zhu He, Mr. Qiu Yanjie, Mr. Chen Mingyong, Mr. Li Leheng and Mr. Chen Zhiyi were appointed as directors on October 24, 2019, May 15, 2020, May 15, 2020, May 15, 2020, May 15, 2020 and February 26, 2021 and resigned on May 15, 2020, March 22, 2021, March 22, 2021, September 1, 2021, September 1, 2021 and March 3, 2022, respectively.

(b) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the Track Record Period.

No payment was made to the directors as compensation for early termination of appointment during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available directors' services at the end of each reporting period or at any time during the Track Record Period.

(d) Information about loans, quasi-loans, and other dealings in favour of directors, their controlled bodies, and connected entities

Save as disclosed in the Note 39, there were no loans, quasi-loans, and other dealings in favour of directors, their controlled bodies corporate and connected entities at the end of each reporting period or at any time during the Track Record Period.

(e) Directors' material interests in transactions, arrangements, or contracts

Save as disclosed in the Note 39, 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 each reporting period or at any time during the Track Record Period.

42. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees include one director whose remuneration is set out in Note 41 for each of the years ended December 31, 2020, 2021, and 2022. All of these individuals including that director have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period. None of the directors, the CEO and employees waived or agreed to waive any emoluments during the Track Record Period. The emoluments payable to the remaining four individuals, who are neither a director nor chief executive of the Company, during the Track Record Period, are as follows:

	2020	2021	2022
	USD'000	USD'000	USD'000
Salaries, bonuses and fees	11,817	14,127	7,958
Pension cost – defined contribution plans	32	38	43
Welfare, medical and other benefits	–	28	32
Share-based compensation	–	42,919	15,748
	11,849	57,112	23,781

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2020	2021	2022
Emolument bands (in HK dollar)			
HK$17,000,001 to HK$17,500,000	–	–	1
HK$18,500,001 to HK$19,000,000	1	–	–
HK$20,000,001 to HK$20,500,000	1	–	–
HK$21,500,001 to HK$22,000,000	–	–	1
HK$22,500,001 to HK$23,000,000	1	–	–
HK$30,500,001 to HK$31,000,000	1	–	–
HK$59,500,001 to HK$60,000,000	–	1	–
HK$63,500,001 to HK$64,000,000	–	1	–
HK$69,500,001 to HK$70,000,000	–	–	1
HK$76,000,001 to HK$76,500,000	–	–	1
HK$129,000,001 to HK$129,500,000	–	1	–
HK$191,000,001 to HK$191,500,000	–	1	–
	4	4	4

43. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation until July 2021.

In August 2021, the Company declared a cash dividend of USD12.0 cents per share, which was accounted for as a distribution of the share premium account of the Company with the amount of USD72,244,000 to holders of ordinary shares of the Company as at August 31, 2021, and interest expenses of USD81,602,000 (Note 10) payable to holders of preferred shares of the Company as at August 31, 2021. Such dividend was fully settled by cash in November 2021. No dividend has been paid or declared by the Company since then till December 31, 2022.

44. CONTINGENT LIABILITIES

There are no significant contingent liabilities as at December 31, 2020, 2021, and 2022.

45. SUBSEQUENT EVENTS

Additional issuance of convertible preferred shares

In May 2023, the Company entered into agreements with a third-party investor to raise Series D financing, with the total amount of USD200,000,000.

In the same month, 118,745,672 Series C1 Preferred Shares and 43,082,204 Series C2 Preferred Shares were issued to the existing Series C1 and C2 Preferred Shareholders respectively at nil consideration, representing both the exercise of relevant anti-dilution arrangements included in the Company's shareholder agreement, and an additional compensation to such shareholders as per relevant agreements entered into in May 2023.

The abovementioned issuance of Series C1 and Series C2 Preferred Shares as an additional compensation is to be accounted for as a share-based compensation to relevant shareholders and relevant fair value of such shares is to be included in the Group's selling, general and administrative expenses in year 2023.

The valuation process of the abovementioned newly issued Series C1 Preferred Shares and Series C2 Preferred Shares is still on-going.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2022 and up to the date of this report.