J&T Global Express Limited

極兔速遞環球有限公司

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(Stock code: 1519)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of J&T Global Express Limited (the "**Company**") announces the audited consolidated results of the Company, its subsidiaries and consolidated affiliated entities (the "**Group**") for the year ended 31 December 2023 (the "**FY2023**", or "**Reporting Period**"). The consolidated financial statements for the Reporting Period have been audited by PricewaterhouseCoopers, the independent auditor of the Company (the "**Auditor**") in accordance with International Standards on Auditing and have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

In this announcement, "we", "us", and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

SUMMARY

FINANCIAL HIGHLIGHTS

	For the year ended 31 December 2023 *USD'000*	For the year ended 31 December 2022 *USD'000*	Year-on-year change %
Revenue	**8,849,251**	7,267,428	21.8
Gross profit/(loss)	**472,798**	(270,238)	N/A
Operating loss	**(1,766,550)**	(1,389,565)	27.1
(Loss)/profit for the year	**(1,156,378)**	1,572,567	N/A
Adjusted net loss	**(432,277)**	(1,488,297)	(71.0)
Adjusted EBITDA	**146,694**	(894,090)	N/A
Net cash flow generated from/(used in) operating activities	**341,953**	(519,817)	N/A

Note: Adjusted net loss (a non-IFRS (as defined below) measure) ("**adjusted net loss**") was defined as (loss)/profit for the year adjusted by adding back (i) share-based payments and expenses, (ii) fair value changes arising from the financial liabilities of the Company at fair value through profit or loss, and (iii) listing expenses.

Adjusted EBITDA (a non-IFRS measure) ("**adjusted EBITDA**") was defined as (loss)/profit for the year adjusted by adding back (i) share-based payments and expenses, (ii) fair value changes arising from the financial liabilities of the Company at fair value through profit or loss, (iii) listing expenses, (iv) depreciation and amortization, (v) finance income, (vi) finance costs, and (vii) income tax expenses.

Segment information:

	For the year ended 31 December 2023					
	SEA	**China**	**New Markets**	**Cross-border**	**Unallocated**	**Total**
	USD'000	***USD'000***	***USD'000***	***USD'000***	***USD'000***	***USD'000***
Segment revenue	**2,633,417**	**5,229,255**	**326,802**	**659,777**	**–**	**8,849,251**
Segment cost	**(2,163,087)**	**(5,170,433)**	**(325,152)**	**(717,781)**	**–**	**(8,376,453)**
Segment gross profit (loss)	**470,330**	**58,822**	**1,650**	**(58,004)**	**–**	**472,798**
Adjusted EBITDA	**375,685**	**30,730**	**(81,662)**	**(106,961)**	**(71,098)**	**146,694**

	For the year ended 31 December 2022					
	SEA	China	New Markets	Cross-border	Unallocated	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Segment revenue	2,381,726	4,096,177	81,767	707,758	–	7,267,428
Segment cost	(1,905,724)	(4,760,937)	(100,836)	(770,169)	–	(7,537,666)
Segment gross profit (loss)	476,002	(664,760)	(19,069)	(62,411)	–	(270,238)
Adjusted EBITDA	331,582	(722,658)	(73,736)	(95,053)	(334,225)	(894,090)

Note: The "Other" segment of "Revenue by geographic segment" as described in the prospectus issued by the Company in connection with the Hong Kong Public Offering is consistent with the combined scope of "Cross-border" segment and "New Markets" segment as described above.

Operational data

	For the year ended 31 December				
	2023	2022	**Year-on-year**	**2023**	2022
	In millions	*In millions*	**change**	**Market share**	Market share
SEA	**3,240.0**	2,513.2	28.9%	**25.4%**	22.5%
China	**15,341.4**	12,025.6	27.6%	**11.6%**	10.9%
New Markets	**230.3**	49.1	369.0%	**6.0%**	1.6%

Note: Market share is calculated based on parcel volume and is sourced from Frost & Sullivan.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY REVIEW[1]

(I) Southeast Asia[2]

1. Macro Environment and Consumption Situation in SEA

The SEA market maintains rapid growth and is one of the fastest-growing regions in the world. The world economy in 2023 is complex with high inflation, interest rate hikes of the US Federal Reserve, and regional wars, which have brought great uncertainty to the regional economy. Compared to other regions of the world, SEA has successfully withstood global macroeconomic pressures. According to Frost & Sullivan, nominal gross domestic product ("**GDP**") of SEA reached US$3.8 trillion in 2023, representing a year-on-year increase of 6.5%; nominal GDP per capita reached around US$6,000, representing a year-on-year increase of 5.6%. It is expected that SEA remains one of the fastest-growing economies in the world from 2024 to 2028, with a compound annual growth rate (CAGR) of 7.5% in nominal GDP.

Consumer confidence has recovered and the consumer market is improving. In response to the pressure of high inflation and local currency depreciation, the central banks of major SEA countries have started a cycle of interest rate hikes since 2022, with relatively high inflation and the maintenance of high interest rates in 2023 adversely affecting regional consumption. According to the World Economic Outlook published by the International Monetary Fund in October 2023, consumer price index ("**CPI**") and unemployment rates in major SEA countries declined in 2023 compared to 2022, and inflation is expected to slow down further in 2024. Due to the improving macro environment, consumer confidence in SEA fell to a lower level in the first half of 2023 but began to bottom out and rebound in the second half of 2023. According to Frost & Sullivan, the total social retail sales in SEA reached US$1.0 trillion in 2023, representing a year-on-year increase of 5.2%, maintaining a rapid growth.

2. E-Commerce Growth and Trends in SEA

With the rapid development of the e-commerce retail market, the e-commerce penetration rate is further increased. With the continual improvement of per capita GDP and purchasing power and the increasing popularity of internet and smart phones, the consumption habits of residents and the retail channels of enterprises are further being transferred to online channels. In 2023, the transaction value of the e-commerce retail market grew by 22.6% year-on-year to reach US$189.74 billion, representing an e-commerce penetration rate of 18.2% and a year-over-year increase of 2.6 percentage points. In 2023, increased investment of resources and rapid growth of existing major e-commerce platforms and entry of new players into the market have further increased the demand for express delivery services in the market.

1 Unless otherwise specified, all industry data are sourced from Frost & Sullivan

2 For the purposes of this announcement only, Southeast Asia (the "**SEA**") includes seven countries, namely, Indonesia, Vietnam, Malaysia, the Philippines, Thailand, Cambodia and Singapore

Social e-commerce has become a growth engine for the e-commerce retail market. As an emerging model of e-commerce, social e-commerce has successfully led the transformation of consumer behaviors. Social e-commerce companies such as TikTok[3] and Facebook, which sell goods online through social group sharing and interaction, are typically more popular among younger consumers with stronger purchasing power. According to Frost & Sullivan, the retail transaction value of social e-commerce reached US$81.95 billion in 2023, representing a year-on-year increase of 36.2%, already accounting for 43.2% of the total e-commerce retail market, and the percentage of social e-commerce is expected to reach 50.1% in 2028.

3. *Growth and Policies of the Express Delivery Industry in SEA*

The express delivery industry in SEA is gradually maturing and raising more demands for high-quality express delivery services. Driven by continuous growth of per capita income, further increase in internet penetration rate and development of the e-commerce retail market in SEA, the express delivery industry has been growing rapidly. According to Frost & Sullivan, the total parcel volume of SEA express delivery market reached 12.75 billion parcels in 2023, representing a year-on-year increase of 14.4%, which is expected to increase from 14.84 billion in 2024 to 25.98 billion in 2028, representing a CAGR of 15.0%. Meanwhile, with the gradual maturity of the express delivery industry and the consumers' focus more on timeliness and service experience, there will be an increasing market demand for high-quality express delivery services.

Favorable government policies promote orderly development of the express delivery industry. To promote the sustainable development of the express delivery industry in SEA, governments in the region have issued policies and guidelines to define the scope of express delivery activities and standardize the permitting processes to aid the orderly development of the express delivery industry. Favorable government policies and guidelines include Indonesia's Digital Roadmap 2021-2024, which aims to develop digital ecosystems covering logistics, governments, transportations; and The Logistics Reform Development Policy Loan, which aims to improve logistics system, strengthen country's connectivity and simplify current lengthy administrative procedures in Indonesia; Malaysia's National Logistics Development Strategy 2030, which aims to provide the strategic framework for future logistics development, including improving transportation infrastructure, supporting the construction of logistics centers, and nurturing advanced logistics enterprises.

3 Unless otherwise specified, TikTok herein refers to TikTok e-commerce business

(II) China

1. Macro Environment and Consumption Situation in China

China's national economy is recovering and improving, and its high-quality development is making solid progress. Faced with complex and challenging international environment and the arduous and heavy task of domestic reform, development and stability in 2023, China has adhered to the strategy of steady progress, fully implemented the new development concept and accelerated the formation of a new development model. At the same time, China has promoted reform and opening up and strengthened macro-economic control, resulting in an upward trend of economic recovery. According to the National Bureau of Statistics of China, China's GDP exceeded RMB126.1 trillion in 2023, representing a year-on-year increase of 5.2% at constant prices in 2022, which is 2.2 percentage points higher than the growth rate in 2022 and also higher than the expected global growth rate of around 3%, making it the world's largest engine of economic growth.

China's consumer market is on the upswing, with the total consumption volume reaching a record high. With the full resumption of normalized China's economy and social operations in 2023, China's consumer market has shown a good recovery trend, and consumption has become an important force driving economic recovery in 2023. According to National Bureau of Statistics of China, the total retail sales of consumer goods exceeded RMB47.1 trillion in 2023, hitting a record high. Meanwhile, consumption has once again become the main driver of economic growth. In 2023, consumer spending drove economic growth by 4.3 percentage points, representing an increase of 3.1 percentage points as compared to 2022, which contributed 82.5% to economic growth, representing an increase of 43.1 percentage points.

2. E-Commerce Growth and Trends in China

China has the world's largest e-commerce retail market, with the e-commerce penetration rate further increasing. According to National Bureau of Statistics of China, China's e-commerce retail sales reached RMB13.0 trillion in 2023, representing a year-on-year increase of 8.4%, making it the world's largest e-commerce retail market for 11 consecutive years. Meanwhile, the e-commerce penetration rate has further increased to 27.6%.

China's e-commerce strategy of "promoting agricultural revitalization through digital business" has achieved significant results, and social e-commerce is growing rapidly. According to data published by the Ministry of Commerce of China, China's rural and agricultural e-commerce retail sales reached RMB2.5 trillion and RMB0.6 trillion, respectively, in 2023, both growing faster than the overall e-commerce retail sales. With the development of social media platforms such as Kuaishou, WeChat and TikTok, leading e-commerce platforms such as Tmall, Taobao, JD and Pinduoduo have also built up their social e-commerce and live-streaming businesses, contributing to the rapid development of social e-commerce. According to Frost & Sullivan, the social e-commerce retail market in China increased from US$163.79 billion in 2019 to US$742.67 billion in 2023 at a CAGR of 45.9%; the CAGR from 2024 to 2028 is 18.1%, which is higher than the CAGR of 10.5% of the overall e-commerce retail market. Meanwhile, social e-commerce is expected to increase from 41.5% in 2024 to 53.9% in 2028, as a percentage of the e-commerce retail market in China.

3. Growth and Policies of the Express Delivery Industry in China

China's express delivery industry has achieved faster growth, with continuous improvement in service quality simultaneously. According to the data disclosed by the State Post Bureau, the cumulative volume of express delivery industry reached 132.07 billion parcels, representing a year-on-year increase of 19.4%. Meanwhile, the service quality of the express delivery industry continued to improve. For example, according to the data for the first three quarters of 2023 released by the State Post Bureau, the 72-hour on-time rate of express delivery services in key regions in the first three quarters of 2023 was 81.12%, and the corresponding 72-hour on-time rate for the whole year of 2022 was 77.82%, with further improvement in timeliness.

China has launched multiple policies to promote further development of the express delivery industry. The government has issued multiple policies and reform measures to promote the healthy and orderly development of express delivery industry and create a favorable business environment. Relevant policies include the Plan for the Development of Modern Logistics during the "14th Five-Year Plan" period, which aims to develop and improve both domestic and cross-border logistic network; Outline of the Plan for the Strategy to Expand Domestic Demand (2022-2035), which aims to improve the logistics infrastructure network, coordinate national logistics hubs and increase cross-regional logistics service capacity; and the Special Action Plan for the High-quality Development of Trade Logistics (2021-2025), which aims to build a smooth, efficient and collaborative modern commercial logistics system.

(III) New Markets[4]

1. Macro Environment and Consumption Situation in New Markets

New Markets show resilience and stable in economic growth. Global economic growth was sluggish in 2023, but the economies in the New Markets still showed greater resilience even facing a complex macro-environment with high inflation and interest rate hikes of the US Federal Reserve. According to Frost & Sullivan, the total nominal GDP of the New Markets amounted to US$5.9 trillion in 2023, far higher than the US$3.8 trillion in SEA, representing a year-on-year increase of 8.0%. In addition, nominal GDP per capita of the New Markets is relatively high, nominal GDP per capita of the New Markets reached around US$12 thousand in 2023, which is significantly higher than nominal GDP per capita of around US$6 thousand in SEA, among which, the UAE and Saudi Arabia had the highest nominal GDP per capita, i.e., around US$51 thousand and around US$33 thousand, respectively. Nominal GDP of the New Markets is expected to increase from US$6.3 trillion in 2024 to US$7.7 trillion in 2028, representing a CAGR of 5.1%, maintaining a stable growth momentum.

Consumption in the New Markets is improving, laying the foundation for growth in the e-commerce and express delivery sectors. Inflation in the New Markets remained high in 2023, with tighter monetary policies and unfavorable factors for consumption, but CPI growth in Brazil, Mexico and UAE declined in 2023 compared to 2022, according to the World Economic Outlook published by the International Monetary Fund in October 2023. With effective control of inflation and implementation of fiscal stimulus policies in countries such as Brazil,

[4] "New Markets" refers to Saudi Arabia, UAE, Mexico, Brazil and Egypt.

consumer confidence is gradually improving. According to Frost & Sullivan, social retail sales in the New Markets reached US$745.98 billion in 2023, representing a year-on-year growth of 6.4%, with projected CAGR of 4.1% from 2024 to 2028, laying a solid foundation for the rapid growth of the e-commerce and express delivery markets.

2. *E-Commerce Growth and Trends in New Markets*

The online transformation of the retail market has further increased the penetration rate of e-commerce. Economic development and increased internet penetration rate have promoted a shift in shopping habits of the consumers in New Markets from offline to online channels. According to Frost & Sullivan, the e-commerce retail transaction value in the New Markets totaled US$109.96 billion in 2023, representing a significant year-on-year increase of 27.1%. Compared to China and SEA, the e-commerce penetration rate in the New Markets is 14.7%, which is still at a relatively low level. Total e-commerce retail sales in the New Markets is expected to grow at a CAGR of 21.3% from 2024 to 2028, and the e-commerce penetration rate is also expected to grow continuously to reach 32.5% in 2028.

With the booming of cross-border e-commerce industry, cross-border e-commerce platforms continue to develop New Markets. Economic growth, rising consumption, increased e-commerce penetration rate and the convenience brought about by new e-commerce platforms have contributed to the growth in demand for global products among local consumers. As stimulated by the increasing consumer demand, cross-border e-commerce continued to develop in 2023 and has become one of the key driving forces for e-commerce market development. Meanwhile, cross-border e-commerce platforms have accelerated their expansion into New Markets. For example, Temu entered the markets of Mexico, Saudi Arabia, and the UAE in 2023, and TikTok also entered the Saudi Arabian market. In the future, the cross-border e-commerce industry will further develop as cross-border e-commerce platforms increase their investment in New Markets.

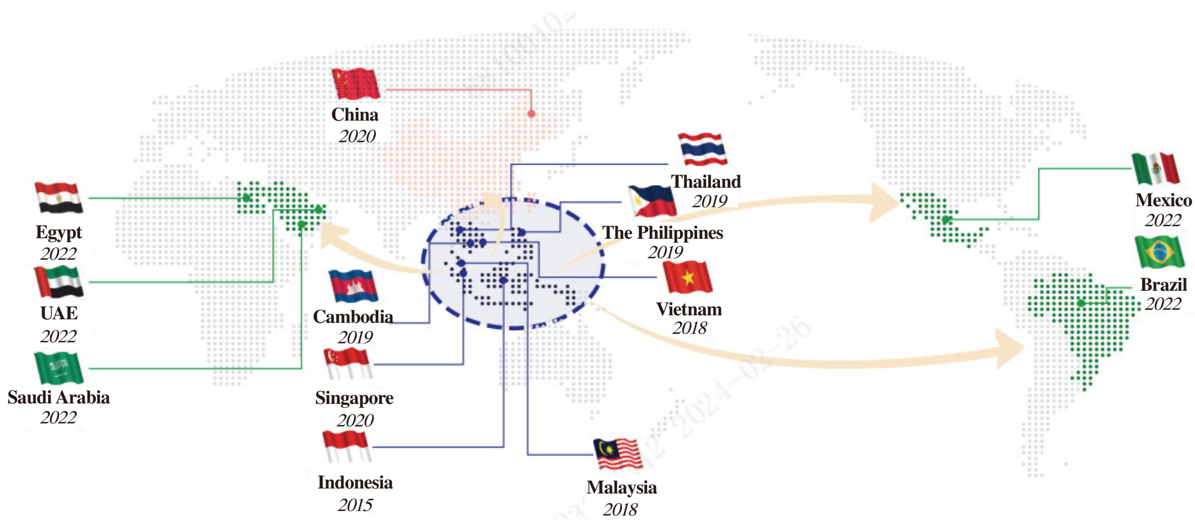
3. *Development of the Express Delivery Industry in New Markets*

As the express delivery Industry grows rapidly in the New Markets, relevant policies are launched to drive the industry development. The express delivery industry in the New Markets has grown significantly, as driven by accelerated growth in the social retail market and rapid development of the e-commerce retail market. According to Frost & Sullivan, the total parcel volume of the express delivery industry in the New Markets reached 3.87 billion parcels in 2023, representing a year-on-year increase of 25.0%, which is expected to grow at a CAGR of 18.3% from 2024 to 9.17 billion parcels in 2028. The growth of the New Markets also benefits from relevant supportive government policies. For example, Brazil has enacted a compliance delivery program – Programa Remessa Conforme, which aims to simplify the tax system for platforms or sellers and allow them to enjoy customs clearance benefits, while cross-border e-commerce platforms are required to sign contracts and cooperate with local express delivery operators in advance so as to be certified by the program. This policy not only promotes the development of cross-border e-commerce industry, but also further facilitates the close cooperation between cross-border e-commerce platforms and express delivery companies and drives the development of the industry.

The express delivery market in the New Markets shows a fragmented landscape, with relatively high revenue per parcel. The development of the express delivery market in the New Markets is still at a relatively early stage, and the express delivery industry is relatively fragmented. Local players share the local market with cross-regional giants such as FedEx, UPS and DHL. Due to lack of sufficient competition, revenue per parcel of the express delivery industry in the New Markets is obviously higher than the fully competitive China market and the more maturely developed SEA market.

II. BUSINESS DEVELOPMENT OF THE COMPANY

(I) Global Footprint of the Company



The Company's express delivery business spans 13 countries, covering seven countries across SEA, including Indonesia, Vietnam, Malaysia, the Philippines, Thailand, Cambodia and Singapore, and China, as well as five countries of the New Markets, including Saudi Arabia, UAE, Mexico, Brazil and Egypt. In 2015, the Company started its first express delivery business in Indonesia, a massive archipelago whose more than 17,000 widespread and often remote islands presented significant challenges to initial logistics operations. After overcoming these challenges, the Company entered Vietnam and Malaysia in 2018 and further expanded to the Philippines, Thailand and Cambodia in 2019 and Singapore in 2020. In March 2020, the Company entered into the China market. In 2022, the Company further tapped into Saudi Arabia, UAE, Mexico, Brazil and Egypt to replicate its success in other markets.

In 2023, the Company handled a total of 18.81 billion parcels, representing a year-on-year increase of 29.0% as compared to 14.59 billion parcels in 2022. The table below shows the growth of the Company's parcel volume in SEA, China and New Markets, as well as its market share in these regions in 2023:

	For the year ended 31 December				
	2023	2022	**Year-on-year change**	**2023 Market Share**	2022 Market Share
	In millions	*In millions*			
SEA	**3,240.0**	2,513.2	28.9%	**25.4%**	22.5%
China	**15,341.4**	12,025.6	27.6%	**11.6%**	10.9%
New Markets	**230.3**	49.1	369.0%	**6.0%**	1.6%

Note: Market share is calculated based on parcel volume and is sourced from Frost & Sullivan.

The Company now has full network coverage across the seven SEA countries and has covered over 99% of all counties and districts in China, as well as over 95% in the New Markets.

As of 31 December 2023, the Company has approximately 8,500 network partners and 19,600 pickup and delivery outlets, and operates 237 sorting centers, more than 3,900 line-haul routes and over 9,600 line-haul vehicles, including more than 5,100 self-owned line-haul vehicles.

(II) SEA

1. E-Commerce Enabler to Promote the Prosperous Development of the E-Commerce and Express Delivery Industry

The Company commenced its operations in 2015 in Indonesia, the largest market in SEA, and it has successfully overcome significant entry barriers and operational challenges in the SEA express delivery market, including poor network coverage, underdeveloped transportation infrastructure, high cash on delivery ("**COD**") ratio, and difficulty in reaching remote areas. Afterwards, by leveraging its success in Indonesia, the Company gradually expanded its business into other SEA Countries. With its first-mover advantage and leading market position, as well as its advanced infrastructure and network in SEA, the Company is well-positioned to meet the growing parcel volume of e-commerce customers in SEA, enabling the Company to continue to stand out in competition with its rivals. The Company has been the number one express delivery operator by parcel volume in SEA since 2020, according to Frost & Sullivan.

The Company has established good partnerships with many e-commerce platforms in SEA, benefited from the rapid development of SEA e-commerce over the past few years, and also empowered its e-commerce partners in various ways. The Company provides solid infrastructure for the dynamic development of the e-commerce industry and continues to reduce e-commerce fulfillment costs to maximize market increment and increase market share while promoting the development of the industry. For example, the Company supports the growth of our e-commerce partners such as Shopee and TikTok by providing express delivery services in Indonesia, Malaysia, Vietnam, the Philippines and Thailand; and we also provide huge network capacity for our e-commerce partners to solve their delivery challenges during peak seasons. On 2023 "Double 12", the Company handled a peak of more than 16 million parcels per day in SEA.

2. *Parcel Volume Growth and Its Momentum*

In 2023, the Company handled 3.24 billion parcels in SEA, representing a year-on-year increase of 28.9% as compared to 2.51 billion parcels in 2022. According to Frost & Sullivan, the Company was the number one express delivery operator by parcel volume in 2023, with a market share of 25.4% in SEA, representing an increase of 2.9 percentage points compared to 22.5% in 2022, which continued to consolidate the Company's leading position and competitive advantage in SEA. In terms of express delivery market growth, the Company's parcel volume increased by 0.73 billion year-on-year in 2023, while the total parcel volume of the express delivery industry increased by 1.60 billion, the Company captured most of the incremental volume of the express delivery industry. In the future, the Company will maintain a strong competitive edge in the existing market by virtue of its first-mover advantage, high-quality services and competitive pricing, and at the same time take the largest incremental share in the growth of the express delivery market.

The Company's growth in parcel volume in SEA is primarily attributable to:

Capitalize on the rapid growth of the e-commerce market in SEA and become an enabler of the rise of social e-commerce. With strong economic growth and increasing internet penetration, SEA's e-commerce retail market is also growing rapidly, with e-commerce retail transactions growing by 22.6% year-on-year in 2023. Meanwhile, as an emerging model in the e-commerce market as a whole, social e-commerce requires a high level of shopping experience, and cost-effective, efficient, and high-quality logistics services are an important part of the social e-commerce shopping experience. With its full coverage of SEA, well-established logistics network, cost-effective services and good customer relationships, the Company provides key infrastructure and services for social e-commerce, which will continue to empower the rapid development of social e-commerce. Social e-commerce retail sales increased by 36.2% year-on-year in 2023, and the share of social e-commerce increased to 43.2%. The Company has fully capitalized on the opportunities presented by the rapid growth of the e-commerce industry and the rise of social e-commerce, expanding its cooperation with e-commerce partners in SEA and continuing to serve as the main express delivery service provider for a number of key e-commerce partners, thus benefiting from the rise in total e-commerce market volume and the rise of social e-commerce.

Cost reduction drives company to offer more competitive prices. With the development of the e-commerce industry, the expansion of the express delivery market, and the extreme refinement of operations and management, the cost of the express delivery industry in China has continued to decline over the years, and is much lower than other global markets, including SEA. Since entering the China market in 2020, the Company has continued to learn from the advanced industry knowledge and management experience of China's express delivery industry and has been able to capitalize on it in SEA, a strategy that has been proven effective by the 11.8% year-on-year decrease in unit cost in SEA in 2023. Seeing the trend of cost reductions in China's express delivery industry, the Company has the ability and confidence to continue to reduce costs in SEA, which in turn will drive more competitive pricing for our customers. In SEA, express delivery companies sign service contracts directly with e-commerce platforms and settle payments with them. This model allows the Company to exercise a different pricing strategy in SEA from that of the PRC, where it is able to set prices with e-commerce platforms that are more flexible and include more volume discounts. More competitive pricing allows the Company to gain more business from e-commerce platforms, which in turn further reduces the Company's costs through economies of scale. In addition, as a leading express delivery company in SEA, the reduction in the Company's costs will also benefit the industry as a whole by lowering the fulfillment costs of e-commerce platforms, thereby increasing e-commerce penetration in the SEA market.

Superior service quality can meet the growing service demand of consumers. With the rapid growth of the e-commerce market in SEA, its express delivery market also develops rapidly; meanwhile, as consumers in the entire market have keen demand for high-quality express delivery services, the Company's constantly superior service quality enables it to take a dominant position. Based on the needs of local customers, the Company offers a wide range of cash on delivery (COD) services in SEA to solve e-commerce settlement problems. The Company continues to optimize its customer service capabilities, upgrade our information technology systems and strengthen the training of our network practitioners to maintain service quality, enhance brand image and win the trust of our customers. In 2023, the Company's average delivery time for parcels in SEA was shortened by 6.5% on a year-on-year basis as compared to that in 2022, and the customer compliant rate continued to decline as well. In 2023, the Company further expanded and maintained its customers with excellent service quality, and also gained recognitions from various sectors of society. For example, the Company undertook the delivery service for the debut of iPhone in Thailand and the Philippines in 2023. In Vietnam, the Company was awarded "Asian Excellent Brand 2023 – Gold Medal for Asian Quality Products and Services" by the Asian Economic Research Institute in collaboration with Vietnam Union of Science and Business Development.

3. *Continuing the Optimization of Operations in Each Process*

The express delivery industry significantly demonstrates the economies of scale. In 2023, the Company's parcel volume in SEA increased by 28.9% year-on-year, which further improved the utilization efficiency of key infrastructure and resources, such as sorting centers, outlets and vehicles, and facilitated the scale effect. At the same time, the Company will empower SEA with its experience in express delivery operations in China, and continue to optimize operational efficiency in all processes, and improve the quality of its operations across the network. In 2023, the Company's average cost per parcel in SEA declined steadily from US$0.76 in 2022 by 11.8% to US$0.67 in 2023. Please see "Review of Financial Results — Economic Benefits per Parcel" for specific operational optimizations.

4. *Maintaining a Healthy Level of Profitability*

The Company's adjusted EBITDA in SEA reached US$375.7 million in 2023, representing an increase of 13.3% as compared to 2022, with an adjusted EBITDA margin of 14.3%, representing an increase of 0.4 percentage points as compared to 13.9% in 2022, showing a steady but improving trend. As an independent e-commerce enabler, the Company is able to provide express delivery services to all e-commerce platforms, steadily reducing costs by continuing to build on its existing economies of scale, as well as by empowering SEA with its express delivery experience in China. At the same time, the Company offers competitive prices to e-commerce platforms in order to capture more parcel volume and share. The dynamic balance between price and cost has enabled the Company to maintain a healthy and sustainable level of profitability in SEA. In addition, an important e-commerce customer of the Company contributed less than expected parcel volume in the fourth quarter due to government policy adjustments, which had a certain impact on the Company's profitability for the second half of 2023, but the customer resumed normal operations at the end of 2023.

(III) China

1. *Gradually Consolidating its Industry Position in China*

The Company has grown rapidly since entering China in March 2020, and achieved a peak parcel volume of 50 million parcels per day in November 2022, making it the fastest express delivery operator among the peers in China to achieve this scale, according to Frost & Sullivan. Following the acquisition and full integration of Hangzhou BEST Network Technologies Co., Ltd. (together with its subsidiaries, "**BEST Express China**") in December 2021, the Company strengthened its network capacity, enhanced its infrastructure, expanded its customer base, and established partnerships with major e-commerce platforms in China. Later, the Company acquired Fengwang Information (as defined below) in May 2023, which enriched its business, enhanced its comprehensive service capabilities and further strengthened its competitive advantage in the e-commerce express delivery industry. From 2020 to 2023, the Company's parcel volume in China grew at a CAGR of 94.5% through natural growth and acquisitions. In 2023, the Company's market share in China was 11.6% by the parcel volume of 15.34 billion parcels, making the Company a competitive express delivery company ranked No. 6 among the peers in China, according to Frost & Sullivan.

2. *Parcel Volume Growth and Its Momentum*

In 2023, the Company handled 15.34 billion parcels in China, representing an increase of 27.6% as compared to 12.03 billion parcels in 2022, higher than the growth rate of the industry.

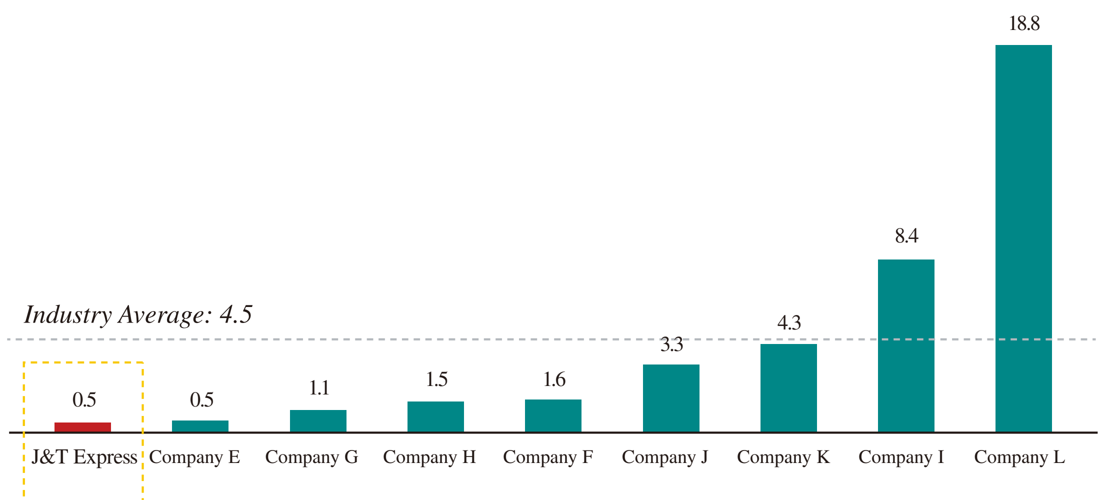
The Company's growth in parcel volume in China is primarily attributable to:

Deepen cooperation with existing e-commerce customers while expanding partnerships with more e-commerce platforms. The acquisition of BEST Express China in 2021 facilitated the Company's access to e-commerce platforms that were previously inaccessible, while the Company partnered with more vertical e-commerce platforms in 2023, basically completing the coverage of all platforms and reaching more customers. The Company further deepened its partnerships with e-commerce customers across all platforms, and capitalized on the opportunities presented by the rapid growth of social e-commerce.

Continuously improve service quality and brand image to enhance customer acquisition capabilities. In 2023, the Company's average complaint rate was 0.54, representing the lowest level among major express delivery operators in China, far lower than the average industry level of 4.45; the Company's complaint handling composite index was 99.43, also ranking the first among major express delivery operators in China, higher than the average industry level of 97.09, according to public data disclosed by the State Post Bureau. All the above public data reflect the Company's continuous improvement in service quality. Meanwhile, the Company has continued to invest in marketing resources to increase brand awareness and user recognition through strategic marketing programs and activities.

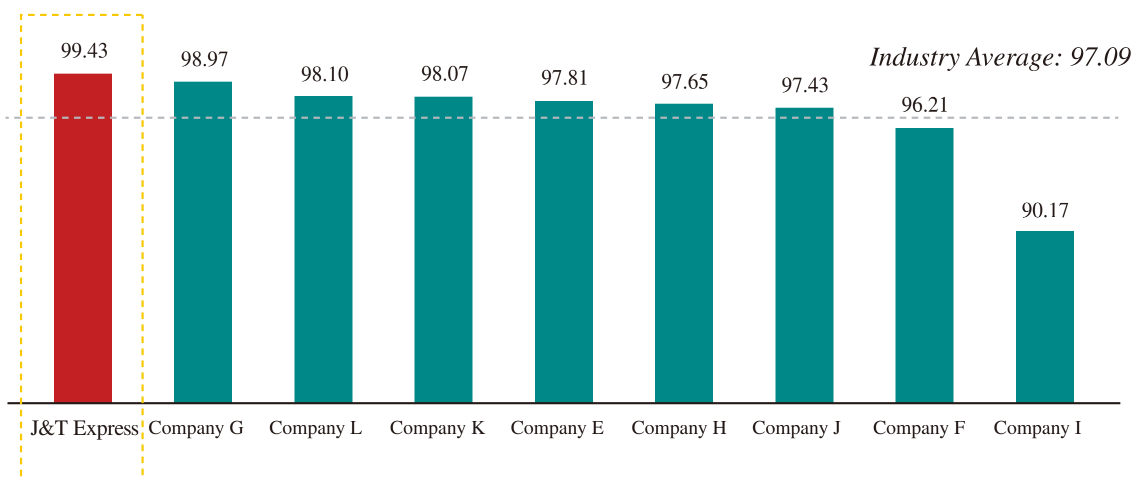
The graphs below indicate the average complaint rate and the complaint handling composite index disclosed by the State Post Bureau:

Average Complaint Rate of Leading Express Delivery Operators in 2023



Source: State Post Bureau

Complaint Handling Composite Index of Leading Express Delivery Operators in 2023



Source: State Post Bureau

Diversified products and services help expand the coverage of customer base. On the basis of standard express delivery products, the Company launched the product "Tuyouda", which is mainly aimed at mid to high-end e-commerce products to meet the needs of different e-commerce customers, thereby expanding the Company's customer base. In the meantime, the Company provides e-commerce platforms with reverse logistics services for returned goods, with the percentage of parcels subject to reverse logistics services increasing continuously. The Company also develops individual orders by various means, such as providing incentives to network partners and encouraging the transfer of such incentives to couriers, so as to develop more individual orders by increasing the enthusiasm for couriers to contact bulk users door to door.

3. *Continuing the Optimization of Operations in Each Process*

Upon entry into China, the Company's business grew rapidly and underwent a series of integration in 2022 following the acquisition of BEST Express China. In 2023, the Company continued to deepen its delicacy management and operations as it further increased its parcel volume and accumulated experience in the express delivery industry. Please see "Review of Financial Results — Economic Benefits per Parcel" for specific operational optimizations.

4. *China Achieved Positive Adjusted EBITDA for the First Time*

In 2023, China's express delivery business made a huge breakthrough, which, amidst a 27.6% year-on-year growth in parcel volume, achieved positive adjusted EBITDA and became profitable for the first time, mainly due to:

The express delivery revenue per parcel remained relatively stable. Despite the fierce competition in China's express delivery industry and a significant year-on-year decrease in industry prices in 2023, the Company's revenue per parcel was US$0.34, remained stable compared to 2022, which was mainly attributable to the optimization of the Company's parcel volume structure on different e-commerce platforms, enabling the Company to attract more high-quality customers. Meanwhile, the gradually increase in the proportion of reverse parcels and individual orders has further stabilized the Company's overall express delivery revenue per parcel.

The express delivery cost per parcel continued to reduce. The scale effect arising from the growth of parcel volume and the continuous optimization of fine-tuned operations management have enabled the Company's express delivery cost per parcel to decrease from US$0.40 in 2022 to US$0.34 in 2023.

5. *Introduction to Key Projects*

Tuyouda: "Tuyouda" is a mid to high-end e-commerce product with some differentiated operations on J&T's full-process operation network, which provides personalized services such as exclusive waybills, green channels, priority in transfer and delivery and independent arbitration channels. It is a new service developed by the Company on the basis of standard express delivery products to cover a wider range of customer base.

Branded Customers: The Company has set up a special program to develop branded customers and enhance the Company's brand value and reputation. As of 31 December 2023, the Company has seen a significant increase in the number of branded customers it has partnered with, including well-known brands such as Blue Moon, BOTARE, Senma and Be & Cheery. In Fujian, which is known as the "Capital of Brand Shoes and Clothing", the Company successfully completed the ice-breaking actions in the shoes and clothing industry in 2023 through continuous visits and communications with shoe and clothing customers, and established partnerships with multiple branded customers. The Company has been highly recognized by customers in the course of cooperation, which therefore took the initiative to promote the partnership nationwide.

Continuous expansion into low-tier markets: The Company continues to expand its in-depth coverage of rural and remote areas and develops its business in China's vast low-tier markets to solve local logistics and distribution difficulties. (i) The Company has launched a targeted project to assist farmers. During the peak season of e-commerce sales of agricultural products, the Company increases the number of temporary collection points in the production areas to reduce the difficulties in picking up parcels, and at the same time, the Company has set up a green channel for parcels of agricultural products in the sorting and transportation, which reduces the time of sorting and transportation and ensures the delivery efficiency. Through the assisting agriculture program, the Company was able to obtain considerable incremental business in the low-tier markets and solve the problem of sending agricultural products in rural areas; (ii) the Company cooperated with a number of e-commerce platforms to undertake consolidation delivery business targeting at remote areas, which greatly reduced the cost of logistics in the remote areas and improved the e-commerce shopping experience for local consumers, and at the same time, helped e-commerce vendors and e-commerce platforms to expand to areas that were originally difficult to reach.

(IV) New Markets

1. Development Course Since Its Inception

In 2022, the Company strategically expanded into the New Markets, including Saudi Arabia, UAE, Mexico, Brazil and Egypt. Since entering the New Markets in 2022, the Company has actively expanded its partnerships with e-commerce platforms, constantly optimized and strengthened local infrastructure, and continuously improved the regional coverage capacity of its network, with a network coverage rate increased from over 90% at the end of 2022 to over 95% at the end of 2023. With the parcel volume of 230.3 million and a market share increased from 1.6% in 2022 to 6.0% in 2023 in the New Markets in 2023, the Company has become another highly competitive player in addition to postal services company and international logistics giants.

2. Parcel Volume Growth and Its Momentum

In 2023, the Company handled 230.3 million parcels in the New Markets, representing an increase of 369.0% as compared to 49.1 million parcels in 2022.

The Company's growth in parcel volume in the New Markets is primarily attributable to:

Capture the growth opportunities of the e-commerce industry. In 2023, the New Markets e-commerce industry grew rapidly under the background of economic development, consumption growth and further increase in e-commerce penetration rate. According to Frost & Sullivan, e-commerce retail sales in the New Markets amounted to US$109.96 billion in 2023, representing a year-on-year increase of 27.1% as compared to 2022. As driven by the development of the e-commerce industry, the demand for express delivery services is rising as well. The Company therefore seizes the development opportunity of the e-commerce industry to provide consumers and merchants with corresponding high-quality and price-competitive logistics services, thereby achieving the rapid growth in parcel volume.

Continuously develop and secure partnerships with cross-border e-commerce and local e-commerce platforms. The global cross-border e-commerce boomed in 2023. As of 31 December 2023, the Company has established close partnerships with international cross-border e-commerce and short-video live streaming platforms, such as Shopee, AliExpress, Shein, Temu, TikTok, Kwai, etc., in the New Markets. The Company helps cross-border e-commerce platforms with customs clearance and last-mile delivery services by virtue of its well-established infrastructure and network coverage. Meanwhile, the Company has maintained a good partnership with Noon, a local e-commerce platform in the Middle East, providing logistics services for its business in Egypt. In the future, the Company will continue to establish partnerships with more localized e-commerce platforms to deepen its reach to local merchants and consumers.

3. Continuously Investing in Infrastructure Development to Improve the Network Capacity

As the New Markets are still in the investment stage in 2023, the Company has further enhanced its network capacity by increasing investment in equipment of sorting centers, increasing line-haul vehicles, and building new outlets to meet the growing market demand. As of 31 December 2023, the Company operated 35 sorting centers, over 200 line-haul vehicles and a large number of branch line vehicles, and over 1,300 outlets in the New Markets.

III. CORE COMPETENCE OF THE COMPANY

Our Global Network Allows us to Take a Leading Position in SEA and China

The Company is a global logistics service provider with the leading express delivery business in SEA and China, and has been successful in achieving strong competitiveness in the local markets after expanding into New Markets.

In SEA, the Company's leading market share, competitive price, cost advantage arising from scale effect, healthy profitability level and high service quality standard determine its leading position in SEA. According to Frost & Sullivan, in terms of parcel volume, the Company's market share in SEA was 25.4% in 2023, ranking first for four consecutive years.

In recent years, the proportion of SEA e-commerce platforms using self-built logistics to deliver parcels on their platforms has continued to increase, reaching a high level in 2023. However, with the intensification of competition in SEA e-commerce, e-commerce platforms have become more pressing in their need to reduce fulfillment costs, and the Company, as an independent e-commerce enabler, is able to integrate the single volume of all e-commerce platforms to reduce express delivery costs with a scaling effect and replication of China's express delivery experience, thereby assisting e-commerce platforms in enhancing their competitiveness and helping to improve e-commerce penetration in SEA.

Top Five Express Delivery Operators (by parcel volume) in SEA in 2023

Rank	Express Delivery Operators	Business Model	Introduction	Country Coverage	Parcel Volume *(Billion)*	Market Share
1	J&T	Regional Sponsor Model	An express delivery service provider, established in 2015	Indonesia, Thailand, Malaysia, Singapore, Vietnam, Cambodia and the Philippines	3.24	25.4%
2	Company A	Direct Operation Model	A self-built logistics company for an e-commerce platform, which was established in 2015	Indonesia, Thailand, Malaysia, Singapore, Vietnam and the Philippines	2.68	21.0%
3	Company B	Direct Operation Model	A self-built logistics for an e-commerce platform, which was established in 2012	Indonesia, Thailand, Malaysia, Singapore, Vietnam and the Philippines	1.13	8.8%
4	Company C	Direct Operation Model	An e-commerce express delivery service provider, established in Thailand in 2017	Thailand, Malaysia and the Philippines	0.81	6.4%
5	Company D	Direct Operation Model	A Thai state-owned enterprise providing postal services, established in 1883	Mainly Thailand	0.75	5.9%

Source: Frost & Sullivan

In China, the Company's market share is constantly rising and its service quality is steadily improving. In 2023, the Company's market share in China was 11.6% by the parcel volume handled, making the Company an express delivery operator ranked No. 6 in terms of market share, representing an increase of 0.7 percentage points from 2022, according to Frost & Sullivan.

Top Six Express Delivery Operators (by parcel volume) in China in 2023

Rank	Express Delivery Operators	Business Model	Introduction	Parcel Volume *(Billion)*	Market Share
1	Company E	Network Partner Model	Established in 2002	30.20	22.9%
2	Company F	Network Partner Model	Established in 2000	21.20	16.1%
3	Company G	Network Partner Model	Established in 1999	18.85	14.3%
4	Company H	Network Partner Model	Established in 1993	17.51	13.3%
5	Company I	Direct Operation Model	Established in 2019	15.94	12.1%
6	J&T	Regional Sponsor Model (supported by Network Partner Model)	Established in 2019	15.34	11.6%

Source: State Post Bureau, Frost & Sullivan

In New Markets, in addition to the fast-growing local express delivery business, the Company's well-established network coverage can also provide customs clearance and last-mile delivery services for cross-border e-commerce platforms to synergize the global network. According to Frost & Sullivan, in terms of parcel volume, the Company entered the top five in Brazil, Mexico, Saudi Arabia and Egypt in 2023, and its market share in the New Markets increased from 1.6% in 2022 to 6.0% in 2023, representing an increase of 4.4 percentage points.

An Independent Global E-commerce Enabler

By virtue of its enormous logistics network, reliable services and insights into the local market, the Company provides cost-competitive logistics services to the local market, while promoting the rapid growth of the e-commerce market. In cooperation with e-commerce partners, the Company maintains a neutral attitude and actively establishes diversified cooperation with the platforms. In addition to cooperating with leading e-commerce platforms such as Shopee, Lazada, Tokopedia, Pinduoduo, Taobao, Tmall, Shein, Noon and Temu, the Company has also established partnerships with short video and live streaming platforms using social e-commerce services such as TikTok, Douyin and Kuaishou and Kwai. Meanwhile, we focus on developing technologies to further deepen the integration of our service processes with partners. For example, the Company has independently developed an order management system adapted to overseas social e-commerce scenarios to help social e-commerce vendors manage live streaming sales, order performance and logistics shipments, which is conducive to deepening our cooperation with e-commerce customers and facilitating the competitiveness of our logistics and express delivery services.

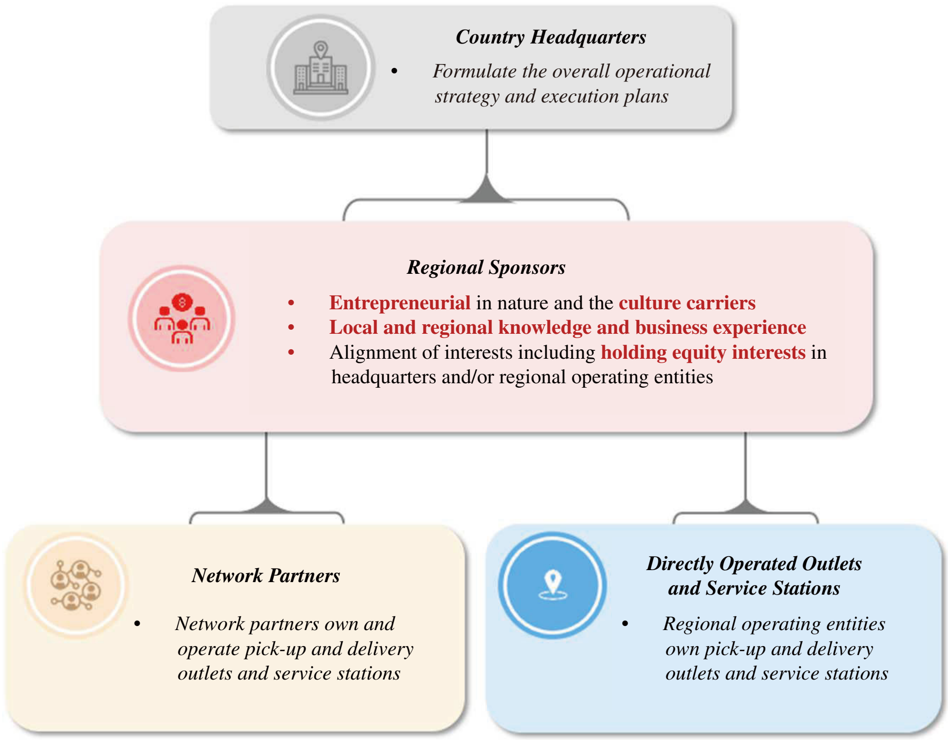
Our global network enables the Company to best serve the fast-growing cross-border e-commerce retail markets, helping connect merchants and consumers from different markets. With its well-established local network coverage and infrastructure in SEA and New Markets, the Company provides cross-border e-commerce platforms with high-quality last-mile delivery services to help solve their challenges of how to effectively reach end consumers. As the global cross-border e-commerce market is subject to continued growth, the Company will leverage the advantages of its global network to further capitalize on the tremendous growth opportunities arising from the booming cross-border e-commerce.

Our Regional Sponsor Model

Unlike the direct operation or franchise business models of its peers, the Company operates a regional sponsor model, under which, the national headquarters retains the leadership and management duties, and critical parts of the Company's business network (including sorting centers, line-haul transportation and pickup & delivery process) are operated by regional sponsors. Through years of collaborating with regional sponsors and successfully expanding throughout other regions, the Company has amassed deep institutional knowledge with respect to effective management of regional sponsors and network partners. The regional sponsors maintain long-term cooperation with the Company, develop local markets and share benefits with the Company.

Our Regional Sponsor Model allows us to maintain effective management over our network. Regional sponsors can make decisions that promote the growth and success of the business based on their local knowledge and business experience in their respective regions to avoid unnecessary administrative hurdles. By collaborating with regional sponsors, the Company can leverage regional sponsors' resources and experience to expand the network and enter the New markets rapidly and efficiently, while striving to reduce capital expenditures of the Company. Benefiting from the local knowledge and experience of regional sponsors, the Company can adjust its market strategies in a timely manner and provide high-standard services for customers. In addition, regional sponsors can help the Company supervise and manage the network partners, and require the pickup and delivery outlets follow unified service standards, ensuring the stability of service quality. Such regional sponsor business model can help the Company improve operational efficiency and achieve a leading market position in SEA and China.

The Company's success in SEA and China and its expansion into the New Markets demonstrate the strengths of its business model, and also prove its implementation capabilities and resilience against competition with established players, laying a solid foundation for the Company's future expansion and success in global markets.



An Adaptive Technology System Continuing to Empower Global Operations

The Company has continued to tackle challenges unique to each market at different stages of operations with adaptive technologies. Since our inception, we have been committed to building integrated technology infrastructure that can empower our global operations. The Company has designed the JMS system, a universal technology framework that encompasses a broad range of critical functions, which can help build and continually upgrade the address digitalization system in each market, allocate transportation and network resources, track and monitor the full lifecycle of parcels, ensure quality customer services, manage complex finance processes, and assist management personnel of pickup and delivery outlets in enhancing their management efficiency. For example, the Company provides network partners with easy-to-use and reliable tools for operation management, which can automatically calculate financial data, parcel volume, quality indicators, operational efficiency and other relevant data to help network partners analyze the current situation of pickup and delivery outlets, improve the level of their operations, and enhance the level of their digitalization and intelligence, while also enabling the Company's management personnel to know about the operation status of pickup and delivery outlets through real-time data, discover and rectify the problems in a timely manner.

The Company continues to make technological innovations in key aspects of its business through self-developed technologies. For example, we provide systematic monitoring and analysis tools for sorting centers, which can carry out real-time monitoring and analysis of the staff, vehicles, venues, and parcel conditions to support our delicacy operations and management. Through this technology, we can accurately predict the volume of parcels circulating through the sorting centers, and more accurately arrange the number of staff and vehicles to reduce the cost and minimize the waste of resources. Meanwhile, the on-site management personnel of the sorting centers can detect in real time any abnormalities in vehicle efficiency and make timely adjustments for optimization.

The Company continues to empower the globe with technologies and standards successfully validated in China. For example, based on its operational experience in China, the Company has, developed a standardized system for planning and predicting the full lifecycle of parcels for SEA and New Markets the industry-leading system is able to plan the timeframe and transportation route for each parcel by analyzing its big data in the market, and to monitor and alert abnormal parcels in real time, thus improving the operational accuracy and comprehensive service quality. Through this technology, the Company can instantly synchronize time-sensitive data of the corresponding order to e-commerce partners, e-commerce vendors and end users upon receipt of an order, which has satisfied relevant needs of customers, further deepened and stabilized the foundation of our cooperation with customers.

The Company's innovation and technology capabilities are backed by a strong team of R&D personnel. As of 31 December 2023, the Company had a R&D team of 1,632 personnel across the globe, laying a solid foundation for the Company's technology and innovation.

Providing Superior Quality Services to Meet Customer Needs

The Company provides superior services that cater to local customer and market needs. Together with the regional sponsors and network partners, the Company strives to provide high-quality services to customers. The Company actively manages and optimizes its network density to ensure reasonable capacity for transportation and distribution during peak and off seasons, and improves the customer service efficiency with reduced delivery time and higher fulfillment accuracy. Besides, the Company has also established and streamlined the operation process to standardize and control service quality throughout the network, aiming to provide consistent, reliable and quality transportation experience to consumers and customers.

The Company also offers ancillary services and innovates upon its service standards based on local market demands. For example, the Company has provided express delivery services with features (such as 365-day operation and 24-hour customer service) in Indonesia and Malaysia. The Company provides a wide range of cash-on-delivery services in SEA, which addresses the obstacle of low access to online payment channels of the local market and allows e-commerce partners to reach a wider range of consumers.

The Company monitors a series of key service quality indicators such as average delivery time, lost parcel rate and complaint rate, and is committed to continuously optimizing such indicators. In SEA, the Company improves its service quality indicators by reducing the transit times, shortening the parcel transportation routes, increasing the frequency of daily deliveries, and monitoring and handling abnormal parcels in real time, etc. In 2023, the Company's average delivery time per parcel was shortened by 6.5% on a year-on-year basis in SEA, and indicators such as the complaint rate were also significantly optimized. In China, the Company's average complaint rate in 2023 was 0.54, representing the lowest level among major express delivery operators in China, far lower than the average industry level of 4.45; the Company's complaint handling composite index in 2023 was 99.43, ranking the first among major express delivery operators in China, higher than the average industry level of 97.09, according to public data disclosed by the State Post Bureau.

Entrepreneurial and Experienced Management Team and Regional Sponsors

Our founder, Mr. Jet Jie Li, a serial entrepreneur with over 20 years of sales and entrepreneurial experience, is highly supported by a professional management bench and extensive regional sponsor groups. Our regional sponsors also form a pool of rich entrepreneurial and industry experience, bringing local know-how to our business and helping us execute our customized market strategies. Bringing diverse perspectives and an international outlook, our regional sponsors work with our management team to implement key strategic initiatives in our regions of operations and help us manage the vast network.

Our management team is dedicated to cultivating employees and promoting leaders. The Company continues to invest in employee training and skills development to promote the corporate culture and develop leaders with in-depth knowledge of the Company, the industry, technology and local market needs. The Company also hires excellent talents to join our country-level management teams, who are responsible for day-to-day operations in each market. Our experienced and entrepreneurial management teams, dynamic regional sponsors and vibrant entrepreneurial culture will continue to contribute to the success in replicating our business model in New Markets.

IV. FUTURE OUTLOOK AND GROWTH STRATEGY

According to analysis and forecast of Frost & Sullivan, the CAGR of global e-commerce retail transactions is expected to reach 9% from 2024 to 2028. Among the 13 markets covered by our business, the growth rate of e-commerce in each market has exceeded this global average. As a company specializing in e-commerce logistics, we will actively seize this huge market opportunity, develop the targeted market strategies based on the unique needs and characteristics of each market as well as our market position in various regions, so as to maximize the utilization of this growth trend.

Further increase our market share to solidify our market position: (1) According to Frost & Sullivan's forecast, the CAGR of e-commerce and express delivery markets in SEA in the next five years will be 17.7% and 15.0%, respectively. As a leading enterprise in the SEA express delivery market, we will provide high-quality services and competitive prices to gain greater market growth, further increase market share, and solidify our leading position. Meanwhile, we will also deepen our cooperation with all platforms, especially seize the rapid rise of live streaming e-commerce in SEA, further increase our market share on various platforms, and continue to serve as the leading express service provider for several e-commerce platforms. (2) In China, we will reach more customers and gain more high-quality customers by improving service quality, brand image, and enhancing customer awareness of J&T Express. (3) In the New Markets, we will seize the historical opportunity of Chinese cross-border e-commerce and develop together with Chinese e-commerce going global. In addition, we will continue to expand our cooperation with local e-commerce platforms and strengthen our localization capabilities.

Deepen our partnerships with all e-commerce platforms: (1) We will continuously provide customized services to meet the diverse needs of platforms, such as providing cost-effective and timely express products in China and SEA, and expanding door-to-door pickup services for reverse parcels with platforms. (2) We will help platforms further reduce fulfillment costs by offering competitive prices, and provide high-quality services for end customers, thereby enhancing platforms' competitiveness and promoting the high-quality development of e-commerce industry. (3) We will continue to explore new products and cooperation models with e-commerce platforms, as well as the possibility of jointly entering other markets. Through continuous innovation and exploration, we hope to grow with our partners and explore broader market prospects.

Further strengthen infrastructure development and continuously improve network quality and capacity: (1) We will expand the size of our self-owned fleet, increase line-haul transportation routes, and improve network capacity to enhance our logistics network and ensure efficient and reliable satisfaction with customer needs, while improving our service quality and delivery speed. (2) We will continue to cautiously and selectively purchase land in key transportation hub areas to expand our sorting centers and warehousing facilities. This can improve logistics efficiency, and also provide customers with more flexible and extensive logistics solutions. (3) In SEA and China, we will continue to empower our network partners and pickup and delivery outlets, enhance their operational efficiency, management capabilities and stability by providing training and technical support, thereby improving the overall strength and service quality of the entire network. (4) In the New Markets, our geographical coverage has reached over 95%, and we will further improve the range and density of network coverage to ensure coverage in more areas and meet the growing logistics needs of customers.

Strengthen the delicacy management and improve operational efficiency: (1) We will continue to optimize the layout and routing plan of sorting centers, and improve overall operational efficiency by increasing the direct delivery rate of sorting centers and reducing the number of transfers. (2) We plan to invest more automation equipment and utilize data analysis and AI technology to upgrade the hardware and software systems of sorting centers. This will significantly improve sorting efficiency and accuracy, reduce human errors, ensure the quick and accurate arrival of goods, and enhance overall service quality. (3) We will continue to standardize the operating procedures, implement real-time monitoring and data analysis. By continuously tracking and analyzing key indicators, we can promptly identify operational bottlenecks and deficiencies, and implement targeted improvement actions. In addition, through the targeted assistance and training, we will improve the human efficiency of the entire network, further enhance operational efficiency and service quality.

Grasp the new opportunities to expand other markets: (1) When choosing to enter other markets, we will conduct a comprehensive analysis, considering key factors such as population base, population structure, GDP, e-commerce market size, e-commerce penetration rate, and the development status of e-commerce platforms. This evaluation method will help us identify markets with high growth potential, ensuring that our resources can be invested in the most promising regions. (2) We will pay special attention to the markets in the Middle East and Latin America that we have not yet entered. By utilizing our existing understanding and capabilities of these regional markets, we may seize the appropriate opportunity to enter these markets and build a regional advantage. We will keep a close eye on this and carefully choose the timing and method of entry. By working closely with our clients, we can not only support their expansion in the global market, but also ensure the simultaneous development of our services and networks with their needs.

Constantly invest in technological innovation and environmental sustainability: (1) We are committed to applying technologies in all aspects of our business operations. Our proprietary JMS system has been adopted in each of the 13 countries where we currently operate. We plan to develop and upgrade key functions and module within the JMS system, including data management, network management, service quality management, customer relationship management, transportation management, and equipment and materials management to empower each stage of our business processes with technology. For example, we will continue to upgrade the address digitalization system to improve efficiency and accuracy of the delivery process; we will also further develop our global data management platform to centrally manage data from every aspect of our operations and from each market, analyze and visualize the data to facilitate fine-tuned operations management, perform effective projections on delivery demand and transportation route planning, and improve our ability to handle anomalies such as lost parcels, missed pickups, etc.; (2) We will increase the utilization of digitalized packaging identification (RFID) to integrate environmental protection and sustainability into our daily operations. We also intend to invest in smart management systems to monitor and optimize the use of our energy and water resources, thereby reducing environmental footprint and supporting the goal of sustainable development.

V. REVIEW OF FINANCIAL RESULTS

1. PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE YEAR ENDED 31 DECEMBER 2022

	For the year ended 31 December	
	2023	2022
	USD'000	*USD'000*
Revenue	**8,849,251**	7,267,428
Cost of revenue	**(8,376,453)**	(7,537,666)
Gross profit/(loss)	**472,798**	(270,238)
Selling, general and administrative expenses	**(2,157,413)**	(1,095,528)
Research and development expenses	**(46,091)**	(44,483)
Net impairment losses on financial assets	**(26,928)**	(37,219)
Other income	**46,263**	98,149
Other losses, net	**(55,179)**	(40,246)
Operating loss	**(1,766,550)**	(1,389,565)
Finance income	**24,755**	22,002
Finance costs	**(105,089)**	(99,499)
Finance cost, net	**(80,334)**	(77,497)
Fair value change of financial assets and liabilities at fair value through profit or loss	**707,925**	3,050,694
Share of results of associates	**(237)**	(302)
(Loss)/profit before income tax	**(1,139,196)**	1,583,330
Income tax expense	**(17,182)**	(10,763)
(Loss)/profit for the year	**(1,156,378)**	1,572,567
A non-IFRS measure:		
Adjusted net loss	**(432,277)**	(1,488,297)
Adjusted EBITDA	**146,694**	(894,090)

2. SEGMENT INFORMATION (NON-IFRS MEASURE)

The geographic segment information for the year ended 31 December 2023 and the year ended 31 December 2022 is presented below:

	For the year ended 31 December 2023					
	SEA	**China**	**New markets**	**Cross-border**	**Unallocated**	**Total**
	USD'000	***USD'000***	***USD'000***	***USD'000***	***USD'000***	***USD'000***
Segment revenue	**2,633,417**	**5,229,255**	**326,802**	**659,777**	**–**	**8,849,251**
Segment cost	**(2,163,087)**	**(5,170,433)**	**(325,152)**	**(717,781)**	**–**	**(8,376,453)**
Segment gross profit (loss)	**470,330**	**58,822**	**1,650**	**(58,004)**	**–**	**472,798**
Adjusted EBITDA	**375,685**	**30,730**	**(81,662)**	**(106,961)**	**(71,098)**	**146,694**

	For the year ended 31 December 2022					
	SEA	China	New markets	Cross-border	Unallocated	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Segment revenue	2,381,726	4,096,177	81,767	707,758	–	7,267,428
Segment cost	(1,905,724)	(4,760,937)	(100,836)	(770,169)	–	(7,537,666)
Segment gross profit (loss)	476,002	(664,760)	(19,069)	(62,411)	–	(270,238)
Adjusted EBITDA	331,582	(722,658)	(73,736)	(95,053)	(334,225)	(894,090)

	For the six months ended 31 December 2023					
	SEA	**China**	**New Markets**	**Cross-border**	**Unallocated**	**Total**
	USD'000	***USD'000***	***USD'000***	***USD'000***	***USD'000***	***USD'000***
Segment revenue	**1,387,341**	**3,026,185**	**194,030**	**211,256**	**–**	**4,818,812**
Segment cost	**(1,137,129)**	**(2,950,278)**	**(168,937)**	**(283,210)**	**–**	**(4,539,554)**
Segment gross profit (loss)	**250,212**	**75,907**	**25,093**	**(71,954)**	**–**	**279,258**
Adjusted EBITDA	**191,625**	**75,697**	**(26,490)**	**(95,702)**	**(37,605)**	**107,525**

	For the six months ended 31 December 2022					
	SEA	China	New Markets	Cross-border	Unallocated	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Segment revenue	1,203,797	2,136,032	69,942	455,114	–	3,864,885
Segment cost	(950,832)	(2,532,913)	(78,384)	(506,935)	–	(4,069,064)
Segment gross profit (loss)	252,965	(396,881)	(8,442)	(51,821)	–	(204,179)
Adjusted EBITDA	174,845	(500,500)	(45,138)	(78,038)	(306,534)	(755,365)

3. REVENUE

3.1 Revenue by nature:

	For the year ended 31 December			
	2023	**Percentage**	2022	Percentage
	USD'000	***%***	*USD'000*	*%*
Express delivery services	**8,086,778**	**91.4**	6,482,977	89.2
Cross-border services	**659,777**	**7.5**	707,773	9.8
Rental income	**54,924**	**0.6**	44,391	0.6
Sale of accessories	**33,177**	**0.4**	23,730	0.3
Others	**14,595**	**0.1**	8,557	0.1
Total	**8,849,251**	**100.0**	**7,267,428**	**100.0**

Revenue increased by 21.8% from US$7,267.4 million in 2022 to US$8,849.3 million in 2023, mainly due to the increase in revenue from express delivery services in 13 countries.

Revenue from express delivery services

Revenue from express delivery services increased by 24.7% from US$6,483.0 million in 2022 to US$8,086.8 million in 2023, primarily due to the increase in related service revenues from the growth in our express delivery business for our customers. The growth in revenue from express delivery services was primarily due to our total parcel volume in SEA, China and New Markets increased by 29.0% from 14.59 billion in 2022 to 18.81 billion in 2023.

Revenue from cross-border services

Revenue from cross-border services was US$659.8 million in 2023, while US$707.8 million in 2022, mainly due to the restructuring and adjustment of the Company's business, which resulted in the closure of its cross-border small parcels business and a greater focus on the development of its core business.

Rental income

Rental income increased by 23.7% from US$44.4 million in 2022 to US$54.9 million in 2023, mainly attributable to the growth in income generated from leasing of vehicles in certain countries in SEA and the growth in rental income from recycling packages in China.

Revenue from sale of accessories

Revenue from sale of accessories increased by 39.8% from US$23.7 million in 2022 to US$33.2 million in 2023, mainly due to an increase in the sale of express-related materials.

Other income

Other income increased by 70.6% from US$8.6 million in 2022 to US$14.6 million in 2023, mainly due to the increase of the transportation income.

3.2 Revenue by geographic segment:

The following table sets forth a breakdown of revenue by geographic segment, absolute amounts and as percentages of total revenue for the periods indicated:

	For the year ended 31 December			
	2023	**Percentage**	2022	Percentage
	USD'000	*%*	*USD'000*	*%*
SEA	**2,633,417**	**29.8**	2,381,726	32.8
China	**5,229,255**	**59.1**	4,096,177	56.4
New Markets	**326,802**	**3.7**	81,767	1.1
Cross-border	**659,777**	**7.4**	707,758	9.7
Total	**8,849,251**	**100.0**	7,267,428	100.0

SEA: Our revenue increased by 10.6% from US$2,381.7 million in 2022 to US$2,633.4 million in 2023, mainly due to our parcel volume in SEA increased by 28.9% from 2,513.2 million in 2022 to 3,240.0 million in 2023, with a market share of 25.4%. The growth in parcel volumes is attributable to our continued deepening of relationships with our e-commerce partners through the provision of high quality and competitively priced services, capitalizing on the rapid growth of the e-commerce market and the rise of social e-commerce.

China: Our revenue increased by 27.7% from US$4,096.2 million in 2022 to US$5,229.3 million in 2023, primarily due to the rapid increase of parcel volume and the stable revenue per parcel in China. Our parcel volume in China increased by 27.6% from 12,025.6 million in 2022 to 15,341.4 million in 2023, and our market share in 2023 accounted for 11.6%. The increases in our parcel volume and market share were driven by (i) deepening our cooperation with existing e-commerce platforms and expanding our cooperation with other e-commerce platforms to diversify the sources of packages; and (ii) improved service quality and enhanced brand image that facilitated the client sourcing abilities of ours and our network partners.

New Markets: Our revenue increased by 299.7% from US$81.8 million in 2022 to US$326.8 million in 2023, mainly due to the rapid growth of our parcel volume in New Markets. Our parcel volume in New Markets increased by 369.0% from 49.1 million in 2022 to 230.3 million in 2023, representing an increase in market share from 1.6% in 2022 to 6.0% in 2023. The growth in parcel volume is mainly attributable to our expanding and deepening cooperation with cross-border e-commerce platforms and local e-commerce platforms to capitalize on the new opportunities of the e-commerce market growth by leveraging on our increasing network capacity.

Cross-border: Our revenue decreased by 6.8% from US$707.8 million in 2022 to US$659.8 million in 2023, mainly due to the transformation of the business.

4. ECONOMIC BENEFITS PER PARCEL

SEA:

	For the year ended 31 December			
	2023	**Percentage**	2022	Percentage
	US$	***%***	*US$*	*%*
Revenue per parcel	**0.81**	**100.0**	0.95	100.0
Cost per parcel	**0.67**	**82.7**	0.76	80.0
Including: Pickup and delivery cost	**0.40**	**49.4**	0.43	45.3
Transportation cost	**0.17**	**21.0**	0.22	23.2
Sorting cost	**0.09**	**11.1**	0.09	9.5
Other cost	**0.01**	**1.2**	0.02	2.0

Revenue per parcel: Revenue per parcel in SEA was US$0.81 in 2023, compared to that of US$0.95 in 2022. The decrease in revenue per parcel was primarily due to (i) our promotional activities and strategic price adjustments to maintain our edge in the highly competitive SEA market; and (ii) our continued efforts to expand our e-commerce platform customers and increase our parcel volume.

Cost per parcel: The overall cost per parcel in SEA decreased from US$0.76 in 2022 to US$0.67 in 2023, mainly due to the Company's empowerment of its China express delivery operation experience to SEA and continued optimization in various segments:

Pickup and delivery: As of 31 December 2023, the Company had more than 10,600 outlets in SEA and managed more than 2,400 network partners. The Company adjusted the density and location of its outlets based on local operating conditions, and improved and consolidated outlets that do not meet quality standards to enhance their operating efficiency. The Company's pickup and delivery cost per parcel decreased from US$0.43 in 2022 to US$0.40 in 2023. In 2023, the Company made adjustments to its network coverage in Vietnam and Thailand and increased the frequency of daily deliveries in order to improve timeliness and meet the rapidly growing demand for pickup and delivery capacity.

Transportation: As of 31 December 2023, the Company operated more than 3,300 line-haul vehicles in SEA, representing a year-over-year increase of 700 vehicles from 2022, of which approximately 1,300 were self-owned line-haul vehicles. The Company will continue to reduce transportation costs by integrating the resources of its self-owned vehicles and third-party carriers, optimizing line-haul route planning, and increasing loading rates. The Company's transportation cost per parcel decreased from US$0.22 in 2022 to US$0.17 in 2023. The Company constantly built a more efficient self-operated fleet, improved the management and utilization of its self-owned vehicles, and introduced more third-party carrier resources for price comparison in order to protect peak vehicle demand and reduce procurement costs.

Sorting: As of 31 December 2023, the Company operated 119 sorting centers in SEA, representing a decrease compared to 2022, mainly due to the consolidation of the Company's sorting centers in Indonesia, Vietnam, and Malaysia in 2023, which resulted in an increase in the average coverage area of each sorting center and a decrease in the number of sorting times of a single parcel, thus improving the network efficiency and the overall time efficiency. Meanwhile, the Company continues to train its sorting staff and deploy automated sorting equipment in key sorting centers to improve sorting efficiency and reduce labor costs.

China:

	For the year ended 31 December			
	2023	**Percentage**	2022	Percentage
	US$	***%***	*US$*	*%*
Revenue per parcel	**0.34**	**100.0**	0.34	100.0
Cost per parcel	**0.34**	**100.0**	0.40	117.6
Including: Pickup and delivery cost	**0.20**	**58.8**	0.20	58.8
Transportation cost	**0.07**	**20.6**	0.09	26.5
Sorting cost	**0.06**	**17.6**	0.08	23.5
Other cost	**0.01**	**3.0**	0.03	8.8

Revenue per parcel: China's revenue per parcel was US$0.34 in 2023, which was the same as that in 2022, mainly due to the improvement in the quality of services, acquisition of more high-quality customers, and optimization of the parcel volume structure of different e-commerce platforms.

Cost per parcel: Overall cost per parcel in China declined from US$0.40 in 2022 to US$0.34 in 2023. The Company continued to deepen its refined management and operation in China in 2023:

Pickup and delivery: As of 31 December 2023, the Company had more than 6,000 network partners and operated approximately 7,600 outlets in China, both of which decreased slightly as compared to 2022. The Company has developed a comprehensive system to evaluate each network partner and outlets, with service quality being the most important indicator. Based on the evaluation results, the Company will provide incentives to outstanding network partners or outlets, while for network partners or outlets with lower ratings, the Company will give priority to formulating an improvement plan with them and assisting them in improving their operations, and those that fail to make improvements over a long period of time will be phased out and replaced. The Company's pickup and delivery cost per parcel was US$0.20 in 2023, which remained flat compared to US$0.20 in 2022.

Transportation: As of 31 December 2023, the Company operated more than 6,100 line-haul vehicles in China, of which more than 3,700 were self-owned line-haul vehicles, representing an increase of more than 900 self-owned line-haul vehicles as compared to 31 December 2022. The Company has an independently operated vehicle company and continues to invest in its self-owned line-haul vehicles, which has provided the Company with greater flexibility in vehicle management and increased transportation efficiency. At the same time, through the experience accumulated after entering China in the past few years, and with a deeper understanding of the seasonal fluctuations of the express delivery industry in China and the fluctuations of different types of commodities during the peak and off-peak seasons, the Company has been continuously optimizing its transportation routes, and the analysis of big data by the JMS system allows us to optimize and adjust our routes according to the volume of shipments in a timely manner, so as to make the entire management and control of transportation more systematized and data-driven, and to reduce transportation costs in the process of guaranteeing the timeliness of delivery. The transportation cost per parcel of the Company was US$0.07 in 2023, representing a decrease of US$0.02 as compared to US$0.09 in 2022.

Sorting: As of 31 December 2023, the Company operated 83 sorting centers in China. In China, we are cautious about investing in self-built sorting centers, which are mainly leased, and in 2023, the Company commenced two self-built projects for sorting centers in Yangzhou and Guangzhou, with Yangzhou's self-built sorting center expected to come into operation in the second half of 2024, and Guangzhou's self-built sorting center expected to be ready for operation in 2025. At the same time, the Company continued to optimize the management of the sorting centers, such as updating the automated equipment in the sorting centers for iterative calculations, improving the efficiency of the centers by increasing the proficiency of the personnel through training, and regulating the use of recycling packages in the sorting centers in order to reduce the costs through various aspects of refined management. Sorting cost per parcel was US$0.06 in 2023, representing a decrease of US$0.02 from US$0.08 in 2022.

New Markets:

	For the year ended 31 December			
	2023	**Percentage**	2022	Percentage
	US$	***%***	*US$*	*%*
Revenue per parcel	**1.42**	**100.0**	1.67	100.0
Cost per parcel	**1.41**	**99.3**	2.05	122.8
Including: Pickup and delivery cost	**0.84**	**59.2**	0.93	55.7
Transportation cost	**0.26**	**18.3**	0.71	42.5
Sorting cost	**0.24**	**16.9**	0.24	14.4
Other cost	**0.07**	**4.9**	0.17	10.2

Revenue per parcel: The Company entered the New Markets in 2022 and is still in the rapid development stage in 2023, with parcel volume growing 369.0% year-on-year. Meanwhile, due to changes in the structure of parcel volume from different e-commerce platforms, the revenue per parcel in New Markets has changed from US$1.67 in 2022 to US$1.42 in 2023.

Cost per parcel: Cost per parcel in New Markets declined from US$2.05 in 2022 to US$1.41 in 2023, primarily due to the rapid growth in parcel volume in New Markets and the initial economies of scale.

5. COST OF REVENUE AND EXPENSES:

5.1 Costs and expenses by nature

	For the year ended 31 December	
	2023	2022
	USD'000	*USD'000*
Employee benefit expenses	**1,194,030**	1,290,329
Fulfilment costs	**4,172,929**	3,320,187
Other labour costs	**513,922**	402,694
Line-haul costs	**2,190,025**	2,221,664
Depreciation and amortization	**481,455**	505,947
Materials	**107,752**	107,568
Share-based compensation expenses		
– related to regional sponsors	**158,442**	–
– related to equity transactions	**1,258,131**	37,262
Short-term leases	**129,121**	136,200
Auditors' remuneration	**2,282**	2,252
Listing expenses	**8,390**	10,360
Advertising and marketing expenses	**37,469**	24,709
Impairment of long-term assets	**–**	219,080
Impairment of goodwill	**–**	117,502
Others	**326,009**	281,923
Total	**10,579,957**	8,677,677

Our total cost of revenue and expenses increased by 21.9% from US$8,677.7 million in 2022 to US$10,580.0 million in 2023, primarily attributable to increases in our fulfillment costs in line with the increased parcel volume along with the share-based payments and expenses in the first half year.

Fulfillment costs: With the expansion of our network and the increase in parcel volume, our fulfillment costs increased by 25.7% from US$3,320.2 million in 2022 to US$4,172.9 million in 2023. Our fulfillment costs accounted for 45.7% and 47.2% of our total cost of revenue in 2022 and 2023, respectively.

Staff costs: Our staff costs decreased by 7.5% from US$1,290.3 million in 2022 to US$1,194.0 million in 2023. Our staff costs accounted for 17.8% and 13.5% of our total revenue in 2022 and 2023, respectively. The decrease was primarily due to the decrease of the share-based compensation expenses.

Other labor costs: As the increase in our parcel volume, our other labor costs increased by 27.6% from US$402.7 million in 2022 to US$513.9 million in 2023. Other labor costs accounted for 5.5% and 5.8% of our revenue in 2022 and 2023, respectively.

Depreciation and amortization: We had a slight decrease in depreciation and amortization costs from US$505.9 million in 2022 to US$481.5 million in 2023, as a result of the surrender of the lease of the sorting centers in 2022 with no depreciation and amortization caused in 2023 relative to this component after we fully integrated BEST Express China.

Impairment losses: We did not record any impairment losses in 2023.

5.2 Cost by geographic segment

	For the year ended 31 December			
	2023	**Percentage**	2022	Percentage
	USD'000	***%***	*USD'000*	*%*
SEA	**2,163,087**	**25.8**	1,905,724	25.3
China	**5,170,433**	**61.7**	4,760,937	63.2
New Markets	**325,152**	**3.9**	100,836	1.3
Cross-border	**717,781**	**8.6**	770,169	10.2
Total	**8,376,453**	**100.0**	7,537,666	100.0

SEA: increased by 13.5% from US$1,905.7 million in 2022 to US$2,163.1 million in 2023, mainly due to the parcel volume in SEA increased by 28.9% from 2,513.2 million to 3,240.0 million during the same period, which was driven by the increase in fulfillment costs as a result of the increase in parcel volume.

China: increased by 8.6% from US$4,760.9 million in 2022 to US$5,170.4 million in 2023, mainly due to China's parcel volume increased by 27.6% from 12,025.6 million to 15,341.4 million during the same period, which was accompanied by an increase in express delivery fulfillment costs, transportation costs and distribution and transfer costs as a result of the increase in parcel volume.

New Markets: increased by 222.5% from US$100.8 million in 2022 to US$325.2 million in 2023. Parcel volume in New Markets increased by 369.0% from 49.1 million to 230.3 million during the same period, mainly due to the rapid development of infrastructure in New Markets, the self-built networks and sorting and transfer centers, the introduction of platform customers to satisfy diversified customer needs and to provide customers with better logistics service experience, and express delivery-related costs incurred in line with the expansion of the business and network coverage.

Cross-border: decreased by 6.8% from US$770.2 million in 2022 to US$717.8 million in 2023, mainly due to cross-border business customs clearance fees, charter fees and rental vehicle costs.

6. GROSS PROFIT AND GROSS PROFIT MARGIN

	For the year ended 31 December			
	2023	**Gross profit margin**	2022	Gross profit margin
	USD'000	***%***	*USD'000*	*%*
SEA	**470,330**	**17.9**	476,002	20.0
China	**58,822**	**1.1**	(664,760)	(16.2)
New Markets	**1,650**	**0.5**	(19,069)	(23.3)
Cross-border	**(58,004)**	**(8.8)**	(62,411)	(8.8)
Total	**472,798**	**5.3**	(270,238)	(3.7)

The Company's gross profit margin increased from a loss of 3.7% in 2022 to a profit of 5.3% in 2023.

SEA: gross profit margin decreased from 20.0% in 2022 to 17.9% in 2023.

China: gross profit margin increased from a loss of 16.2% in 2022 to a profit of 1.1% in 2023.

New Markets: gross profit margin increased from a loss of 23.3% in 2022 to a profit of 0.5% in 2023.

Cross-border: gross profit margin recorded a loss of 8.8% in 2023, which was the same as that in 2022.

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2023	2022
	USD'000	*USD'000*
Employee benefit expenses	**524,341**	695,065
Share-based payments related to equity transactions	**1,258,131**	37,262
Other share-based expenses	**158,442**	–
Office related expenses	**30,401**	42,624
Professional service fees	**49,996**	29,228
Promotion and marketing expenses	**36,914**	24,709
Depreciation and amortization	**69,665**	59,566
Impairment of goodwill	**–**	117,502
Others	**29,523**	89,572
Total	**2,157,413**	1,095,528

Our selling, general and administrative expenses primarily consist of (i) staff costs, including salaries, bonus, other compensation and share-based compensation expenses related to employee benefits to our staff, (ii) share-based payments related to equity transactions, (iii) other share-based expenses, (iv) office related expenses, (v) professional service fees including auditor's remuneration, listing-related service fees and fees for other consulting services, (vi) promotion and marketing expenses relating to branding initiatives and advertising activities, (vii) depreciation and amortization of our right-of-use assets in relation to the leases of our offices, (viii) one-off impairment of goodwill based on peers' performance and general industry trend, and (ix) other selling, general and administrative expenses.

Selling, general and administrative expenses increased by 96.9% from US$1,095.5 million in 2022 to US$2,157.4 million in 2023. This increase was primarily due to our share-based payments and expenses totaling US$1,462.4 million in 2023 compared to share-based payments and expenses totaling US$281.4 million in 2022.

8. ADJUSTED EBITDA:

	For the year ended 31 December			
	2023	**Adjusted EBITDA**	2022	Adjusted EBITDA
	USD'000	***%***	*USD'000*	*%*
SEA	**375,685**	**14.3**	331,582	13.9
China	**30,730**	**0.6**	(722,658)	(17.6)
New Markets	**(81,662)**	**(25.0)**	(73,736)	(90.2)
Cross-border	**(106,961)**	**(16.2)**	(95,053)	(13.4)
Unallocated	**(71,098)**	**N/A**	(334,225)	N/A
Total	**146,694**	**1.7**	(894,090)	(12.3)

The Company's overall adjusted EBITDA turned profitable for the first time, increasing from a loss of US$894.1 million in 2022 to a profit of US$146.7 million in 2023.

SEA: Adjusted EBITDA in 2023 was US$375.7 million, representing a year-on-year increase of 13.3% compared to US$331.6 million in 2022, and adjusted EBITDA margins in 2022 and 2023 were 13.9% and 14.3%, respectively, a steady to rising trend. As the increase of the Company's parcel volume, it maintains a healthy and sustainable profitability in SEA by continuing to expand its scale efficiency and replicating its experience in express delivery operations in China, while simultaneously improving its operational and management efficiency.

China: China's adjusted EBITDA for 2023 was profitable for the first year, increasing from a loss of US$722.7 million in 2022 to a profit of US$30.7 million in 2023, primarily due to the Company's continued refinement of operations to reduce costs and expenses per parcel while maintaining a stable revenue per parcel. The adjusted EBITDA margin in 2023 was 0.6%, while the adjusted EBITDA margin in 2022 was –17.6%.

New Markets: Adjusted EBITDA of New Markets recorded a loss of US$81.7 million in 2023, while the adjusted EBITDA recorded a loss of US$73.7 million in 2022. The adjusted EBITDA margin improved from –90.2% in 2022 to –25.0% in 2023, representing a significant narrowing of losses. Although the Company was still in the investment stage in New Markets in 2023, the rapid growth in parcel volume of the Company resulted in the initial realization of economies of scale and a positive gross profit per parcel.

Cross-border: Adjusted EBITDA recorded a loss of US$107.0 million in 2023, representing a slight increase from a loss of US$95.1 million in 2022, mainly due to the Company's strategic adjustments and the close down of its cross-border small parcel business in the fourth quarter of 2023, which resulted in one-off costs such as personnel severance, contract suspension penalties, and loss of deposits. The Company expected that the associated costs will not be recurring.

Unallocated: Unallocated mainly consists of (i) general and administrative expenses, foreign exchange gains and losses and other expenses incurred at the level of the group of companies and the holding company; (ii) the changes on fair value on financial liabilities of Group subsidiaries; and (iii) the changes on fair value on the Group's financial assets. Adjusted EBITDA recorded a loss of US$71.1 million in 2023, compared to the adjusted EBITDA of a loss of US$334.2 million in 2022, primarily due to the changes on fair value on financial liabilities of Group subsidiaries.

9. FINANCE COSTS

	For the year ended 31 December			
	2023	**Percentage**	2022	Percentage
	USD'000	***%***	*USD'000*	*%*
Interest income from bank deposits	**24,755**	**(30.8)**	22,002	(28.4)
Interest expenses on lease liabilities	**(29,521)**	**36.7**	(37,318)	48.2
Interest expenses on borrowings	**(75,568)**	**94.1**	(62,181)	80.2
Total	**(80,334)**	**100.0**	(77,497)	100.0

The financial cost in 2023 was US$80.3 million, which is basically the same as US$77.5 million in 2022, primarily interest expenses on borrowings.

10. OTHER INCOME

	For the year ended 31 December	
	2023	2022
	USD'000	*USD'000*
Subsidy income	**41,620**	87,035
Interest income on loans to related parties	**–**	10,175
Interest income on loans to third parties	**4,643**	939
Total	**46,263**	98,149

Other income primarily consists of (i) subsidy income, (ii) interest income on loans to related parties and (iii) interest income on loans to third parties. Subsidy income was mainly related to (i) incentives in the PRC provided by local governments based on the amounts of current deductible input value-added tax, and (ii) subsidies provided by local governments for economic recovery plans in SEA countries. Other income was US$46.3 million and US$98.1 million in 2023 and 2022, respectively, with the year-over-year fluctuations primarily due to changes in policy.

11. LIQUIDITY AND FINANCIAL RESOURCES

The Group is committed to establishing a scientific, standardized and efficient liquidity and financial resources management system and implementing unified financial policies and controls over its operating companies to ensure the safety, liquidity and value-added of the group funds, so as to support the Group's strategic development and safeguard the rights and interests of shareholders, creditors and other stakeholders.

The Group's cash generated from operating activities in 2023 amounted to US$342.0 million, while the cash used in operating activities in 2022 was US$519.8 million. As of 31 December 2023, the Group had total cash and cash equivalents of US$1,483.2 million and the total borrowings under current liabilities of US$211.2 million. The Group continuously obtains quality financial credit in combination with the better financial environment in the location of the operating entity. As of 31 December 2023, the Group's unutilized financial credit exceeded US$200 million, and the Group's available capital is sufficient to maintain the Group's continuous and good operation.

As at 31 December 2023, the Group's gearing ratio (the percentage of total liabilities to total assets) was 62.4% (31 December 2022: 184.0%).

12. FOREIGN EXCHANGE RISK

Our subsidiaries and consolidated affiliated entities primarily operate in China, Indonesia, Vietnam, Malaysia, the Philippines, Thailand and other countries. Their transactions were generally settled in local currencies. Our foreign exchange risk primarily arises from recognized assets and liabilities in our subsidiaries and consolidated affiliated entities from those countries, when we receive foreign currencies from or pay foreign currencies to overseas business partners.

For Group entities whose functional currency is Renminbi (RMB), if RMB had strengthened or weakened by 5% against United States Dollars (USD) with all other variables held constant, our loss before income tax in 2022 and 2023, would have been US$29,000 lower or higher and US$4,055,000 higher or lower, respectively, as a result of net foreign exchange gains or losses on translation of net monetary assets or liabilities denominated in USD.

For Group entities whose functional currency is Indonesian Rupiah (IDR), if IDR had strengthened or weakened by 5% against USD with all other variables held constant, our profit before income tax in 2022 and 2023 would have been approximately US$1,000 lower or higher and approximately US$2,185,000 higher or lower, respectively, as a result of net foreign exchange gains or losses on translation of net monetary assets/liabilities denominated in USD.

For Group entities whose functional currency is Thai Baht (THB), if THB had strengthened or weakened by 5% against USD with all other variables held constant, our loss before income tax in 2022 and 2023 would have been approximately US$2,000 higher or lower and approximately US$185,000 higher or lower, respectively, as a result of net foreign exchange gains or losses on translation of net monetary assets or liabilities denominated in USD.

For Group entities whose functional currency is Vietnamese Dong (VND), if VND had strengthened or weakened by 5% against USD with all other variables held constant, our profit before income tax in 2023 would have been US$351,000 higher or lower, as a result of net foreign exchange gains or losses on translation of net monetary assets or liabilities denominated in USD. Relevant impact for year 2022 is minimal.

For Group entities whose functional currency is Malaysian Ringgit (MYR), if MYR had strengthened or weakened by 5% against USD with all other variables held constant, our loss before income tax in 2023 would have been approximately US$451,000 lower or higher, as a result of net foreign exchange gains or losses on translation of net monetary assets or liabilities denominated in USD. Relevant impact for year 2022 is minimal.

For Group entities whose functional currency is Singapore Dollars (SGD), if SGD had strengthened or weakened by 5% against USD with all other variables held constant, our loss before income tax in 2022 and 2023, would have been US$5,000 higher or lower, and US$35,000 higher or lower, respectively, as a result of net foreign exchange gains or losses on translation of net monetary assets or liabilities denominated in USD.

For Group entities whose functional currency is Philippine Peso (PHP), if PHP had strengthened or weakened by 5% against USD with all other variables held constant, our profit before income tax in 2022 and 2023, would have been US$2,490,000 lower or higher and US$4,454,000 lower or higher, respectively, as a result of net foreign exchange gains or losses on translation of net monetary assets or liabilities denominated in USD.

13. CAPITAL EXPENDITURE

Our capital expenditures include our investments in property, plant and equipment, and intangible assets. Our total capital expenditures were US$474.6 million and US$580.7 million respectively in 2023 and 2022.

14. CAPITAL EXPENDITURE COMMITMENT

Capital expenditures contracted for as at 31 December 2023 and 31 December 2022 but not yet incurred are as follows:

	As at 31 December	
	2023	2022
	USD'000	*USD'000*
Buildings	**117,311**	–
Right-of-use asset – Land in the PRC	**11,465**	11,659
Vehicles	**6,170**	–
Total	**134,946**	11,659

15. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

In June 2023, the Group acquired Shenzhen Fengwang Information Technology Company Limited (深圳市豐網信息技術有限公司) ("**Fengwang Information**"), a wholly-owned subsidiary of Shenzhen Fengwang Holdings Company Limited (深圳市豐網控股有限公司) (a subsidiary of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (stock code: 002352.SZ)), for a total cash payment of approximately US$63,789,000.

With the assistance from an external valuer appointed by the Group, the Group applied the discounted cash flow method to determine the underlying equity value of Fengwang Information. Accordingly, relevant goodwill with an amount of US$33,629,000 was recognised.

Save as disclosed above, the Group had no other material acquisitions or disposals of subsidiaries, associates and joint ventures in FY2023.

16. EMPLOYEE AND REMUNERATION POLICY

The Group had 149,186 full-time employees as of 31 December 2023.

We offered our employees competitive compensation packages. We determine employee remuneration based on factors such as qualifications, expertise and years of relevant experience. In accordance with applicable laws and regulations, we currently participate in social insurance contribution plan organized by the relevant local governments, including but not limited to, pension insurance plan, medical insurance plan, unemployment insurance plan, a work-related injury insurance plan, maternity insurance plan and housing provident fund. We regularly provide our employees with training on ethics, work processes, internal policies, management, technical skills and other areas that are relevant to their daily work. We are constantly improving our training framework to empower and develop the careers of the various participants in our value chain.

FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEETS

		As at 31 December	
		2023	2022
	Notes	***USD'000***	*USD'000*
Non-current assets			
Investment properties		**278**	507
Property, plant and equipment		**1,178,690**	1,052,884
Right-of-use assets		**503,073**	481,207
Intangible assets		**974,525**	963,569
Investments accounted for using the equity method		**2,729**	3,590
Deferred income tax assets		**53,813**	43,107
Other non-current assets		**25,423**	63,348
Financial assets at fair value through profit or loss		**725,577**	481,050
		3,464,108	3,089,262
Current assets			
Inventories		**34,756**	29,120
Trade receivables	*6*	**555,978**	513,954
Prepayments, other receivables and other assets		**971,496**	703,010
Financial assets at fair value through profit or loss		**49,957**	16,440
Restricted cash		**41,921**	79,725
Cash and cash equivalents		**1,483,198**	1,504,048
		3,137,306	2,846,297
Total assets		**6,601,414**	5,935,559
EQUITY			
Equity attributable to owners of the Company			
Share capital		**18**	14
Share premium		**9,061,736**	603,829
Other reserves		**(185,273)**	(434,108)
Accumulated losses		**(6,126,799)**	(5,016,768)
		2,749,682	(4,847,033)
Non-controlling interests		**(270,083)**	(137,215)
Total equity/(deficits)		**2,479,599**	(4,984,248)

	Notes	As at 31 December 2023 USD'000	2022 USD'000
Non-current liabilities			
Borrowings		**1,071,313**	1,020,897
Lease liabilities		**304,316**	341,471
Deferred tax liabilities		**15,808**	22,407
Employee benefit obligations		**13,082**	7,765
Financial liabilities – redemption liabilities of shares of JNT Express KSA LLC		**36,740**	30,583
Financial liabilities at fair value through profit or loss		**595,782**	7,765,067
		2,037,041	9,188,190
Current liabilities			
Trade payables	*7*	**466,904**	484,215
Advances from customers		**272,231**	209,925
Accruals and other payables		**888,942**	776,378
Lease liabilities		**204,341**	151,195
Current income tax liabilities		**30,601**	32,424
Borrowings		**211,236**	77,480
Financial liabilities at fair value through profit or loss		**10,519**	–
		2,084,774	1,731,617
Total liabilities		**4,121,815**	10,919,807
Total equity and liabilities		**6,601,414**	5,935,559

CONSOLIDATED INCOME STATEMENTS

	Notes	For the year ended 31 December **2023** *USD'000*	2022 *USD'000*
Revenue	*2*	**8,849,251**	7,267,428
Cost of revenue		**(8,376,453)**	(7,537,666)
Gross profit/(loss)		**472,798**	(270,238)
Selling, general and administrative expenses		**(2,157,413)**	(1,095,528)
Research and development expenses		**(46,091)**	(44,483)
Net impairment losses on financial assets		**(26,928)**	(37,219)
Other income		**46,263**	98,149
Other losses, net		**(55,179)**	(40,246)
Operating loss		**(1,766,550)**	(1,389,565)
Finance income		**24,755**	22,002
Finance costs		**(105,089)**	(99,499)
Finance cost, net		**(80,334)**	(77,497)
Fair value change of financial assets and liabilities at fair value through profit or loss		**707,925**	3,050,694
Share of results of associates		**(237)**	(302)
(Loss)/profit before income tax		**(1,139,196)**	1,583,330
Income tax expense	*3*	**(17,182)**	(10,763)
(Loss)/profit for the year		**(1,156,378)**	1,572,567
Attributable to:			
Owners of the Company		**(1,100,988)**	1,656,168
Non-controlling interests		**(55,390)**	(83,601)
(Losses)/earnings per share attributable to owners of the Company:			
Basic (losses)/earnings per share (USD cent)	*5*	**(26.3)**	54.8
Diluted losses per share (USD cent)	*5*	**(26.3)**	(23.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

	For the year ended 31 December	
	2023	2022
	USD'000	*USD'000*
(Loss)/profit for the year	**(1,156,378)**	1,572,567
Other comprehensive loss for the year:		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**13,963**	(251,954)
Item that will not be reclassified subsequently to profit or loss		
Fair value changes of financial liabilities at fair value through profit or loss relating to the Group's credit risk	**5,645**	9,875
Others	**(1,434)**	1,279
Total comprehensive (loss)/income	**(1,138,204)**	1,331,767
Attributable to:		
Owners of the Company	**(1,085,723)**	1,419,781
Non-controlling interests	**(52,481)**	(88,014)

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	2023	2022
	USD'000	*USD'000*
Cash flows generated from/(used in) operating activities	**341,953**	(519,817)
Net cash used in investing activities	**(858,847)**	(859,757)
Net cash generated from financing activities	**500,897**	881,328
Net decrease in cash and cash equivalents	**(15,997)**	(498,246)
Cash and cash equivalents at the beginning of the year	**1,504,048**	2,102,448
Effects of foreign exchange rate changes on cash and cash equivalents	**(4,853)**	(100,154)
Cash and cash equivalents at the end of the year	**1,483,198**	1,504,048

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The Group has applied a number of new or revised standards in the Reporting Period. The adoption of these new standards and amendments had no material impact on the Group's financial position or results of operations and no retrospective adjustments have been required. The new standards, amendments and interpretations to these standards are set out below:

IAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 1 (Amendments) and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules	1 January 2023

At the end of the Reporting Period, certain new accounting standards and interpretations have been published that are not mandatory and have not been early adopted by the Group. Those new standards, amendments of standards and interpretations are as follows:

IFRS 10 (Amendments) and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 7 (Amendments) and IAS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025

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

2. SEGMENT INFORMATION

	For the year ended 31 December 2023				
	SEA	**China**	**New Markets**	**Cross-border**	**Total**
	USD'000	***USD'000***	***USD'000***	***USD'000***	***USD'000***
Segment revenue	**2,633,417**	**5,229,255**	**326,802**	**659,777**	**8,849,251**
Segment cost	**(2,163,087)**	**(5,170,433)**	**(325,152)**	**(717,781)**	**(8,376,453)**
Segment gross profit/(loss)	**470,330**	**58,822**	**1,650**	**(58,004)**	**472,798**
Adjusted EBITDA	**375,685**	**30,730**	**(81,662)**	**(106,961)**	**217,792**
Unallocated					**(71,098)**
Total EBITDA					**146,694**

	For the year ended 31 December 2022				
	SEA	China	New Markets	Cross-border	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Segment revenue	2,381,726	4,096,177	81,767	707,758	7,267,428
Segment cost	(1,905,724)	(4,760,937)	(100,836)	(770,169)	(7,537,666)
Segment gross profit/(loss)	476,002	(664,760)	(19,069)	(62,411)	(270,238)
Adjusted EBITDA	331,582	(722,658)	(73,736)	(95,053)	(559,865)
Unallocated					(334,225)
Total EBITDA					(894,090)

	For the year ended 31 December	
	2023	2022
	USD'000	*USD'000*
Adjusted EBITDA		
SEA	**375,685**	331,582
China	**30,730**	(722,658)
New Markets	**(81,662)**	(73,736)
Cross-border	**(106,961)**	(95,053)
Unallocated	**(71,098)**	(334,225)
Total adjusted EBITDA	**146,694**	(894,090)
Adjustments:		
Depreciation and amortization	**(481,455)**	(505,947)
Share-based compensation expenses – related to employee benefit expenses	**(45,850)**	(244,104)
Share-based expenses – related to regional sponsors	**(158,442)**	–
Share-based expenses – related to equity transactions	**(1,258,131)**	(37,262)
Fair value change of financial liabilities of the Company	**746,712**	3,352,590
Listing expenses	**(8,390)**	(10,360)
Finance income	**24,755**	22,002
Finance costs	**(105,089)**	(99,499)
Income tax expenses	**(17,182)**	(10,763)
(Loss)/Profit for the year	**(1,156,378)**	1,572,567

3. INCOME TAX EXPENSES

	2023	2022
	USD'000	*USD'000*
Current tax on profits for the year	**35,177**	56,183
Deferred income tax	**(17,995)**	(45,420)
Total	**17,182**	10,763

4. DIVIDENDS

The Directors of the Company do not recommend the payment of any dividends during the year ended 31 December 2023.

5. EARNINGS PER SHARE

(a) Basic

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

	2023	2022
Net (loss)/profit attributable to owners of the Company *(USD'000)*	**(1,100,988)**	1,656,168
Weighted average number of shares *(thousands)*:		
Class A Ordinary Shares outstanding	**1,824,675**	2,163,255
Class B Ordinary Shares outstanding	**761,260**	859,055
Class A Shares outstanding	**177,085**	–
Class B Shares outstanding	**1,416,350**	–
Total weighted average number of shares outstanding	**4,179,370**	3,022,310
Basic (losses)/earnings per share *(USD cent)*	**(26.3)**	54.8

The weighted average number of ordinary shares for the years ended 31 December 2023 and 2022 for the purpose of calculating the basic and diluted (losses)/earnings per share had been adjusted to take into account the effect of the share subdivision of the Company.

(b) Diluted

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

	2023	2022
	USD'000	*USD'000*
Net (loss)/profit attributable to owners of the Company *(USD'000)*	**(1,100,988)**	1,656,168
Adjustment for fair value change of the Company's convertible preferred shares through profit or loss	**–**	(3,352,590)
Net loss attributable to owners of the Company *(USD'000)*	**(1,100,988)**	(1,696,422)
Weighted average number of shares *(thousands)*:		
Weighted average number of shares outstanding	**4,179,370**	3,022,310
Adjustment for convertible preferred shares of the Company	**–**	4,201,654
Weighted average number of shares for calculation of diluted loss per share	**4,179,370**	7,223,964
Diluted loss per share *(USD cent)*	**(26.3)**	(23.5)

6. TRADE RECEIVABLES

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

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

At the end of the Reporting Period, the aging analysis of trade receivables based on invoice date is as follows:

	2023	2022
	USD'000	*USD'000*
Within 1 month	**319,037**	366,405
1-4 months	**219,765**	156,515
4-6 months	**40,050**	768
6-9 months	**5,777**	1,702
9-12 months	**4,647**	4,917
Above 12 months	**3,611**	30,859
Less: provision for impairment	**(36,909)**	(47,212)
Total	**555,978**	513,954

7. TRADE PAYABLES

At the end of the Reporting Period, the aging analysis of trade payables based on invoice date is presented as follows:

	2023	2022
	USD'000	*USD'000*
Within 3 months	**433,167**	434,660
3-6 months	**18,311**	26,512
6-9 months	**8,596**	14,360
9-12 months	**3,117**	5,103
Above 12 months	**3,713**	3,580
Total	**466,904**	484,215

OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance to facilitate its long-term development and to protect the interests of its shareholders. In this regard, the Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Save as mentioned below, the Company has complied with all the code provisions of the CG Code as at the date of its listing on the Main Board of the Stock Exchange on 27 October 2023 and up to the date of this announcement. The Company continues and will continue to ensure compliance with the corresponding provisions set out in the Model Code (as defined below) and the Company's corporate governance practices.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of Chairman of the Board and Chief Executive Officer should be separate and should not be performed by the same person. The Company deviates from this provision because Mr. Jet Jie Li performs both the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Jet Jie Li is the founder of the Group and has extensive experience in the business operations and management of our Group. Our Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer to Mr. Jet Jie Li has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively. Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. Our Board will reassess the division of the roles of Chairman of the Board and the Chief Executive Officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they had strictly complied with relevant requirements of the Model Code during the Reporting Period. The Company is not aware of any incident of non-compliance of the Model Code by the Directors.

PURCHASE, SALES AND REDEMPTION OF LISTED SECURITIES

The Company or any of its subsidiaries has no purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

No material events has occurred after 31 December 2023 and up to the date of this announcement which would have an effect on the Group.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The data in respect of the Group's consolidated income statements, consolidated statement of comprehensive income/(loss), consolidated balance sheets and its related notes for the year ended 31 December 2023 set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to be consistent with the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises one non-executive Director, Ms. Alice Yu-fen Cheng, and two independent non-executive Directors, Mr. Charles Zhaoxuan Yang and Mr. Erh Fei Liu. Mr. Charles Zhaoxuan Yang is the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023 and discussed with the senior management of the Company and the Company's auditor, PricewaterhouseCoopers, regarding the accounting policies and practices adopted by the Company as well as risk management and internal control matters.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jtexpress.com). The annual report of the Company for the year ended 31 December 2023 will be dispatched to the shareholders of the Company who wish to receive a printed copy of the corporate communication and will also be published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board
J&T Global Express Limited
Mr. Jet Jie Li
Executive Director, Chairman of the Board
and Chief Executive Officer

Hong Kong, 22 March 2024

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Jet Jie Li as executive Director, Ms. Alice Yu-fen Cheng, Ms. Qinghua Liao and Mr. Yuan Zhang as non-executive Directors, and Mr. Charles Zhaoxuan Yang, Mr. Erh Fei Liu and Mr. Peng Shen as independent non-executive Directors.