The following is the text of a report set out on pages I-1 to I-[•], received from the Company's reporting accountant, SHINEWING (HK) CPA Limited, 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 Sponsor 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.

ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FAR INTERNATIONAL HOLDINGS GROUP COMPANY LIMITED AND GRAND MOORE CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of FAR International Holdings Group Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[•] to I-[•], which comprises the consolidated statements of financial position of the Group as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the statement of financial position of the Company as at 31 December 2022 and 30 June 2023, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2022 and six months ended 30 June 2023 (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-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**Document**") in connection with the initial **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' 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' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**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 accountants' judgment, 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 accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 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 of the Company, 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 purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, of the Company's financial position as at 31 December 2022 and 30 June 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2022 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE 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-[5] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividends have been paid or declared by the Company and its subsidiaries in respect of the Track Record Period.

No financial statements for the Company

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

[•]
Certified Public Accountants
[•]
Practicing Certificate Number: [•]
Hong Kong
[•]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of the Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by SHINEWING (HK) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2020	2021	2022	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	*6*	1,512,148	1,353,686	1,251,983	609,741	673,910
Cost of sales		(1,388,924)	(1,253,830)	(1,147,318)	(560,732)	(619,455)
Gross profit		123,224	99,856	104,665	49,009	54,455
Other income, gains and losses, net	*8*	5,311	4,927	4,764	2,013	2,838
Selling expenses		(2,894)	(5,750)	(7,218)	(3,384)	(4,149)
Administrative and other expenses		(47,778)	(51,586)	(64,920)	(29,181)	(35,741)
(Impairment loss) reversal of impairment loss on trade and other receivables		(3,617)	1,424	622	—	(1,245)
Finance costs	*9*	(3,266)	(843)	(913)	(464)	(1,286)
Profit before tax		70,980	48,028	37,000	17,993	14,872
Income tax expenses	*10*	(18,285)	(11,136)	(10,097)	(3,898)	(3,128)
Profit for the year/period	*11*	52,695	36,892	26,903	14,095	11,744
Other comprehensive (expense) income for the year:						
Item that may be reclassified subsequently to profit or loss						
Exchange difference arising on translating foreign operations		(246)	(282)	3,186	1,013	5,299
Total comprehensive income for the year		52,449	36,610	30,089	15,108	17,043
Profit (loss) attributable to:						
— Owners of the Company		52,715	36,932	26,872	14,050	12,169
— Non-controlling interests		(20)	(40)	31	45	(425)
		52,695	36,892	26,903	14,095	11,744
Total comprehensive income (expense) attributable to:						
— Owners of the Company		52,469	36,650	30,058	15,063	17,468
— Non-controlling interests		(20)	(40)	31	45	(425)
		52,449	36,610	30,089	15,108	17,043
Earnings per share						
Basic and diluted *(RMB cents)*	*15*	377	63	54	24	31

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		The Group			
		As at 31 December			As at 30 June
		2020	2021	2022	2023
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*16*	17,052	15,330	23,932	22,857
Right-of-use assets	*17*	19,585	17,748	14,475	10,931
Goodwill	*18*	144,680	144,680	144,680	144,680
Deferred tax assets	*29*	2,802	4,373	4,293	4,011
		184,119	182,131	187,380	182,479
Current assets					
Trade receivables	*19*	124,094	122,835	103,956	200,818
Deposits, prepayments and other receivables	*21*	44,909	66,155	84,519	93,896
Financial assets at fair value through profit or loss	*20*	24,781	86,957	35	—
Time deposit	*23*	—	—	—	4,702
Bank balances and cash	*23*	151,433	216,514	239,499	231,448
		345,217	492,461	428,009	530,864
Current liabilities					
Trade payables	*24*	62,178	52,773	30,456	64,048
Accruals and other payables	*25*	21,110	26,404	33,754	29,196
Contract liabilities	*26*	15,595	18,213	13,271	11,951
Amount due to a director	*22*	25,016	42	42	42
Income tax payables		17,451	7,762	7,886	2,558
Lease liabilities	*17*	4,215	7,159	8,084	7,411
Borrowings	*27*	400	300	4,429	54,400
		145,965	112,653	97,922	169,606
Net current assets		199,252	379,808	330,087	361,258
Total assets less current liabilities		383,371	561,939	517,467	543,737
Non-current liabilities					
Deferred tax liabilities	*29*	2,852	47	38	38
Lease liabilities	*17*	3,901	11,417	7,518	3,485
		6,753	11,464	7,556	3,523
Net assets		376,618	550,475	509,911	540,214
Capital and reserves					
Paid-in capital/share capital	*30*	43,123	47,914	45,283	404
Reserves	*31*	333,441	502,547	464,583	540,190
		376,564	550,461	509,866	540,594
Non-controlling interests	*32*	54	14	45	(380)
		376,618	550,475	509,911	540,214

Statement of financial position of the Company

	Notes	As at 31 December 2022	As at 30 June 2023
		RMB'000	*RMB'000*
Non-current asset			
Investment in a subsidiary		—*	141,409
Current assets			
Prepayments and deferred issue costs		9,903	62,864
Cash and cash equivalents		—*	2
		9,903	62,866
Current liabilities			
Accruals		1,306	3,264
Amount due to a subsidiary	*38*	20,720	27,722
		22,026	30,986
Net current (liabilities) assets		(12,123)	31,880
Net (liabilities) assets		(12,123)	173,289
Capital and reserves			
Share capital	*30*	—*	404
Reserves	*31 (iii)*	(12,123)	172,885
Total (deficiency) equity		(12,123)	173,289

* The balances represent amount less than RMB1,000.

No statement of financial position as at 31 December 2020 and 2021 is presented as the Company has not been incorporated at that time.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Paid-in capital/share capital	Other reserves	Statutory surplus reserves	Translation reserve	Retained earnings	Sub total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 30)	*(Note 31 (i))*	*(Note 31 (ii))*				*(Note 32)*	
At 1 January 2020	43,123	184,596	30,361	(1,752)	67,767	324,095	74	324,169
Profit (loss) for the year	—	—	—	—	52,715	52,715	(20)	52,695
Exchange difference arising on translating foreign operations	—	—	—	(246)	—	(246)	—	(246)
Total comprehensive (expenses) income for the year	—	—	—	(246)	52,715	52,469	(20)	52,449
At 31 December 2020 and 1 January 2021	43,123	184,596	30,361	(1,998)	120,482	376,564	54	376,618
Profit (loss) for the year	—	—	—	—	36,932	36,932	(40)	36,892
Exchange difference arising on translating foreign operations	—	—	—	(282)	—	(282)	—	(282)
Total comprehensive (expenses) income for the year	—	—	—	(282)	36,932	36,650	(40)	36,610
Appropriations	—	—	1,762	—	(1,762)	—	—	—
Issue of shares *(Note 30)*	4,791	132,456	—	—	—	137,247	—	137,247
At 31 December 2021 and 1 January 2022	47,914	317,052	32,123	(2,280)	155,652	550,461	14	550,475
Profit for the year	—	—	—	—	26,872	26,872	31	26,903
Exchange difference arising on translating foreign operations	—	—	—	3,186	—	3,186	—	3,186
Total comprehensive income for the year	—	—	—	3,186	26,872	30,058	31	30,089
Shares repurchased and cancelled *(Note 30)*	(2,631)	(68,022)	—	—	—	(70,653)	—	(70,653)
At 31 December 2022 and 1 January 2023	45,283	249,030	32,123	906	182,524	509,866	45	509,911

	Paid-in capital/share capital	Other reserves	Statutory surplus reserves	Translation reserve	Retained earnings	Sub total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 30)	*(Note 31 (i))*	*(Note 31 (ii))*				*(Note 32)*	
At 31 December 2022 and 1 January 2023	45,283	249,030	32,123	906	182,524	509,866	45	509,911
Profit (loss) for the period	—	—	—	—	12,169	12,169	(425)	11,744
Exchange difference arising on translating foreign operations	—	—	—	5,299	—	5,299	—	5,299
Total comprehensive income (expenses) for the period	—	—	—	5,299	12,169	17,468	(425)	17,043
Capital injection from the **[REDACTED]**	457	12,803	—	—	—	13,260	—	13,260
Arising from Recognisation *(Note 30)*	(45,336)	45,336	—	—	—	—	—	—
At 30 June 2023	404	307,169	32,123	6,205	194,693	540,594	(380)	540,214
At 1 January 2022	47,914	317,052	32,123	(2,280)	155,652	550,461	14	550,475
Profit for the period	—	—	—	—	14,050	14,050	45	14,095
Exchange difference arising on translating foreign operations	—	—	—	1,013	—	1,013	—	1,013
Total comprehensive income for the period	—	—	—	1,013	14,050	15,063	45	15,108
At 30 June 2022 (unaudited)	47,914	317,052	32,123	(1,267)	169,702	565,524	59	565,583

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
OPERATING ACTIVITIES					
Profit before tax	70,980	48,028	37,000	17,993	14,872
Adjustments for:					
Depreciation of property, plant and equipment ("**PPE**")	3,795	5,053	4,603	2,438	2,131
(Gain) loss on disposal of PPE	(155)	(125)	298	333	56
Net gain on compensation of land resumption	—	(2,498)	—	—	—
Finance costs	3,266	843	913	464	1,286
Depreciation of right-of-use assets	7,791	7,439	9,408	4,768	4,302
Impairment loss (reversal of impairment loss) on trade and other receivables	3,617	(1,424)	(622)	—	1,245
(Gain) loss arising from change in fair value of financial assets at fair value through profit or loss	(859)	(2,839)	(2,635)	(1,360)	10
Bank interest income	(1,409)	(1,918)	(1,702)	(1,148)	(2,216)
Operating cash flows before working capital changes	87,026	52,559	47,263	23,488	21,686
Decrease (increase) in trade receivables	74,667	2,695	19,501	12,737	(98,153)
Decrease (increase) in deposits, prepayments and other receivables	8,628	(19,849)	(13,516)	(10,877)	(971)
Increase (decrease) in contract liabilities	74	2,618	(4,942)	(4,578)	(1,320)
(Decrease) increase in trade payables	(55,540)	(9,425)	(22,317)	(19,036)	33,592
Increase (decrease) in accruals and other payables	748	5,290	7,350	(1,905)	(4,734)
Cash generated from (used in) operations	115,603	33,888	33,339	(171)	(49,900)
Income taxes paid	(12,903)	(25,201)	(9,902)	(9,864)	(8,174)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	102,700	8,687	23,437	(10,035)	(58,074)

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
INVESTING ACTIVITIES					
Payments for purchase of PPE	(4,989)	(6,278)	(15,053)	(52)	(1,154)
Proceeds from disposal of PPE	313	1,694	1,550	153	42
Proceeds from disposal of financial assets at FVTPL	349,625	954,542	694,712	479,146	25
Purchase of financial assets at FVTPL	(361,887)	(1,013,879)	(605,155)	(436,866)	—
Advance to a director	—	—	(1,276)	—	—
Repayment from a director	—	—	1,276	—	—
Proceed from land resumption	—	15,594	—	—	—
Placement of unpledged time deposit	—	—	—	—	(4,702)
Bank interest income received	1,409	1,918	1,702	1,148	2,216
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(15,529)	(46,409)	77,756	43,529	(3,573)
FINANCING ACTIVITIES					
Repayment of bank loans	(86,900)	(7,400)	(300)	—	(159,429)
New bank borrowings raised	70,200	7,300	4,429	600	209,400
Proceed from issue of share	—	138,889	—	—	—
Payments on repurchase of shares	—	—	(70,653)	—	—
Expenses paid for the issuance of share	—	(1,642)	—	—	—
Capital injection from the **[REDACTED]**	—	—	—	—	13,260
Issue cost paid	—	(1,397)	(2,526)	(469)	(3,298)
Interest paid	(3,266)	(843)	(913)	(464)	(1,286)
Repayment of lease liabilities	(7,430)	(6,860)	(9,109)	(5,665)	(5,464)
Repayment to a director	(30,141)	(24,974)	—	(26)	—
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(57,537)	103,073	(79,072)	(6,024)	53,183
Net increase (decrease) in cash and cash equivalents	29,634	65,351	22,121	27,470	(8,464)
Cash and cash equivalents at beginning of the year	122,361	151,433	216,514	216,514	239,499
Effect of changes in exchange rate	(562)	(270)	864	348	413
Cash and cash equivalents at the end of the year	151,433	216,514	239,499	244,332	231,448

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act (as revised) of the Cayman Islands as an exempted company with limited liability on 24 November 2022 in preparation for the **[REDACTED]** of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate and ultimate holding company is Zi Yue Holdings Limited ("**Zi Yue**"), a company with limited liability incorporated in the British Virgins Islands. Zi Yue is wholly and directly owned by Wang Quan ("**Mr. Wang**"), who is also a director of the Company (the "**Controlling Shareholder**").

The address of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the Document.

The Company is an investment holding company and has not carried on any business since the date of its incorporation, save for the reorganisation described below. The Company and its subsidiaries (together referred to as the "**Group**") are principally engaged in the provision of delivery services, supply chain solutions and other services. The principal activities of its subsidiaries are set out in Note 36.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

In preparing for the **[REDACTED]** of the Company on the Stock Exchange, the companies comprising the Group underwent a group reorganisation (the "**Reorganisation**") as detailed in the section headed ["History, development and reorganisation"] in the Document.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 16 May 2023.

As the Reorganisation only involved inserting new holding companies and has not resulted in any change of economic substance, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since the respective dates of incorporation/establishment of the relevant companies now comprising the Group where this is a shorter period and the Company had always been the holding company of the Group. The consolidated statements of financial position of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure were in existence at those dates.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Historical Financial Information, the Group has consistently applied the accounting policies which conformed with the HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), and amendments and interpretations issued by the HKICPA which are effective for the Group's accounting period beginning on 1 January 2023 throughout the Track Record Period.

Amendments to HKFRSs issued but not yet effective

At the date of this report, the following amendments to HKFRSs and HKASs have been issued but are not yet effective. The Group has not early applied these amendments to HKFRSs and HKASs:

Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-Current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]

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

2 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that, the application of the above amendments to HKFRSs and HKASs will have no material impact on the financial performance and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the accounting policies set out below which conform to HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instrument that is measured at fair value as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial information of the Company and entities controlled by the Company upon the Reorganisation.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and non-controlling interest.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group and any unrealised profits arising from intra-group transactions are eliminated in full on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries in preparing the Historical Financial Information to bring their accounting policies in line with the Group's accounting policies.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less any identified impairment loss.

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

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.

A performance obligation represents a good or service that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised 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 asset is created or enhanced; 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 recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties and sales related taxes.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Provision of end-to-end cross-border delivery services

The Group provides delivery services to both corporate and individual customers. Delivery services mainly include parcel pickup, parcel sorting, line-haul transportation and last-mile delivery. Each order for delivery of parcels from the point of receiving the parcels from senders all the way through to the point when the parcels are delivered to end recipients, is considered as a performance obligation. The Group recognises revenue from delivery services over time since customers simultaneously receive the benefits provided by the Group's performance of services as the parcels are delivered from one location to another.

Provision of freight forwarding and other logistic service

Revenue from freight forwarding and other logistic service include freight forwarding, customs clearance, parcel pick-up from air/sea ports, warehouse operation, transportation and last-mile delivery. Revenue is recognised upon completion of the services.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

The Group recognised revenue from the following major sources:

- provision of end-to-end cross-border delivery services, freight forwarding and other logistic services

Foreign currencies

In preparing the financial statements of individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants related to income are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Retirement benefits costs

Payments to the state-managed retirement benefit scheme in the People's Republic of China and the Mandatory Provident Fund Scheme (the "**MPF Scheme**") in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Current and deferred tax are recognised in profit or loss.

Plant and equipment

Plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on plant and equipment and right-of-use assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment and right-of-use assets and other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash at banks and on hand, as defined above.

Lease

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract or acquisition date. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date of a lease, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

The lease liabilities are presented as a separate line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statements of financial position.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses as described in the "Impairment losses on plant and equipment and right-of-use assets and other than goodwill" policy as stated above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group's financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the "other income, gains and losses, net" line item (Note 8).

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("**FVTOCI**") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognition in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on this financial assets is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-months ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade payables, accruals and other payables, borrowings and amount due to a director, are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Fair value measurement

When measuring fair value, expect for the value in use of assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the each reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the Historical Financial Information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Impairment losses recognised in respect of trade and other receivables

The impairment provisions for trade receivables are measured using ECL model which requires the Group to use judgement in making assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment loss in profit or loss. As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the carrying amounts of trade receivables were approximately RMB124,094,000, RMB122,835,000, RMB103,956,000 and RMB200,818,000 respectively net of allowance for impairment loss of approximately RMB19,133,000, RMB17,660,000, RMB17,038,000 and RMB18,329,000 respectively. As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the carrying amounts of other receivables were approximately RMB3,645,000, RMB5,133,000, RMB2,795,000 and RMB2,691,000 respectively net of allowance for impairment loss of approximately RMB326,000, RMB329,000, RMB329,000 and RMB283,000 respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the carrying amount of goodwill were approximately RMB144,680,000, RMB144,680,000, RMB144,680,000 and RMB144,680,000 respectively with no accumulated impairment loss. Details of the recoverable amount calculation are disclosed in Note 18 to the Historical Financial Information.

The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of these financial instruments.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. The carrying amounts of property, plant and equipment and right-of-use assets as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 are set out in Notes 16 and 17 to the Historical Financial Information respectively.

6. REVENUE

Revenue mainly represents revenue arising from end-to-end cross-border delivery service, freight forwarding and other logistics services for the Track Record Period. An analysis of the Group's revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue from contracts with customers within the scope of HKFRS 15					
Disaggregated by major services lines					
End-to-end cross-border delivery service	1,355,220	1,076,932	980,436	496,827	589,909
Freight forwarding service	98,858	225,705	203,028	88,185	40,476
Other logistics service	58,070	51,049	68,519	24,729	43,525
	1,512,148	1,353,686	1,251,983	609,741	673,910

Disaggregation of revenue from contracts with customers by timing of recognition

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Timing of revenue recognition					
Overtime	1,355,220	1,076,932	980,436	496,827	589,909
A point in time	156,928	276,754	271,547	112,914	84,001
	1,512,148	1,353,686	1,251,983	609,741	673,910

Transaction price allocated to the remaining performance obligations

The sales contracts are with an original expected duration of less than one year. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price for the performance obligation that is unsatisfied as of the end of respective reporting period.

7. SEGMENT INFORMATION

The directors of the Company, being the chief operating decision makers, review the Group's internal reporting in order to assess performance and allocate resource. The Group is principally engaged in the provision of delivery services, supply chain solutions and other services. Information reported to the chief operating decision makers, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of revenue from external customers is based on the location of the orders placed as follows:

Revenue from external customers:

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Mainland China	1,255,710	1,186,993	1,091,668	535,777	586,726
Hong Kong	141,712	74,203	112,541	52,225	81,771
The United States	75,644	13,386	4,653	994	3,205
The United Kingdom	33,974	67,697	41,253	19,328	36
Other countries and regions	5,108	11,407	1,868	1,417	2,172
	1,512,148	1,353,686	1,251,983	609,741	673,910

As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, all of the Group's non-current assets excluding goodwill and deferred tax assets were located in the PRC.

Information about major customers

Revenue from customers contributed over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Shenzhen Yidatong Supply Chain Service Co., Ltd.* (深圳市一達通供應鏈服務有限公司) ("**Yidatong**")**	N/A#	218,580	153,347	86,941	85,548
Shanghai Yucan Information Technology Co., Ltd.* (上海禹璨信息技術有限公司)**	N/A#	N/A#	N/A#	N/A#	150,688

* for identification purpose only

** Revenue from end-to-end cross-border delivery service rendered.

The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. OTHER INCOME, GAINS AND LOSSES, NET

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Bank interest income	1,409	1,918	1,702	1,148	2,216
Government grants *(notes (i))*	3,011	278	811	120	383
Gain (loss) arising from change in fair value of financial assets at FVTPL	859	2,839	2,635	1,360	(10)
Net gain on compensation of land resumption *(notes (ii))*	—	2,498	—	—	—
Net gain (loss) on disposal of property, plant and equipment	155	125	(298)	(333)	(56)
Exchange difference	(719)	(3,552)	(1,438)	(1,302)	(426)
Sundry income	596	821	1,352	1,020	731
	5,311	4,927	4,764	2,013	2,838

Notes:

(i) The government grants were mainly incentives provided by local government authorities in the PRC for various forms of government financial incentives to reward the Group's support and contribution for the development of local economies. As of 31 December 2020, 31 December 2021, 31 December 2022, 30 June 2022 and 30 June 2023, there were no unfulfilled conditions or contingencies relating to these government grants.

(ii) On 24 December 2020, the Beiyuan Street Office of Yiwu City, Zhejiang ("**Beiyuan Street**") and Yiwu Yiyun Supply Chain Management Co., Limited* (義烏易雲供應鏈管理有限公司) ("**Yiwu Yiyun**"), a wholly owned subsidiary of the Company, entered into a land resumption agreement ("**Land Resumption Agreement**") that Beiyuan Street would resume a piece of land owned by Yiwu Yiyun which was located at Yiwu City, Zhejiang ("**Yiwu Land**") according to the evaluation results. Accordingly, Beiyuan Street shall pay Yiwu Yiyun a land compensation fee of approximately RMB15,594,000. Yiwu Yiyun returned the Yiwu Land to Beiyuan Street on 12 March 2021 and thus, the corresponding right of use assets and property, plant and equipment amounting to approximately RMB11,718,000 and RMB1,378,000 respectively, were disposed during the year ended 31 March 2021.

* for identification purpose only

9. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interests on:					
Bank borrowings	753	41	79	13	1,011
Lease liabilities	579	677	834	451	275
Amount due to a director	1,934	125	—	—	—
	3,266	843	913	464	1,286

10. INCOME TAX EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current income tax:					
— Hong Kong Profits Tax	1,080	778	1,624	504	17
— Corporate Income Tax	17,469	14,734	8,402	3,285	2,829
Deferred taxation *(Note 29)*	(264)	(4,376)	71	109	282
	18,285	11,136	10,097	3,898	3,128

(i) Pursuant to the rules and regulation of the British Virgin Islands and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.

(ii) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. For the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and six months ended 30 June 2022 and 30 June 2023, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at the flat rate of 16.5%.

(iii) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the Enterprise Income Tax rate is 25%. Subject to certain preferential tax treatment, the applicable tax rate of certain PRC subsidiaries is 15% and certain research and development costs of the Company's PRC subsidiaries are qualified for (i) 75% additional deduction for tax purpose for the year ended 31 December 2020; and (ii) for 100% additional deduction for tax purpose for the years ended 31 December 2021 and 31 December 2022 and the six months ended 30 June 2022 and 30 June 2023.

(iv) The tax concession for Hong Kong Profits Tax represents reduction of Hong Kong Profits Tax for the year of assessment of 2020/21, 2021/22 and 2022/23 by 100%, subject to a ceiling of HK$10,000, HK$10,000 and HK$6,000 for each subsidiary under Hong Kong tax jurisdiction.

The income tax expenses for the years/periods ended 31 December 2020, 31 December 2021 and 31 December 2022 and six months ended 30 June 2022 and 30 June 2023 can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before tax	70,980	48,028	37,000	17,993	14,872
Tax at the applicable domestic income tax rates	17,745	12,007	9,250	4,498	3,718
Tax effect of expenses not deductible for tax purpose	3,027	946	3,061	1,099	2,820
Tax effect of income not taxable for tax purpose	(24)	(22)	(67)	(26)	(38)
Utilisation of tax losses previously not recognized	—	—	—	—	(905)
Tax effect of tax losses not recognised	388	242	1,307	459	591
Tax effect of different tax rates of subsidiaries	(580)	(336)	(1,342)	(901)	(1,778)
Additional deduction for qualified research and development costs	(2,261)	(1,691)	(2,106)	(1,225)	(1,274)
Hong Kong Profits Tax concession	(10)	(10)	(6)	(6)	(6)
Income tax expenses for the year/period	18,285	11,136	10,097	3,898	3,128

11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging (crediting):

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Directors' emoluments *(Note 12)*	2,029	3,077	3,013	1,505	1,493
Salaries, allowances and other benefits (excluding directors' emoluments)	52,946	59,286	56,781	28,606	30,344
Contributions to retirement benefits scheme (excluding directors' emoluments)	2,214	5,482	6,366	3,205	2,953
Total staff costs	57,189	67,845	66,160	33,316	34,790
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Research and development cost *(note)*	829	649	1,191	693	472
Impairment losses (reversal of impairment losses) on:					
— trade receivables	3,617	(1,427)	(622)	—	1,291
— other receivables	—	3	—	—	(46)
	3,617	(1,424)	(622)	—	1,245
Depreciation of plant and equipment	3,795	5,053	4,603	2,438	2,131
Depreciation of right-of-use assets	7,791	7,439	9,408	4,768	4,302

Note: The item does not include depreciation and employee benefits and related expenses related to research and development.

12. DIRECTORS' EMOLUMENTS

Details of directors' emoluments are as follows:

	Fees	Salaries, allowances and other benefits	Contributions to retirement benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020				
Executive directors (Note i)				
Mr. Wang (王泉) *(Note ii)*	—	545	10	555
Ms. Zhang Min ("**Ms. Zhang**") (張旻) *(Note iii)*	—	—	—	—
Mr. Yang Zhilong ("**Mr. Yang**") (楊志龍)	—	313	24	337
Mr. Zhang Guangyang ("**Mr. Zhang**") (張光陽)	—	794	7	801
Mr. Zhu Jiong ("**Mr. Zhu**") (朱炯)	—	325	11	336
Non-executive director				
Mr. Wang Tiantian (王添天) *(Note iv)*	—	—	—	—
Independent non-executive directors				
Mr. Sun Peng ("**Mr. Sun**") (孫鵬) *(Note v)*	—	—	—	—
Mr. Ye Xingyue ("**Mr. Ye**") (葉星月) *(Note vi)*	—	—	—	—
Mr. Ren Tiangan ("**Mr. Ren**") (任天干) *(Note vi)*	—	—	—	—
	—	1,977	52	2,029

	Fees	Salaries, allowances and other benefits	Contributions to retirement benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021				
Executive directors (Note i)				
Mr. Wang (王泉) *(Note ii)*	—	542	22	564
Ms. Zhang (張旻)	—	694	114	808
Mr. Yang (楊志龍)	—	355	33	388
Mr. Zhang (張光陽)	—	919	19	938
Mr. Zhu (朱炯)	—	357	22	379
Non-executive director				
Mr. Wang Tiantian (王添天) *(Note iv)*	—	—	—	—
Independent non-executive directors				
Mr. Sun (孫鵬) *(Note v)*	—	—	—	—
Mr. Ye (葉星月) *(Note vi)*	—	—	—	—
Mr. Ren (任天干) *(Note vi)*	—	—	—	—
	—	2,867	210	3,077
Year ended 31 December 2022				
Executive directors (Note i)				
Mr. Wang (王泉) *(Note ii)*	—	479	22	501
Ms. Zhang (張旻)	—	807	116	923
Mr. Yang (楊志龍)	—	385	22	407
Mr. Zhang (張光陽)	—	666	20	686
Mr. Zhu (朱炯)	—	394	22	416
Non-executive director				
Mr. Wang Tiantian (王添天) *(Note iv)*	—	—	—	—
Independent non-executive directors				
Mr. Sun (孫鵬) *(Note v)*	80	—	—	80
Mr. Ye (葉星月) *(Note vi)*	—	—	—	—
Mr. Ren (任天干) *(Note vi)*	—	—	—	—
	80	2,731	202	3,013

	Fees	Salaries, allowances and other benefits	Contributions to retirement benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2022 (Unaudited)				
Executive directors (Note i)				
Mr. Wang (王泉) *(Note ii)*	—	239	11	250
Ms. Zhang (張旻)	—	403	58	461
Mr. Yang (楊志龍)	—	192	11	203
Mr. Zhang (張光陽)	—	333	10	343
Mr. Zhu (朱炯)	—	197	11	208
Non-executive director				
Mr. Wang Tiantian (王添天) *(Note iv)*	—	—	—	—
Independent non-executive directors				
Mr. Sun (孫鵬) *(Note v)*	40	—	—	40
Mr. Ye (葉星月) *(Note vi)*	—	—	—	—
Mr. Ren (任天干) *(Note vi)*	—	—	—	—
	40	1,364	101	1,505
Six months ended 30 June 2023				
Executive directors (Note i)				
Mr. Wang (王泉) *(Note ii)*	—	239	11	250
Ms. Zhang (張旻)	—	403	58	461
Mr. Yang (楊志龍)	—	192	11	203
Mr. Zhang (張光陽)	—	334	10	344
Mr. Zhu (朱炯)	—	197	11	208
Non-executive director				
Mr. Wang Tiantian (王添天) *(Note iv)*	—	—	—	—
Independent non-executive directors				
Mr. Sun (孫鵬) *(Note v)*	27	—	—	27
Mr. Ye (葉星月) *(Note vi)*	—	—	—	—
Mr. Ren (任天干) *(Note vi)*	—	—	—	—
	27	1,365	101	1,493

Notes:

(i) No chief executive was appointed during the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and six months ended 30 June 2022 and 30 June 2023. Ms. Zhang, Mr. Yang, Mr. Zhang and Mr. Zhu were appointed as executive directors of the Company on 24 February 2023.

(ii) Mr. Wang was appointed as a director of the Company on 24 November 2022 and was redesignated as an executive director of the Company on 24 February 2023.

(iii) Ms. Zhang joined a subsidiary now comprising the Group as the general manager on 1 February 2021 and therefore no remuneration was paid or payable during the year ended 31 December 2020.

(iv) Mr. Wang Tiantian joined a subsidiary now comprising the Group as a director on 8 August 2021 and he was not entitled to receive any remuneration and was appointed as a non-executive director of the Company on 24 February 2023.

(v) Mr. Sun joined a subsidiary now comprising the Group as an independent non-executive director on 26 July 2021 and started to receive remuneration commencing from 1 January 2022. Therefore, no remuneration was paid or payable during the years ended 31 December 2020 and 31 December 2021.

(vi) Mr. Ye and Mr. Ren were appointed as independent non-executive directors of the Company on [•] and therefore no remuneration was paid or payable during the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and six months ended 30 June 2022 and 30 June 2023.

None of the directors of the subsidiaries now comprising the Group and the Company waived or agreed to waive any emoluments paid by the Group during the Track Record Period.

No emoluments were paid by the Group to any of the directors of the subsidiaries now comprising the Group and the Company as an incentive payment for joining the Group or as compensation for loss of office during the Track Record Period.

During the Track Record Period, executive directors of the Company received remuneration from the subsidiaries now comprising the Group for services in connection with the management of affairs of the Group prior to becoming the directors of the Company.

13. EMPLOYEES' EMOLUMENTS

The five individuals with the highest emoluments in the Group included two, three, three, two and three directors of the Company for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and six months ended 30 June 2022 and 30 June 2023 respectively, whose emoluments are set out in Note 12 above. The emoluments of the remaining three, two, two, three and two highest paid individuals for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and six months ended 30 June 2022 and 30 June 2023 were as follows:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, allowances and other benefits	1,521	1,059	1,118	842	559
Contributions to retirement benefits scheme	21	52	152	85	76
	1,542	1,111	1,270	927	635

Their emoluments were within the following band:

	Year ended 31 December			Six months ended 30 June	
	2020	**2021**	**2022**	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (Unaudited)	*Number of individuals*
Nil to RMB1,000,000	3	2	2	3	2

No emoluments were paid by the Group to any of the five highest paid individuals of the Group including the directors of the Company as an incentive payment for joining the Group or as compensation for loss of office during the Track Record Period.

14. DIVIDEND

No dividend has been paid or declared by the Company and its subsidiaries during the Track Record Period, nor after the Track Record Period.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share during the Track Record Period is based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares in issue.

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Earnings for the purpose of basic earnings per share (profit for the year/ period attributable to owners of the Company)	52,715	36,932	26,872	14,050	12,169
	'000	*'000*	*'000*	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	13,966	58,576	50,025	58,946	38,982

The weighted average number of ordinary shares for the purpose of basic earnings per share during the Track Record Period has been determined based on the number of shares in issue and deemed to be in issue (assuming the paid-in capital of the subsidiaries had been fully represented as share capital of the Company), adjusted by the capital injection or share capital issued during the respective year, multiplied by a time-weighting factor, on the assumption that the Reorganisation as detailed in Note 2 and **[REDACTED]** as detailed in the section headed "Share Capital" to the Document have been effective on 1 January 2020.

Diluted earnings per share

Diluted earnings per share is same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the Track Record Period.

16. PROPERTY, PLANT AND EQUIPMENT

	Ownership interests in building	Computer and office equipment	Furniture and fittings	Motor vehicles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2020	7,731	2,060	4,769	14,306	1,522	30,388
Additions	—	755	372	2,336	1,526	4,989
Disposals	—	(204)	(460)	(1,769)	—	(2,433)
At 31 December 2020 and 1 January 2021	7,731	2,611	4,681	14,873	3,048	32,944
Additions	—	661	1,066	1,351	3,200	6,278
Disposals	(3,923)	(22)	(21)	(1,470)	—	(5,436)
At 31 December 2021 and 1 January 2022	3,808	3,250	5,726	14,754	6,248	33,786
Additions	12,012	1,701	52	1,169	119	15,053
Disposals	—	(489)	(783)	(1,811)	—	(3,083)
At 31 December 2022 and 1 January 2023	15,820	4,462	4,995	14,112	6,367	45,756
Additions	—	307	566	211	70	1,154
Disposals	—	—	(246)	(710)	—	(956)
At 30 June 2023	15,820	4,769	5,315	13,613	6,437	45,954
ACCUMULATED DEPRECIATION						
At 1 January 2020	1,446	1,324	2,231	8,840	531	14,372
Provided for the year	305	417	633	1,646	794	3,795
Disposals	—	(185)	(435)	(1,655)	—	(2,275)
At 31 December 2020 and 1 January 2021	1,751	1,556	2,429	8,831	1,325	15,892
Provided for the year	187	523	627	1,872	1,844	5,053
Disposals	(1,064)	(18)	(19)	(1,388)	—	(2,489)
At 31 December 2021 and 1 January 2022	874	2,061	3,037	9,315	3,169	18,456
Provided for the year	246	575	628	1,838	1,316	4,603
Disposals	—	(192)	(269)	(774)	—	(1,235)
At 31 December 2022 and 1 January 2023	1,120	2,444	3,396	10,379	4,485	21,824
Provided for the period	177	467	671	263	553	2,131
Disposals	—	—	(184)	(674)	—	(858)
At 30 June 2023	1,297	2,911	3,883	9,968	5,038	23,097
NET CARRYING AMOUNTS						
At 31 December 2020	5,980	1,055	2,252	6,042	1,723	17,052
At 31 December 2021	2,934	1,189	2,689	5,439	3,079	15,330
At 31 December 2022	14,700	2,018	1,599	3,733	1,882	23,932
At 30 June 2023	14,523	1,858	1,432	3,645	1,399	22,857

The above items of plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, as follows:

Building	Over the terms of the leases
Computer and office equipment	3–10 years
Furniture and fittings	3–10 years
Motor vehicles	3–5 years
Leasehold improvements	5 years or over lease term whichever is shorter

During the year ended 31 December 2021, approximately RMB1,378,000 was disposed due to the Land Resumption Agreement entered into by the Group. Further details of the Land Resumption Agreement are set out in Note 8.

17. RIGHT OF USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

Breakdown of balances as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023:

	At 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	7,867	17,748	14,475	10,931
Land use right	11,718	—	—	—
	19,585	17,748	14,475	10,931

At 31 December 2020, right-of-use assets of approximately RMB11,718,000 represent land use rights located in the PRC.

Additions of the right-of-use assets for the years ended of 31 December 2020, 31 December 2021, 31 December 2022 and six months ended 30 June 2023 amounted to approximately RMB3,949,000, RMB17,320,000, RMB6,135,000 and RMB758,000 respectively through renewal of existing leases and new leases of buildings.

At 31 December 2020, right-of-use assets of approximately RMB11,718,000 represents land use right located in the Yiwu City, Zhejiang and was disposed due to the Land Resumption Agreement entered into by the Group during the year ended 31 December 2021. Further details of the Land Resumption Agreement are set out in Note 8.

(ii) Lease liabilities

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	4,215	7,159	8,084	7,411
Non-current	3,901	11,417	7,518	3,485
	8,116	18,576	15,602	10,896

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount payable under lease liabilities:				
Within one year	4,215	7,159	8,084	7,411
After one year but within two years	2,218	6,035	6,698	3,446
After two years but within five years	1,683	5,382	820	39
	8,116	18,576	15,602	10,896

During the years ended 31 December 2020, 31 December 2021, 31 December 2022 and six months ended 30 June 2023, the Group entered into renewal of existing and new lease agreements in respect of buildings and recognised lease liabilities of approximately RMB3,949,000, RMB17,320,000, RMB6,135,000 and RMB758,000 respectively.

(iii) Amounts recognised in profit or loss

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation expenses on right-of-use assets	7,791	7,439	9,408	4,768	4,302
Interest expenses on lease liabilities (included in finance costs)	579	677	834	451	275
Expenses relating to short-term leases (included in administrative and other expenses)	316	—	—	—	401
Expense relating to leases of low value assets (included in administrative and other expenses)	31	13	15	11	17

The Group had no expenses relating to variable lease payments not included in the measurement of the lease liability during the Track Record Period. All leases payments are fixed payments.

(iv) Others

During the years ended 31 December 2020, 31 December 2021, 31 December 2022 and six months ended 30 June 2022 and 30 June 2023, total cash outflow for leases amounted to approximately RMB8,356,000, RMB7,550,000, RMB9,958,000, RMB6,127,000 and RMB6,157,000 respectively.

18. GOODWILL

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning and end of the year/period	144,680	144,680	144,680	144,680

Note: During the year ended 31 December 2017, the Group acquired 深圳市滙通天下物流有限公司 (Global Link Logistics Services Limited* ("**Shenzhen Global Link**")) which is engaged in supply chain management in Shenzhen, the PRC.

* for identification purpose only

Goodwill resulting from the business combinations has been allocated to Shenzhen Global Link as a single cash-generating unit ("**CGU**") ("**CGU Shenzhen Global Link**"). The management of the Group assessed the impairment on goodwill at the CGU Shenzhen Global Link, which represents the lowest level within the Group at which the goodwill is monitored for impairment assessment. For the impairment testing of goodwill for the Track Record Period, the recoverable amounts of the CGU have been determined based on value-in-use calculations. The impairment assessment of goodwill is performed by the management of the Group with reference to the valuation prepared by an independent professional valuer and the value-in-use calculations have been determined using a discounted cash flows model, which is based on financial budgets approved by the management of the Group covering a 5-year period. Expected cash inflows/outflows have been taken into account of past performance and management's expectations for the market development including forecast revenue, gross margins, and raw materials price inflation. The future cash flows are also highly dependent on the unobservable inputs of forecast sales volumes and forecast selling prices. Management believes that any reasonably possible changes in these assumptions and inputs would not result in the carrying amount of the CGU Shenzhen Global Link exceeding its recoverable amount as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023.

Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2% throughout the Track Record Period. Other key parameters for the value-in-use calculations as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, which are based on either the past experience or management's expectation for the market development, are as follows:

	At 31 December 2020	**At 31 December 2021**	**At 31 December 2022**	**As at 30 June 2023**
Pre-tax Discount rate	19.7%	20.9%	22.3%	22.2%
Revenue growth rate within 5-year period	5% to 8%	5% to 8%	5% to 8%	5% to 8%
Terminal Growth rate	2%	2%	2%	2%

The recoverable amounts of the CGU Shenzhen Global Link are estimated to exceed its carrying amounts by approximately RMB70,618,000, RMB48,592,000 and RMB61,955,000 and RMB76,408,000 at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, respectively.

As a result of the impairment testing on goodwill, the management of the Group is of the view that there was no impairment on the goodwill for the Track Record Period.

In addition, the management of the Group performed the sensitivity analysis based on changes of the abovementioned key parameters and inputs. Had the estimated key assumptions during the forecast period been changed as below while other parameters remained constant, the excess of recoverable amounts of the CGU Shenzhen Global Link over its carrying amounts, as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 would decrease to the amounts set out as below:

	At 31 December 2020	At 31 December 2021	At 31 December 2022	As at 30 June 2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pre-tax Discount rate increased by 5%	58,032	36,093	49,872	64,069
Revenue growth rate within 5-year period decreased by 5%	67,873	44,946	57,680	60,562
Terminal Growth rate decreased by 5%	69,462	47,508	61,064	75,369

19. TRADE RECEIVABLES

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	143,227	140,495	120,994	219,147
Less: Allowance for impairment loss of trade receivables	(19,133)	(17,660)	(17,038)	(18,329)
	124,094	122,835	103,956	200,818

As at 30 June 2023, trade receivables with approximately RMB98,609,000 were pledged to secure the bank borrowings granted to the Group.

The gross carrying amount of the Group's trade receivables dominated in currencies other the functional currencies of the relevant group entities are set out below:

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	34,442	20,927	14,339	8,599
HK$	997	—	749	1,062
GBP	4,543	1,853	277	14
EUR	9	5	5	194

The Group allows credit period of 0 to 90 days to its trade customers depending on creditability of the customers. The Group does not hold any collateral over its trade receivables.

The following is an aged analysis of trade receivables, net of allowance for impairment loss of trade receivables, presented based on the invoice date, which approximates the respective revenue recognition dates, at the end of the reporting period.

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	88,695	96,409	96,013	179,433
4–12 months	33,761	25,279	6,431	19,183
1–2 years	1,638	1,147	1,512	2,202
	124,094	122,835	103,956	200,818

Before accepting any new customers, the Group uses internal credit approval procedures to assess the potential customer's credit quality and defines credit limits for each customer.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The ECL on trade receivables are estimated collectively by using a provision matrix by reference to historical credit loss experience of the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The estimated loss rates are estimated based on historical default experience and adjusted for forward-looking information which reflect the general economic conditions of the industry in which the debtors operate that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

The Group recognised lifetime ECL for trade receivables with gross carrying amount of approximately RMB143,227,000, RMB140,495,000, RMB120,994,000 and RMB219,147,000 as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, collectively by applying expected credit loss rates ranging from 8.4% to 14.1%. Impairment losses of approximately RMB3,617,000 and RMB1,291,000 were recognised during the year ended 31 December 2020 and six months ended 30 June 2023 respectively and reversal of impairment losses of approximately RMB1,427,000 and RMB622,000 was recognised during the years ended 31 December 2021 and 31 December 2022 respectively.

The movement in the impairment losses of trade receivables is as follows:

	Impairment loss of trade receivables
	RMB'000
Balance at 1 January 2020	18,222
Impairment losses recognised	3,617
Written off	(2,706)
Balance at 31 December 2020 and 1 January 2021	19,133
Reversal of impairment losses	(1,427)
Written off	(46)
Balance at 31 December 2021 and 1 January 2022	17,660
Reversal of impairment losses	(622)
Balance at 31 December 2022 and 1 January 2023	17,038
Impairment losses recognised	1,291
Balance as at 30 June 2023	18,329

There has been no change in the estimation techniques or significant assumptions made throughout the Track Record Period in assessing the loss allowance for trade receivables.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December			At 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits *(Note i)*	—	20,000	—	—
Wealth management products *(Note ii)*	24,781	66,957	35	—
	24,781	86,957	35	—

The financial assets at FVTPL as at 31 December 2020, 31 December 2021 and 31 December 2022 represented contracts of structured deposits and wealth management products with banks in the PRC which are presented as current assets since their maturities are within 12 months from the end of the reporting period based on the contract terms.

Notes:

(i) Pursuant to the relevant agreements, these structured deposits carry interest at a variable rate per annum with reference to the performance of foreign currency or interest rate during the investment period and the principal sums are denominated in RMB. The directors of the Company consider the fair values of the structured deposits, which are based on the prices provided by the counterparty banks representing the prices they would pay to redeem the deposits at 31 December 2020, 31 December 2021 and 31 December 2022 approximate to their carrying values on the same day.

(ii) The returns of wealth management products are determined by reference to the performance of investment portfolio of mainly debt securities and the investment performance is managed by the issuing banks.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits paid to suppliers	5,825	13,880	27,581	26,075
Other deposits paid	2,102	1,299	1,346	904
Prepayments	33,400	44,711	48,541	56,406
Deferred issue costs	—	1,397	3,923	7,221
Value added Tax ("**VAT**") recoverable	263	64	662	882
Other receivables	3,645	5,133	2,795	2,691
	45,235	66,484	84,848	94,179
Less: Impairment losses of other receivables	(326)	(329)	(329)	(283)
	44,909	66,155	84,519	93,896

The Group measures the impairment for other receivables based on 12-month ECL.

The movement in the impairment loss of other receivables is as follows:

	Impairment loss of other receivables
	RMB'000
Balance as at 1 January 2020, 31 December 2020 and 1 January 2021	326
Impairment losses recognised	3
Balance as at 31 December 2021, 1 January 2022 and 31 December 2022	329
Reversal of impairment losses	(46)
Balance as at 30 June 2023	283

22. AMOUNT DUE TO A DIRECTOR

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a director:				
Mr. Wang (王泉)	25,016	42	42	42

As at 31 December 2020, the amount due to a director of approximately RMB25,016,000 carried flowing interest rate of People's Bank of China's Benchmark Lending Rate per annum and was repayable within 12 months. The amount was fully settled during the year ended 31 December 2021.

As at 31 December 2021, 31 December 2022 and 30 June 2023, the amount due to a director is non-interest bearing, unsecured, repayable on demand and non-trade in nature. In the opinion of the directors of the Company, the amount will be settled before the **[REDACTED]** of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited.

23. TIME DEPOSIT/ BANK BALANCES AND CASH

(i) Time deposit

	At 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Time deposit with original maturity over three months.	—	—	—	4,702

The time deposit is denominated in HK$.

(ii) Bank balances and cash

Cash and bank balances included demand deposits and short-term bank deposits for the purpose of meeting the Group's short term cash commitment. Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Included in the bank balances and cash is the following amounts denominated in currencies other than the functional currency of relevant group entities:

	At 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	19,869	5,258	12,337	4,317
HKD	3,570	8,334	1,438	6,717
GBP	69	507	44	650
EUR	67	804	454	422
AUD	1	1	1	1

24. TRADE PAYABLES

	At 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	62,178	52,773	30,456	64,048

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	At 31 December			As at 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	54,466	48,188	27,810	59,681
4-12 months	7,471	4,189	2,418	4,213
1-2 years	230	192	200	142
2-3 years	11	204	28	12
Total	62,178	52,773	30,456	64,048

The average credit period on purchases of goods is up to 90 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

The gross carrying amount of the Group's trade payables is dominated in currencies other the functional currency of the relevant group entity is set out below:

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	43,217	6,895	4,352	19,679
HK$	10,186	11,778	3,514	15,083
GBP	4,014	2,136	46	329
EUR	96	84	122	254
AUD	201	160	99	27
JPY	46	73	86	31

25. ACCRUALS AND OTHER PAYABLES

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries payable	13,786	19,063	22,078	19,473
Accrued expenses	309	7	7	—
Other payables	6,870	7,146	11,536	9,649
Other tax payables	145	188	133	74
	21,110	26,404	33,754	29,196

26. CONTRACT LIABILITIES

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	15,595	18,213	13,271	11,951

Contract liabilities represent advances received from customers related to delivery services.

Revenue recognised during the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the six months ended 30 June 2023 were included in the contract liabilities at the beginning of the years are approximately RMB15,521,000, RMB15,595,000, RMB18,213,000 and RMB13,271,000 respectively in respect of delivery services. There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

27. BORROWINGS

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings:				
Secured	—	—	—	30,000
Unsecured	400	300	4,429	24,400
	400	300	4,429	54,400

As at 30 June 2023, secured bank borrowings with carrying amount of approximately RMB30,000,000 was pledged by trade receivables with carrying amount of approximately RMB98,609,000.

As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, bank borrowings of approximately RMB400,000, RMB300,000, RMB4,429,000 and RMB54,400,000 respectively, carried fixed interest at 4.15% per annum, 4.55% per annum, from 4.25% to 5.00% per annum and from 3.70% to 4.50% per annum respectively.

The bank borrowings are all repayable within one year based on scheduled repayment dates set out in the loan agreements and contain no repayable on demand clause.

28. RETIREMENT BENEFITS PLAN

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by the Company's directors and employees. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees of the Group in Mainland China are members of stated-managed retirement benefit schemes operated by the relevant governments. The Group is required to contribute a certain percentage of payroll costs to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is make the specified contributions. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The total cost charged to consolidated statements of profit or loss and other comprehensive income of approximately RMB2,266,000, RMB5,692,000, RMB6,568,000, RMB3,306,000 and RMB3,054,000 represents contributions payable to these schemes by the Group for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and six months ended 30 June 2022 and 30 June 2023, respectively.

29. DEFERRED TAXATION

The following is the analysis of the deferred tax asset (liabilities), after set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	At 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	2,802	4,373	4,293	4,011
Deferred tax liabilities	(2,852)	(47)	(38)	(38)
	(50)	4,326	4,255	3,973

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Impairment loss on trade and other receivables	Tax losses	Land use right	Property, plant and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	2,547	—	(2,796)	(65)	(314)
Credited to profit or loss	255	—	—	9	264
At 31 December 2020 and 1 January 2021	2,802	—	(2,796)	(56)	(50)
(Charged) credited to profit or loss	(261)	1,832	2,796	9	4,376
At 31 December 2021 and 1 January 2022	2,541	1,832	—	(47)	4,326
(Charged) credited to profit or loss	(80)	—	—	9	(71)
At 31 December 2022 and 1 January 2023	2,461	1,832	—	(38)	4,255
Charged to profit or loss	[(282)]	—	—	—	(282)
At 30 June 2023	2,179	1,832	—	(38)	3,973

As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the Group had estimated unused tax losses of approximately RMB3,510,000, RMB16,690,000, RMB21,918,000 and RMB20,662,000, respectively, available for offset against future profits, among which nil, RMB12,213,000, RMB12,213,000 and RMB12,213,000 of unused tax losses were recognised as deferred tax assets. No deferred tax asset has been recognised in relation to the remaining tax losses amounting to RMB3,510,000, RMB4,477,000, RMB9,705,000 and RMB8,449,000 as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, respectively, due to the unpredictability of future profit streams. As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, tax losses incurred by subsidiaries in the PRC of RMB3,510,000, RMB16,690,000, RMB21,918,000 and RMB20,662,000 will expire in the next five years.

30. PAID-IN CAPITAL/SHARE CAPITAL

The Group

For the purpose of the presentation of the Historical Financial Information, the balance of paid-in capital/share capital of the Group at 1 January 2020, 31 December 2020, 31 December 2021 and 31 December 2022 represented the aggregate of paid-in capital/share capital of companies comprising the Group after elimination of inter-company investments prior to the completion of the Reorganisation.

During the year ended 31 December 2021, paid-in capital of approximately RMB4,791,000 was increased due to the contributions from a shareholder with the total consideration of approximately RMB138,889,000. Incremental costs directly attributable to the capital contribution of approximately RMB1,642,000 was treated as a deduction against other reserve.

On 8 August 2022, Hangzhou FAR International Logistics Co., Ltd.* (杭州泛遠國際物流股份有限公司) ("**Hangzhou FAR**") (subsequently renamed as "杭州泛遠國際物流有限公司" in January 2023), the subsidiary now comprising the Group, entered into a share repurchase agreement with Zhongtai Venture Capital (Shanghai) Company Limited* (中泰創業投資(上海)有限公司) (previously known as Zhongtai Venture Capital (Shenzhen) Company Limited* (中泰創業投資(深圳)有限公司)) ("**Zhongtai**") pursuant to which Zhongtai has agreed to sell, and Hangzhou FAR has agreed to repurchase for cancellation, of 1,161,166 shares at a total consideration of approximately RMB33,327,000.

On 15 August 2022, Hangzhou FAR, the subsidiary now comprising the Group, entered into a share repurchase agreement with Anhui Guoyuan Venture Capital Company Limited* (安徽國元創投有限責任公司) ("**Anhui Guoyuan**") pursuant to which Anhui Guoyuan had agreed to sell, and Hangzhou FAR has agreed to repurchase for cancellation, of 1,470,097 shares at a total consideration of approximately RMB37,326,000.

The above share repurchases were completed in November 2022.

On 7 November 2022, Easygo Holdings Limited ("**Easygo HK**") subscribed 457,404 shares of Hangzhou FAR at a consideration of approximately RMB13,260,000. Immediately after the capital injection, Easygo HK held 1% of equity interests of Hangzhou FAR. Hangzhou FAR would become an indirect wholly-owned subsidiary immediately upon completion of the Reorganization. The consideration was paid by Easygo HK on 28 February 2023.

With the completion of the Reorganisation on 16 May 2023, the Company became the holding company of the Group. For further details, please refer to the section headed ["History, Development and Reorganisation"] in the Document.

The Company

The Company was incorporated in the Cayman Islands on 24 November 2022 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each. On the same date of incorporation, one ordinary share of HK$0.01 was allotted and issued to the initial subscriber, an independent third party, at par which was then transferred to Zi Yue on the same date.

On 9 May 2023, the Company's authorised ordinary shares was further increased to 780,000,000 ordinary shares with a par value of HK$0.01 each, and 40,491,580 ordinary shares were allotted and issued to various shareholders pursuant to the Reorganisation.

On 11 May 2023, a class of preferred shares was set up, and authorised share capital of the Company was re-designated from HK$7,800,000 divided by 780,000,000 ordinary shares of HK$0.01 each to HK$7,800,000 divided by 775,000,000 ordinary shares of HK$0.01 each and 5,000,000 preferred shares of HK$0.01 each. On the same date, 4,791,427 preferred shares of HK$47,914 was allotted (the "**Preferred Shares**") and issued to Taobao China Holding Limited pursuant to the Reorganisation.

The Preferred Shares contain same voting right, right to dividend and right to share of net assets at liquidation as holders of ordinary shares except for preference at liquidation. The Preferred Shares, in whole or in part, can be converted into ordinary shares on a one-for-one basis and are convertible at any time after the date of issuance of the shares. Each Preferred Share shall be automatically redesignated into ordinary shares of the Company upon **[REDACTED]** of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited. Details of the Preferred Shares are set out in the section headed "History, Development and Reorganisation — **[REDACTED]** — (i) Alibaba China/Taobao China" in this document.

On 16 May 2023, 457,404 ordinary shares of HK$4,574 were allotted and issued to Easygo Warehouse Services Corporation pursuant to the Reorganisation.

Further details are set out in the section headed "Statutory and General Information" in Appendix [IV] to the Document.

Share capital of the Company

	Number of shares	Amount	Amount	Shown in Historical Financial Information as
		HKD	*RMB*	*RMB'000*
Authorised ordinary shares at HKD0.01 per share:				
At 24 November 2022 (date of incorporation) and 31 December 2022	38,000,000	380,000	335,288	335
Increase in authorised ordinary shares on 9 May 2023	742,000,000	7,420,000	6,546,944	6,547
Re-designate the authorised share capital on 11 May 2023	(5,000,000)	(50,000)	(44,117)	(44)
At 30 June 2023	775,000,000	7,750,000	6,838,115	6,838
Issued and fully paid ordinary shares at HK$0.01 per share:				
At 24 November 2022 (date of incorporation) 31 December 2022	1	—**	—**	—***
Issue of new ordinary shares on 9 May 2023	40,491,580	404,916	357,273	358
Issue of new ordinary shares on 16 May 2023	457,404	4,574	4,036	4
At 30 June 2023	40,948,985	409,490	361,309	362
Authorised preferred shares at HKD0.01 per share:				
At 24 November 2022 (date of incorporation) and 31 December 2022	—	—	—	—
Re-designate the authorised share capital on 11 May 2023	5,000,000	50,000	44,117	44
At 30 June 2023	5,000,000	50,000	44,117	44
Issued and fully paid preferred shares at HK$0.01 per share:				
At 24 November 2022 (date of incorporation) and 31 December 2022	—	—	—	—
Issue of new preferred shares on 11 May 2023	4,791,427	47,914	42,276	42
At 30 June 2023	4,791,427	47,914	42,276	42

* *for identification purpose only*

** *Less than RMB1*

*** *Less than RMB1,000*

31. RESERVES

(i) Other reserves

The other reserves of the Group arose as a result of (i) the acquisition of subsidiaries under common control and represented the difference between the consideration paid for the acquisition and the amount of share capital of subsidiaries; and (ii) the capital contribution paid by the pre-IPO investors of the subsidiary in excess of its paid-in capital prior to the Reorganisation.

On 16 May 2023, the Group has completed the Reorganisation and the difference between the cost of investment in Hangzhou FAR pursuant to the Reorganisation over the paid-in capital of RMB45,336,000 was transferred to the other reserves.

(ii) Statutory surplus reserves

According to the PRC Company Law, the subsidiary in the PRC is required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory surplus reserves until the reserves balance reaches 50% of the registered capital. The statutory surplus reserves can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital. The statutory surplus reserves are not distributable as cash dividends and must be made before distribution of dividend to equity owners.

(iii) Reserves of the Company

	Other reserves	Translation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 24 November 2022 (date of incorporation)	—	—	—	—
Loss and total comprehensive expenses for the period	—	—	(12,124)	(12,124)
At 31 December 2022 and 1 January 2023	—	—	(12,124)	(12,124)
Acquisition of subsidiaries under common control pursuant to the Reorganisation	192,237	—	—	192,237
Profit (loss) and total comprehensive income (expenses) for the period	—	2,453	(9,681)	(7,228)
At 30 June 2023	192,237	2,453	(21,805)	172,885

32. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries			
	At 31 December			At 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	74	54	14	45
Share of (loss) profit for the year/period	(20)	(40)	31	(425)
At the end of year/period	54	14	45	(380)

None of the subsidiaries have non-controlling interests that are material to the Group during the Track Record Period.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remained unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 27, net of cash and cash equivalents disclosed in Note 23 and equity attributable to owners of the Company, comprising paid-in capital/issued share capital and reserves.

The directors of the Company regularly review and manage the Group's capital structure. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues as well as the raise of additional borrowings as additional finance or the redemption of existing borrowings.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December			At 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial asset at amortised cost (including cash and cash equivalents)	286,773	359,332	374,848	466,355
Financial asset at FVTPL	24,781	86,957	35	—
	311,554	446,289	374,883	466,355
Financial liabilities				
Financial liabilities at amortised cost	108,704	79,519	68,681	147,686

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade receivables, deposits and other receivables, cash and cash equivalents, trade payables, accruals and other payables, amount due to a director and borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, market risk (i.e. currency risk and interest rate risk) and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The management considers the Group is not exposed to significant foreign currency risk as majority of its operations and transactions are denominated in the functional currency of the Company and its subsidiaries. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in related to certain fixed rate borrowings (Note 27). The Group currently does not have an interest rate hedging policy. However, the management monitor interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to certain bank balances (Note 23). The management considers the Group's exposure of the bank balances to cash flow interest rate risk is not significant as the management does not anticipate significant fluctuation in interest rate on bank balances due to their short-term maturities. Hence, no sensitivity analysis is presented.

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The credit risk of the Group mainly arises from trade receivables, deposits and other receivables and cash and cash equivalents. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In determining the ECL for trade receivables, the management of the Group has taken into account the historical default experience and forward-looking information. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix with appropriate grouping based on shared credit risk characteristics, estimated reference to historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

In order to minimise the credit risk of other financial assets, the Group has assessed that the expected credit loss rates for these receivables based on past experience. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 16%, 12%, 13% and 45% of the total trade receivables was due from the Group's largest customer as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, respectively. 43%, 41%, 34% and 57% of the total trade receivables was due from the Group's five largest customers as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, respectively.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group's exposure to credit risk

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk grading to categories exposures according to their degree of risk of default. The management uses the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing. . . .	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL — not credit impaired

Category	Description	Basis for recognising ECL
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades:

				At 31 December 2020		
	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net Carrying amount
Trade receivables	19	(i)	Lifetime ECLs (not credit impaired) and simplified approach	143,227	(19,133)	124,094
Financial assets included in deposits and other receivables.	21	Performing	12-month ECL	11,572	(326)	11,246
Cash and cash equivalents .	23	Performing	12-month ECL	151,433	—	151,433

				At 31 December 2021		
	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net Carrying amount
Trade receivables	19	(i)	Lifetime ECLs (not credit impaired) and simplified approach	140,495	(17,660)	122,835
Financial assets included in deposits and other receivables.	21	Performing	12-month ECL	20,312	(329)	19,983
Cash and cash equivalents .	23	Performing	12-month ECL	216,514	—	216,514

				At 31 December 2022		
	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net Carrying amount
Trade receivables	19	(i)	Lifetime ECLs (not credit impaired) and simplified approach	120,994	(17,038)	103,956
Financial assets included in deposits and other receivables	21	Performing	12-month ECL	31,722	(329)	31,393
Cash and cash equivalents	23	Performing	12-month ECL	239,499	—	239,499

				At 30 June 2023		
	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net Carrying amount
Trade receivables	19	(i)	Lifetime ECLs (not credit impaired) and simplified approach	219,147	(18,329)	200,818
Financial assets included in deposits and other receivables	21	Performing	12-month ECL	29,670	(283)	29,387
Time deposit and cash and cash equivalents	23	Performing	12-month ECL	236,150	—	236,150

Note:

(i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECLs on these items by using a provision matrix, for debtors grouped by internal credit rating, which is estimated based on historical credit loss experience and the past due status of the debtors collectively, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Further details on the loss allowance for these assets are set out in note 19.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank and other borrowings as a significant source of liquidity and the management monitors the utilisation of bank and other borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for its financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	At 31 December 2020			
	Less than 1 year or on demand	**One to five years**	**Total undiscounted cash flows**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivative financial liabilities				
Trade payables	61,937	241	62,178	62,178
Accruals and other payables	21,110	—	21,110	21,110
Amount due to a director	25,016	—	25,016	25,016
Borrowings	411	—	411	400
	108,474	241	108,715	108,704
Lease liabilities	4,539	4,081	8,620	8,116

	At 31 December 2021			
	Less than 1 year or on demand	**One to five years**	**Total undiscounted cash flows**	**Carrying Amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivative financial liabilities				
Trade payables	52,377	396	52,773	52,773
Accruals and other payables	26,404	—	26,404	26,404
Amount due to a director	42	—	42	42
Borrowings	323	—	323	300
	79,146	396	79,542	79,519
Lease liabilities	7,847	11,948	19,795	18,576

	At 31 December 2022			
	Less than 1 year or on demand	One to five years	Total undiscounted cash flows	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivative financial liabilities				
Trade payables	30,228	228	30,456	30,456
Accruals and other payables	33,754	—	33,754	33,754
Amount due to a director	42	—	42	42
Borrowings	4,429	—	4,429	4,429
	68,453	228	68,681	68,681
Lease liabilities	9,638	7,442	17,080	15,602

	At 30 June 2023			
	Less than 1 year or on demand	One to five years	Total undiscounted cash flows	Carrying Amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-derivative financial liabilities				
Trade payables	62,389	1,659	64,048	64,048
Accruals and other payables	29,196	—	29,196	29,196
Amount due to a director	42	—	42	42
Borrowings	54,400	—	54,400	54,400
	146,027	1,659	147,686	147,686
Lease liabilities	7,733	3,553	11,286	10,896

(c) Fair values of financial instruments

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance manager analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller.

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised costs in the Historical Financial Information approximate their fair values due to their short-term maturities or due to insignificant impact of discounting.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial instruments	Fair value as at 31 December 2020	31 December 2021	31 December 2022	30 June 2023	Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of key inputs and significant unobservable input to fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*				
Financial assets at FVTPL								
Wealth management products	24,781	66,957	35	—	2	Market approach/ quote bid price	N/A	N/A
Structured deposits . . .	—	20,000	—	—	2	Market approach/ quote bid price	N/A	N/A

The Group's financial asset measured at FVTPL categorised within Level 2 of the fair value hierarchy as at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023 amounted to approximately RMB24,781,000, RMB86,957,000, RMB35,000 and nil, respectively.

During the Track Record Period, the fair value change arose from the financial assets at FVTPL was insignificant. The directors of the Company consider that any reasonable changes in the key assumptions as disclosed above would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

35. RELATED PARTY TRANSACTIONS

During the Track Record Period, the Group has entered into the following transactions with related parties.

(a) Compensation of key management personnel

Compensation of key management personnel represents the remuneration of the directors of the Company in respect of the management of the Group prior to becoming the directors of the Company during the Track Record Period, which is disclosed in Note 12.

(b) During the Track Record Period, the Group entered into transactions with related parties are as follows:

Names	Nature of transactions	Year ended 31 December			Six months ended 30 June	
		2020	2021	2022	2022	2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Related parties:						
Mr. Wang (王泉)	Interests on the amount due to a director	1,934	125	—	—	—
Yidatong *(Note)*	Delivery services rendered	—	218,580	153,347	86,941	85,548

Note: Since January 2021, Alibaba (China) Network Technology Co., Ltd., which is a subsidiary of Alibaba Group Holding Limited ("**Alibaba Holding**"), subscribed shares of the subsidiary now comprising the Group and becomes a shareholder of that subsidiary and appointed Mr. Wang Tiantian, to act as the director of that subsidiary. Yidatong is a subsidiary of Alibaba Holding and then becomes a related party of the Group.

(c) As at 31 December 2020, 31 December 2021, 31 December 2022 and 30 June 2023, the balances with related parties are as follows:

	As at 31 December			As at 30 June
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from a related party:				
Yidatong	—	18,285	13,216	21,583
Non-trade payable to a related party:				
Mr. Wang *(Note 22)*	25,016	42	42	42

The non-trade balance payable to the director, Mr. Wang, as at 30 June 2023 is expected to be fully settled before the **[REDACTED]** of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

At the date of the report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name of subsidiaries	Notes	Place and date of incorporation/ establishment	Paid-up capital/issued and registered ordinary share capital 31 December 2020	31 December 2021	31 December 2022	30 June 2023	Percentage of effective equity interest attributable to the Group 31 December 2020	31 December 2021	31 December 2022	30 June 2023	Principal activities
Indirectly held:											
Hangzhou FAR* . . .	(i)	The PRC 26 August 2004	RMB43,122,844	RMB47,914,271	RMB47,914,271	RMB45,740,412	100%	100%	100%	100%	Investment holdings and delivery services
浙江竟遠供應鏈管理有限公司 (Zhejiang Jingyuan Supply Chain Management Co., Ltd.*)	(i)	The PRC 22 February 2017	RMB10,000,000	RMB10,000,000	RMB10,000,000	RMB10,000,000	100%	100%	100%	100%	Investment holdings and delivery services
杭州爱遠供應鏈管理有限公司 (Hangzhou Aiyuan Supply Chain Management Co., Ltd.*)	(i)	The PRC 7 August 2015	RMB1,000,000	RMB1,000,000	RMB1,000,000	RMB1,000,000	100%	100%	100%	100%	Investment holdings and delivery services
杭州泛遠進出口有限公司 (Hangzhou FAR Import & Export Co., Ltd.*) .	(i)	The PRC 13 October 2008	RMB4,000,000	RMB4,000,000	RMB4,000,000	RMB4,000,000	100%	100%	100%	100%	Delivery services
杭州勤添科技發展有限公司 (HangZhou Qintian Technology Development Co., Ltd.*)	(i)	The PRC 13 August 2009	RMB3,000,000	RMB3,000,000	RMB3,000,000	RMB3,000,000	100%	100%	100%	100%	Delivery services
四川匯通天下物流有限公司 (Sichuan Global Link Logistics Co. Ltd.*)	(i)	The PRC 30 October 2017	RMB2,050,000	RMB2,050,000	RMB2,050,000	RMB5,000,000	100%	100%	100%	100%	Delivery services

Name of subsidiaries	Notes	Place and date of incorporation/ establishment	Paid-up capital/issued and registered ordinary share capital				Percentage of effective equity interest attributable to the Group				Principal activities
			31 December 2020	31 December 2021	31 December 2022	30 June 2023	31 December 2020	31 December 2021	31 December 2022	30 June 2023	
深圳市邏通天下物流有限公司 (Global Link Logistics Services Limited*)	(i)	The PRC 27 June 2016	RMB17,600,000	RMB17,600,000	RMB17,600,000	RMB20,000,000	100%	100%	100%	100%	Investment holdings and delivery services
浙江蔓草電子商務有限公司 (Zhejiang Mancao E-commerce Co., Ltd.*)	(i)	The PRC 28 March 2019	RMB10,000	RMB10,000	RMB10,000	RMB10,000	100%	100%	100%	100%	Delivery services
Global Link Logistics Services Limited ("**Global Link HK**") .	(ii)	Hong Kong 20 June 2016	HK$10,000	HK$10,000	HK$10,000	HK$10,000	100%	100%	100%	100%	Delivery services
ZY Logistics Company Limited ("**ZY Logistics**")	(ii)	Hong Kong 10 November 2017	USD100,000	USD100,000	USD100,000	USD100,000	100%	100%	100%	100%	Investment holdings

* *for identification purpose only*

Notes:

(i) No audited financial statements have been prepared since their respective dates of establishment as they were incorporated in jurisdictions where there are no statutory audit requirements.

(ii) The statutory financial statements of these entities for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 were prepared in accordance with HKFRSs issued by the HKICPA and they were audited by Rich Moral CPA Limited, a Certified Public Accountant registered in Hong Kong, for the years ended 31 December 2020, 31 December 2021 and 31 December 2022.

(iii) All subsidiaries now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for what cash flow were, or future cash flow will be, classified in the consolidated statements of cash flow as cash flow from financing activities.

	Lease liabilities	Borrowings	Amount due to a director	Interest payables	Total
	RMB'000 (*Note 17*)	*RMB'000* (*Note 27*)	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	11,597	17,100	55,157	—	83,854
Cash flows in	—	70,200	—	—	70,200
Cash flows out	(8,009)	(86,900)	(30,141)	(2,687)	(127,737)
Finance costs incurred (*Note 9*)	579	—	—	2,687	3,266
Non-cash movement	3,949	—	—	—	3,949
At 31 December 2020	8,116	400	25,016	—	33,532
At 1 January 2021	8,116	400	25,016	—	33,532
Cash flows in	—	7,300	—	—	7,300
Cash flows out	(7,537)	(7,400)	(24,974)	(166)	(40,077)
Finance costs incurred (*Note 9*)	677	—	—	166	843
Non-cash movement	17,320	—	—	—	17,320
At 31 December 2021	18,576	300	42	—	18,918
At 1 January 2022	18,576	300	42	—	18,918
Cash flows in	—	4,429	—	—	4,429
Cash flows out	(9,943)	(300)	—	(79)	(10,322)
Finance costs incurred (*Note 9*)	834	—	—	79	913
Non-cash movement	6,135	—	—	—	6,135
At 31 December 2022	15,602	4,429	42	—	20,073
At 1 January 2023	15,602	4,429	42	—	20,073
Cash flows in	—	209,400	—	—	209,400
Cash flows out	(5,739)	(159,429)	—	(1,011)	(166,179)
Finance costs incurred (*Note 9*)	275	—	—	1,011	1,286
Non-cash movement	758	—	—	—	758
As at 30 June 2023	10,896	54,400	42	—	65,338

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	Year ended 31 December			Six months ended 30 June	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Within operating cash flows	347	13	15	11	418
Within financing cash flows	8,009	7,537	9,943	6,116	5,739
	8,356	7,550	9,958	6,127	6,157
The amounts relate to lease rental paid	8,356	7,550	9,958	6,127	6,157

38. AMOUNT DUE TO A SUBSIDIARY

Amount due to a subsidiary was non-trade related, unsecured, interest free and repayable on demand.

39. MAJOR NON-CASH TRANSACTION

Save as disclosed in Notes 17 and 36, the Group had no other non-cash transactions incurred during the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and six months ended 30 June 2022 and 30 June 2023.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 30 June 2023.