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)
（於開曼群島註冊成立以不同投票權控制的有限責任公司）

Stock code 股份代號：1519

2023 年度報告 Annual Report

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I. Chairman's Statement

For an Enterprising and Passionate Life – a Letter to All Shareholders

ON THE WAY TO A GREAT FUTURE

This year marks the ninth anniversary of J&T's establishment and the first year of its listing in Hong Kong. We used to be so ordinary that we were not worth mentioning, but we are growing stronger and stronger with your constant support and trust. On this journey, we've been keeping enterprising and passionate.

Who are we and where are we going?

As a young logistics company we have developed our business bravely from scratch. In 2013, several of us went to Indonesia to expand OPPO's cell phone business. In 2015, we officially entered the logistics industry and sent out the first parcel of J&T on 1 September. By 2019, J&T had become one of the leaders in Southeast Asia's express delivery industry, and entered the express delivery market of China. In 2022, J&T China achieved peak daily parcel volume of 50.00 million, and during the COVID-19 pandemic we expanded into five new countries in the Middle East, Latin America and North Africa. In 2023, J&T listed on the Hong Kong Stock Exchange. Across Southeast Asia, China, the Middle East, North Africa and Latin America, we've been keeping on an entrepreneurial path.

After more than ten years of entrepreneurship, we have experienced defeat and been looked down upon, but as the movie "YOLO" says, "It's okay to be mocked, because you only live once". We still face a lot of issues and challenges: I vaguely remember when we first entered the express deliver industry, many people said that J&T was like the "SF Express" of Southeast Asia. We really believed this ourselves, for which we overcome great obstacles and even promised services that went beyond our then capabilities. Thus, complaints and slander about our services came thick and fast. Looking back now, we conclude that express delivery is a rough task that requires the utmost attention to detail, and the only way to complete the task is to be meticulous, dedicated and down-to-earth.

The journey of entrepreneurship is full of ups and downs, so we should keep a clear mind when achieving success and strive hard when facing hardships. Many people may mistakenly think that they are irreplaceable when they achieve some success. In fact, we've survived and developed as serial entrepreneurs until today because we've gained great support along the way. For so many years of our engagement in the express delivery business of OPPO cell phones, OPPO, which always focuses on continuous innovation, pursuit of excellence and launch of the world's number one products, has been offering great support and inspiring us to forge ahead with perseverance, perfection and an entrepreneurial mindset. When a group of us who knew nothing about express delivery broke into the industry, I have a deep sense that a group of "new and fearless" entrepreneurial teams have been my supporters and followers, working together and sticking to our beliefs to constantly expand into new countries. It was during the COVID-19 pandemic period when we expanded into the Chinese market. We developed our business network from one customer, one parcel, one city, and finally to the whole county in just a few months. When I look back at the past years, I still have a lot of feelings. On our entrepreneurial journey, we've suffered so many hardships and challenges, but we have always started our business from scratch and achieved success again and again. People do not stay in a single moment, but instead we always live in ups and downs.

GOING GLOBAL FOR A BRIGHT FUTURE

We are a group of different people. For me, going overseas does not mean going on a business trip abroad for OEM labeling, but instead having the great courage to expand deeply into the overseas market and the determination to develop our own brand. The world may be big in such a globalized era, but regardless of ethnicity or language, we'll have a greater possibility of survival as long as we can provide better products and services. We can develop our business anywhere as the world is full of opportunities.

For example, only one or two J&T staff from different countries are available on many of the islands we serve, and they have stayed there for years. Over the years, many members of our team have started families and had children overseas. During the COVID-19 pandemic, some weren't able to travel home for years, and during the hardest periods made great sacrifices such as missing the funerals of their close family members. Looking back at this, I feel so grateful. At J&T, all our staff have their own stories. Together we go global to see the world and conquer challenges, inspired by our shared belief and purpose. The life of each of us is determined by belief and purpose, and nothing can stop us embracing the world together.

When the market is subject to fierce competition, the integration of "global" and "local" logistics will become a new growth curve. From the moment we set out in 2015, upon entering a country we must quickly achieve full coverage in our own way.

In Indonesia, there are a total of 17,508 islands, many of which have very few residents. Ships only operate once a week, but our couriers will deliver goods to our customers even on a remote island, so as to complete the last-mile delivery.

In Saudi Arabia, a parcel departs from a sorting center in China and finally reaches the customer in Saudi Arabia by covering a journey of over 5,000 kilometers, breaking through the local logistics and transportation bottlenecks.

In the Philippines, when torrential rains destroyed a bridge, our couriers carried bags of rice for disaster relief by their hands or on their shoulders to the other side of the river on foot.

In Chiang Mai, Thailand, the farthest delivery distance is 110 km from the outlet. To deliver a parcel a courier needs to cross the Doi Inthanon Mountain and Mekong River to reach the Thai-Myanmar border.

In Minqin, Gansu, our trucks drive directly into the planting base to help farmers pick, pack and transport fruits. Farmers no longer need to drive for two hours at 3 a.m. to the market to sell their fruits. We are helping to enhance logistics efficiency for agricultural products, increase sales channels and boost sales volumes.

Going global allows us to see more market opportunities. China and Southeast Asia have become the world's largest and fastest-growing express delivery service markets. The e-commerce market share in the Middle East and Latin America continues to rise. To go global, we need to respect and honor the local people and culture more. I still recall after flying dozens of hours and arriving on the streets of Brazil, seeing a red J&T cart pass by. At that moment, not only did I experience passion for Samba in this fiery country, I also felt the warmth of J&T.

Let's forge ahead, as there is no absolute readiness for success in this world, and all we can do is to keep striving and moving forward. From the layout of our global strategy to our deep expansion into every island, desert and remote town, our employees around the world shall work together to accomplish this ordinary but not simple task of "express delivery".

BE TOGETHER, BETTER FUTURE

In 2015, we shouted the slogan "Be Together, Better Future", which has gradually become a call to our team spirit. Along the way we have experienced many obstacles, twists and turns, but thanks to the perseverance of our team, we continue to pursue opportunities and are more determined than ever.

After many years of entrepreneurship together, we look forward to becoming a healthy and sustainable enterprise. But what constitutes sustainable? 10, 50 or 100 years? In my mind, sustainable means that we are around as long as the industry exists, and we survive even when our rivals fail. This is my understanding of sustainable. Our success today is 90% attributable to making the most of good opportunities. We entered the express delivery industry of Indonesia in 2015, when e-commerce had just begun to emerge in Indonesia. Our entry into the Chinese market in 2019 was also a matter of survival. If it were not for the "good luck" we had on several occasions, I'm afraid there would be no J&T today. Looking back, we don't have anything to boast about, and the only thing we must continue to do is to lead the team to improve our foundations and bring a better service experience to our platform and consumers.

In fact, the globalization of e-commerce platforms in the past few years has provided better prospects and opportunities for express delivery companies like us, who intend to deploy their local networks in more countries. In view of this, we should take advantage of the fiercer competitive landscape now to strengthen our own underlying capabilities, to go further and operate more steadily. J&T adheres to the value of "Běn Fèn (Being True to One's Routes)": this is to say that, in the face of various challenges and temptations, we should stick to our original intention, do the right things, do things right, reflect on our own responsibility, and never take advantage of others. We often say "the bigger the smaller", which means that we should stay humble and keep a low-profile. As our company gets bigger, we should maintain a humble mindset. We should keep outwardly humble and prudent, but inwardly resolute and powerful; we should take professional and persistent actions, and results will follow. No matter in which country we operate, as long as we are J&T staff, we have learned the slogan, "Be Together, Better Future". It's a small world, so we are not just seeing it, but more importantly taking root there.

There was once a J&T manager who had stayed on an island overseas for five years. He described how they loved to look out to sea and into the distance because that's where their home is. They were on the island to realize their self-worth, and wanted to prove themselves. Isn't that what we all seek, to realize our self-worth? We are truly worthy when we create value for our customers, partners, shareholders and society.

In the movie "Pegasus", the character Zhang Chi devotes all he has to everything he loves. When you see your former self racing towards the end of your dream, perhaps you have already surpassed yourself. Zhang Chi has surpassed himself, and J&T will definitely surpass itself. Perhaps the journey is difficult, but we will still choose this enterprising and passionate life.

Be Together, Better Future!

Jet Jie Li
Executive Director, Chairman of the Board and Chief Executive Officer
On Behalf of
J&T Global Express Limited

22 March 2024

II. Corporate Information

BOARD OF DIRECTORS

Executive Director

Jet Jie Li (Chairman and Chief Executive Officer)

Non-executive Directors

Alice Yu-fen Cheng
Qinghua Liao
Yuan Zhang

Independent Non-executive Directors

Charles Zhaoxuan Yang
Erh Fei Liu
Peng Shen

AUDIT COMMITTEE

Charles Zhaoxuan Yang (Chairman)
Alice Yu-fen Cheng
Erh Fei Liu

REMUNERATION COMMITTEE

Erh Fei Liu (Chairman)
Jet Jie Li
Peng Shen

NOMINATION COMMITTEE

Erh Fei Liu (Chairman)
Jet Jie Li
Peng Shen

CORPORATE GOVERNANCE COMMITTEE

Peng Shen (Chairman)
Charles Zhaoxuan Yang
Erh Fei Liu

COMPANY SECRETARY

Yin Shan Hui, ACG, HKACG

AUTHORIZED REPRESENTATIVES

Jet Jie Li
Yin Shan Hui, ACG, HKACG

AUDITOR

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISERS

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As to laws of PRC:
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1 Jianguomenwai Avenue
Beijing
PRC

As to laws of Cayman Islands:
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3501, The Center
99 Queen's Road Central
Hong Kong

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
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Hong Kong

COMPLIANCE ADVISER

Somerley Capital Limited
20/F China Building
29 Queen's Road Central
Hong Kong

STOCK CODE

1519

COMPANY'S WEBSITE

www.jtexpress.com

LISTING DATE

27 October 2023

III. Financial Summary

Condensed consolidated statement of comprehensive income	**2023 USD'000**	2022 USD'000	2021 USD'000	2020 USD'000
Revenue	**8,849,251**	7,267,428	4,851,800	1,535,425
Gross profit/(loss)	**472,798**	(270,238)	(544,744)	(261,488)
Operating loss	**(1,766,550)**	(1,389,565)	(1,647,207)	(606,444)
(Loss)/profit before income tax	**(1,139,196)**	1,583,330	(6,119,132)	(618,633)
(Loss)/profit for the year	**(1,156,378)**	1,572,567	(6,192,258)	(664,163)
(Loss)/profit for the year attributable to owners of the Company	**(1,100,988)**	1,656,168	(6,046,983)	(564,836)
Total comprehensive (loss)/income for the year	**(1,138,204)**	1,331,767	(6,231,543)	(676,994)
Total comprehensive (loss)/income for the year attributable to owners of the Company	**(1,085,723)**	1,419,781	(6,084,283)	(577,776)
Non-IFRS measures:				
Adjusted net loss	**(432,277)**	(1,488,297)	(1,177,666)	(475,861)

Condensed consolidated balance sheets	**2023 USD'000**	2022 USD'000	2021 USD'000	2020 USD'000
Assets				
Non-current assets	**3,464,108**	3,089,262	3,028,218	628,286
Current assets	**3,137,306**	2,846,297	3,516,424	1,614,754
Total assets	**6,601,414**	5,935,559	6,544,642	2,243,040
Equity and liabilities				
Equity attributable to owners of the Company	**2,749,682**	(4,847,033)	(6,591,010)	(759,230)
Non-controlling interests	**(270,083)**	(137,215)	(45,414)	(111,269)
Total equity/(deficits)	**2,479,599**	(4,984,248)	(6,636,424)	(870,499)
Non-current liabilities	**2,037,041**	9,188,190	10,975,327	1,966,519
Current liabilities	**2,084,774**	1,731,617	2,205,739	1,147,020
Total equity and liabilities	**6,601,414**	5,935,559	6,544,642	2,243,040

IV. 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.

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.

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

[2] For the purposes of the section headed "Management Discussion and Analysis" of this annual report only, Southeast Asia (the "**SEA**") includes seven countries, namely, Indonesia, Vietnam, Malaysia, the Philippines, Thailand, Cambodia and Singapore.

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

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.

(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

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, 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.

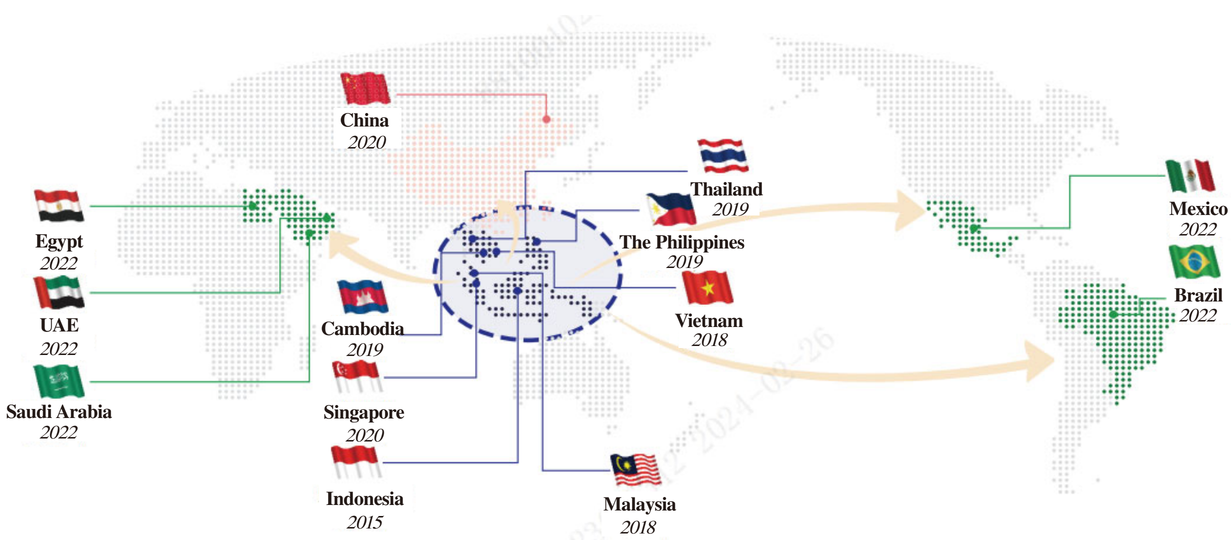
3. Development of the Express Delivery Industry in New Markets

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 In millions	2022 In millions	Year-on-year change	**2023 Market Share**	2022 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.

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" of this section headed "Management Discussion and Analysis" for specific operational optimizations.

4. Maintaining a Healthy Level of Profitability

The Company's adjusted EBITDA[4] 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.

[4] 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.

(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 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.

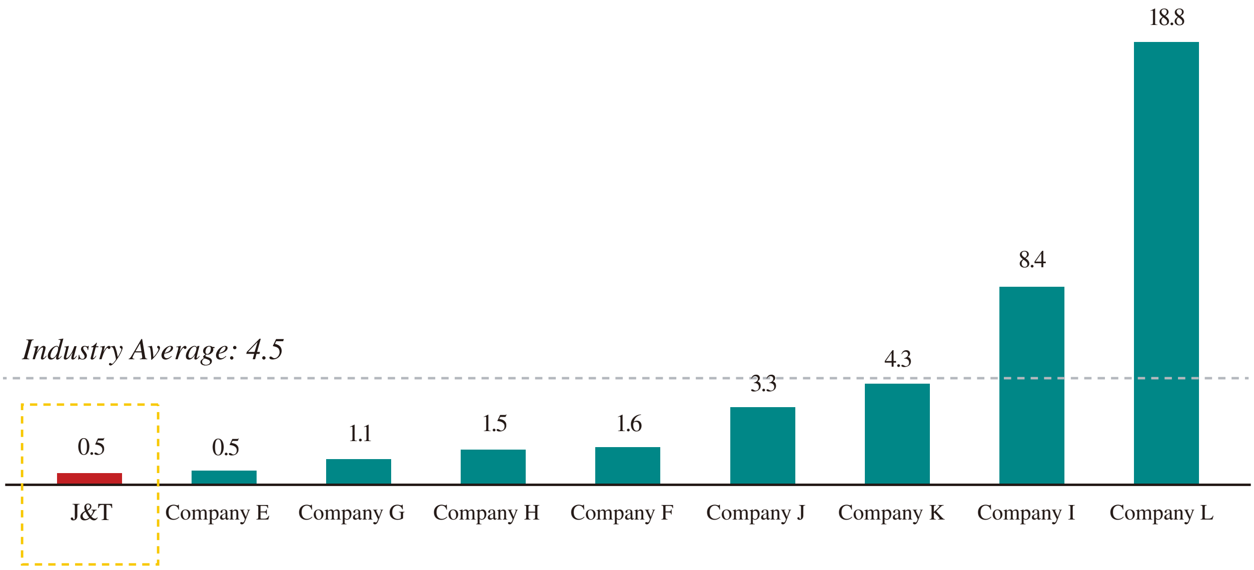
The Company's growth in parcel volume in China is primarily attributable to:

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.

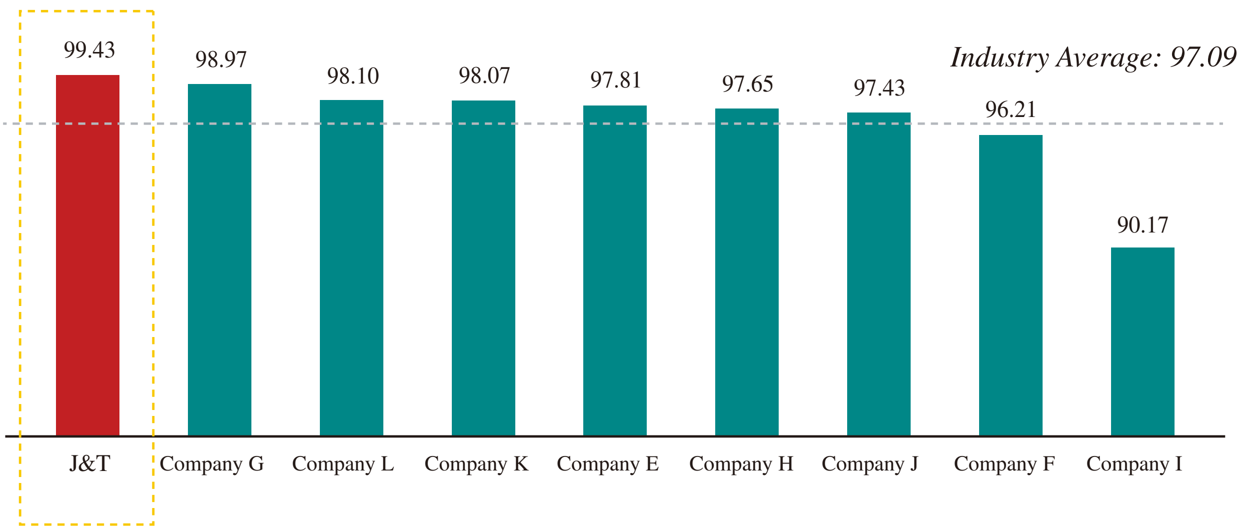
The graphs below indicate the average complaint rate and the complaint handling composite index disclosed by the State Post Bureau:

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.

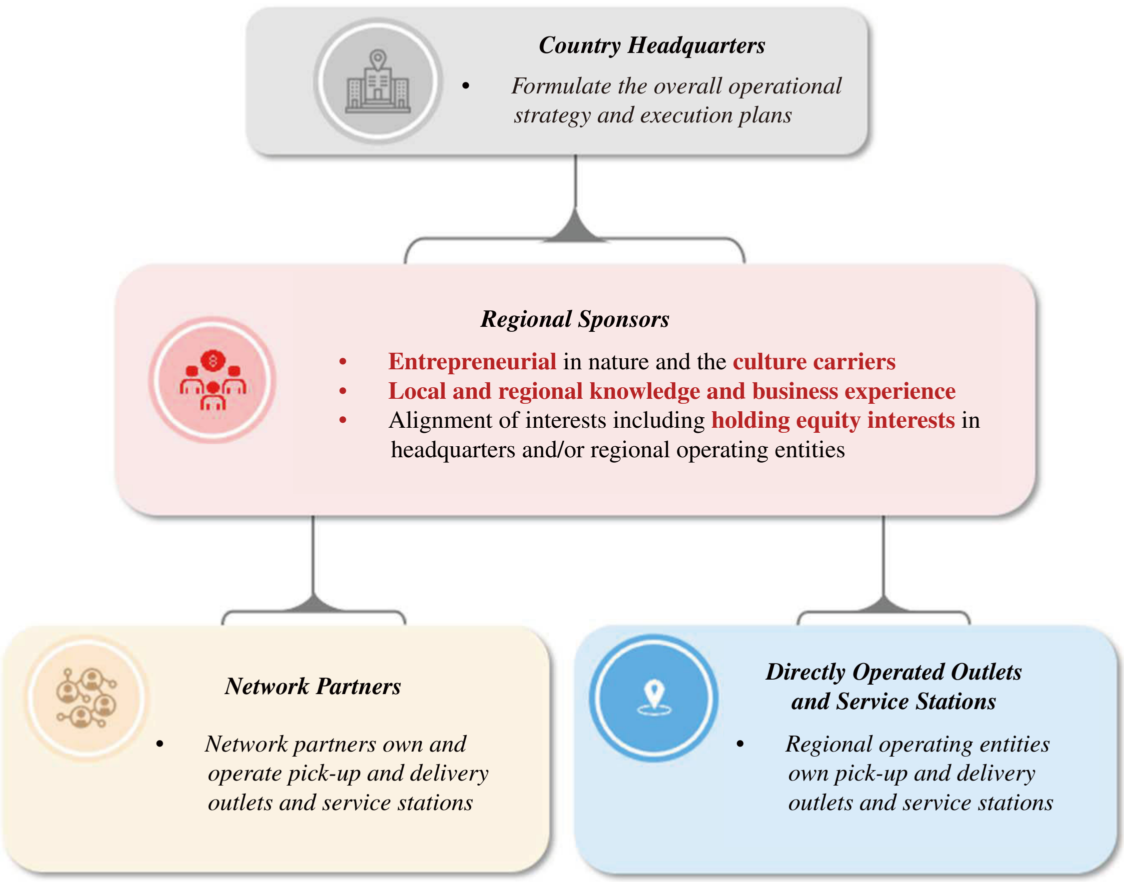
Our global network enables the Company to best serve the fast-growing cross-border e-commerce retail markets, helping connect merchants and consumers from different markets. With its well-established local network coverage and infrastructure in SEA and New Markets, the Company provides cross-border e-commerce 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 USD'000	**China USD'000**	**New Markets USD'000**	**Cross-border USD'000**	**Unallocated USD'000**	**Total 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 USD'000	China USD'000	New Markets USD'000	Cross-border USD'000	Unallocated USD'000	Total 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 USD'000	**China USD'000**	**New Markets USD'000**	**Cross-border USD'000**	**Unallocated USD'000**	**Total 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 USD'000	China USD'000	New Markets USD'000	Cross-border USD'000	Unallocated USD'000	Total 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 USD'000	**Percentage %**	2022 USD'000	Percentage %
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 US$	**Percentage %**	2022 US$	Percentage %
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 US$	**Percentage %**	2022 US$	Percentage %
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 realization of 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 USD'000	**Percentage %**	2022 USD'000	Percentage %
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 USD'000	**Gross profit margin %**	2022 USD'000	Gross profit margin %
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 USD'000	2022 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 USD'000	**Adjusted EBITDA %**	2022 USD'000	Adjusted EBITDA %
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 margin 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 USD'000	**Percentage %**	2022 USD'000	Percentage %
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 functional currencies mainly consist of RMB, USD, HKD and IDR. As at 31 December 2023, approximately 78.1% of the Group's cash and cash equivalents were denominated in these four currencies; the remaining currencies include PHP, VND, THB, BRL, EUR and others.

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 **USD'000**	2022 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 May 2023, the Group acquired 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.

17. Pledge of Assets

As of 31 December 2023, we pledged restricted deposits of US$32.6 million, as compared to US$41.7 million as of 31 December 2022. We had also pledged certain equipment and land use rights to secure borrowings, details of which are set out in Note 28 to the consolidated financial statements.

18. Significant Investments Held

Investments with fair value/market value of not less than 5% of the Group's total assets are significant investments of the Group. As of 31 December 2023, the Group held convertible bonds issued by Huisen Global Limited with fair value of approximately US$483.5 million, representing approximately 7% of the Group's total assets, which was included in the Group's financial assets at fair value through profit or loss. In 2023, the Group recognized a loss of approximately US$3.2 million from changes in the fair value of such investments. Details of such investments are set out in Note 24 to the consolidated financial statements.

Huisen Global Limited is a limited company incorporated in the Cayman Islands, United Kingdom. Huisen Global and its subsidiaries are principally engaged in the industry of freight less-than truckload delivery business, covering transportation and loading, unloading and handling services. According to the management accounts of Huisen Global, as of 31 December 2023, its net assets amounted to approximately RMB4,037.2 million and current assets amounted to approximately RMB4,631.8 million; meanwhile, Huisen Global realized a total revenue of RMB6,960.1 million in 2023.

In the future, while stabilizing the China's market, Huisen Global will continue to expand its overseas markets, and in addition to the existing Indonesian and Malaysian markets, it will gradually enter into various SEA countries such as the Philippines, Vietnam, Mexico and Singapore. In view of Huisen Global's promising development prospects, the Group believes that there is no indication that the convertible bonds issued by Huisen Global to the Group will default.

19. Future Plans for Material Investments and Capital Assets

As of 31 December 2023, the Group did not have plans for material investments or capital assets.

20. Contingent Liabilities

As of 31 December 2023, the Group did not have any material contingent liabilities.

V. Directors and Senior Management

PROFILE OF DIRECTORS

Executive Director

Mr. Jet Jie Li (李傑) ("Mr. Li"), aged 49, joined the Group in June 2015, is our founder, executive Director, Chief Executive Officer and chairman of the Board. Mr. Li is responsible for setting the strategic vision, direction and goals of our Group. Mr. Li has been a Director of Jumping Summit Limited (which is a controlling shareholder of the Company) since January 2022.

Mr. Li founded the J&T brand in Indonesia in June 2015 and has since leveraged on the Group's success to expand globally. Mr. Li used his extensive sales and entrepreneurial experience including his comprehensive understanding of Southeast Asian culture to drive our Group's rapid growth. Currently, our Group's core operations span across China and seven Southeast Asian countries, including Vietnam, Malaysia, the Philippines, Thailand, Cambodia and Singapore. The Group has also recently made forays into other foreign markets including Saudi Arabia, UAE, Mexico, Brazil and Egypt.

Prior to founding our Group, Mr. Li spent more than 15 years of his career with OPPO, a Chinese consumer electronics and mobile communications company, where he was responsible for leading its global expansion efforts into Indonesia as well as other Asian markets such as Singapore, Malaysia and Japan. He served as the founder and chief executive officer of OPPO's first overseas exclusive sales agent, PT. Indonesia OPPO Electronics from February 2013 to June 2015. Previously, Mr. Li also served as general manager of Nanjing Baisheng Oppo Communication Equipment Co., Ltd. (南京百勝歐珀通訊設備有限公司) from February 2008 to February 2013, where he was responsible for the distribution of OPPO products in the Jiangsu and Anhui provinces; and as department manager at Jiangsu Baisheng Electronic Co., Ltd (江蘇百勝電子有限公司) from January 1999 to February 2008, where he was responsible for the sales of audiovisual products. In recognition of Mr. Li's significant contribution, the OPPO headquarters established the "Jet Lee" award in honor of Mr. Li to reward top salespeople in the global sales agencies.

Mr. Li obtained his bachelor's degree in marketing from the University of Science and Technology Beijing, the PRC, in 1998.

Non-executive Directors

Ms. Alice Yu-fen Cheng (鄭玉芬) ("Ms. Cheng"), aged 62, joined the Group in May 2020, is our non-executive Director. She is primarily responsible for providing strategic advice to the Board.

Previously, Ms. Cheng held various positions with Acer Inc., a Taiwanese computer manufacturer, culminating in the position of financial controller, from August 1988 to December 2002. From December 2002 to May 2005, Ms. Cheng served as a financial controller of Wistron Corporation, a Taiwanese original design manufacturer of notebook computers and other electronics. From May 2005 to July 2021, Ms. Cheng served as the chief financial officer of Guangdong BBK Electronics Industry Co., Ltd. (廣東步步高電子工業有限公司), a PRC-based manufacturer of audio-visual equipment, telephones and learning machines.

Ms. Cheng has been serving as an independent director of NetEase, Inc. (NASDAQ: NTES; HKEX: 9999) since June 2007 and is currently a member of the Audit Committee, Remuneration Committee, Nomination Committee, and the Chairman of Environmental, Social and Governance Committee.

Ms. Cheng obtained a bachelor's degree in Accounting from the Chinese Culture University in Taiwan in June 1983 and a master's degree in Business Administration in International Management from Thunderbird, the American Graduate School of International Management in December 2003. Ms. Cheng also received her license as a certified public accountant in Taiwan and the mainland of China in August 1993 and December 1994, respectively.

Ms. Qinghua Liao (廖清華) ("Ms. Liao"), aged 53, joined the Group in March 2022, is our non-executive Director. She is primarily responsible for providing strategic advice to the Board.

Prior to joining our Group, Ms. Liao held various positions in Zhongshan Xiaobawang Electronic Industry Co., Ltd. (中山小霸王電子工業有限公司), including development officer and assistant general manager, from April 1994 to July 1995. Ms. Liao then joined Guangdong BBK Electronics Industry Co., Ltd. (廣東步步高電子工業有限公司), where she spent more than 10 years of her career from August 1995 to October 2005, in different roles including the head of the human resources department, head of the adjustment and planning department, general manager, assistant factory director for the electronic gaming branch and head of the total quality management department for the electronic gaming branch, where she oversaw the operations and quality control processes within the company. She then joined BBK Education Electronics Co., Ltd. (步步高教育電子有限公司), where she served as head of the systems management department from November 2005 to July 2015 and chief information officer from July 2015 to March 2020. Ms. Liao has served as the operations manager of Guangdong Xiaotiancai Technology Co., Ltd. (廣東小天才科技有限公司) since March 2020.

Ms. Liao obtained her bachelor's degree in Information Management from Central China Normal University, the PRC in July 1992.

Mr. Yuan Zhang (張源) ("Mr. Zhang"), aged 55, joined the Group in May 2020, is our non-executive Director. He is primarily responsible for providing strategic advice to the Board.

Mr. Zhang served as the general manager of the Nanjing Branch of Zhongshan Xiaobawang Electronic Industry Co., Ltd. (中山市小霸王電子工業有限公司南京分公司) from December 1991 to December 1996. He has served as the founder, chairman and general manager of Jiangsu Baisheng Electronic Co., Ltd (江蘇百勝電子有限公司) since January 1997.

Mr. Zhang obtained a bachelor's degree in electronic engineering where he majored in radio technology, from Shanghai Jiao Tong University, the PRC, in July 1990.

Independent Non-executive Directors

Mr. Charles Zhaoxuan Yang (楊昭烜) ("Mr. Yang"), aged 40, joined the Group on 27 October 2023, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgement to the Board and serving as chairman and members of certain committees of the Board.

He served as chief financial officer of NetEase, Inc. (NASDAQ: NTES; HKEX: 9999) from June 2017 to November 2023. Prior to that, Mr. Yang was an executive director in the Global Investment Banking Department at J.P. Morgan Securities (Asia Pacific) Limited and was based in Hong Kong for almost a decade. Mr. Yang has served as an independent director on the board of So-Young International Inc. (NASDAQ: SY), from May 2019 to October 2023; and Kanzhun Limited (NASDAQ: BZ and HKEX: 2076) from June 2021 to October 2023.

Mr. Yang obtained a bachelor's degree from Wesleyan University, the United States, with majors in economics and mathematics in May 2007 and a master's degree in business administration from the University of Hong Kong in November 2016. Mr. Yang is a Certified Public Accountant licensed in the State of Michigan and Hong Kong.

Mr. Erh Fei Liu (劉二飛) ("Mr. Liu"), aged 65, joined the Group on 27 October 2023, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgement to the Board and serving as chairman and members of certain committees of the Board.

Mr. Liu is currently chief executive officer and founding partner at Asia Investment Capital Ltd. and chief executive officer of Asia Investment Fund. He was previously a co-founder of Cindat Capital Management Limited ("**Cindat**"), a global real estate investment platform. Prior to founding Cindat, Mr. Liu had a successful career as an investment banker. Mr. Liu worked as senior management in various financial institutions such as the head of investment banking for China at Goldman Sachs Group, Inc., the Managing Director of Merrill Lynch (Asia Pacific) Limited and the chairman of China region of Merrill Lynch Group. He was awarded the Asian Banker Skills-based Achievements Award in investment banking in 2006 by The Asian Banker.

Mr. Liu has been an independent non-executive Director of Qingling Motors Co. Ltd (HKEX: 1122) and VNET Group, Inc. (formerly known as 21Vianet Group, Inc., NASDAQ: VNET) since May 2015; and Frontage Holdings Corporation (HKEX: 1521) since April 2018. Mr. Erh Fei Liu was an independent non-executive director of Fortunet e-Commerce Group Limited (now known as Changyou Alliance Group Limited, HKEX: 1039), from March 2015 to April 2017; and Jiangxi Copper Company Limited (HKEX: 0358 and SSE: 600362) from July 2016 to October 2022.

Mr. Liu graduated from Harvard Business School, the United States, in June 1987 with a master's degree in business administration.

Mr. Peng Shen (沈鵬) ("Mr. Shen"), aged 36, joined the Group on 27 October 2023, is an independent non-executive Director of our Company. He is primarily responsible for supervising and providing independent judgement to the Board and serving as chairman and members of certain committees of the Board.

Mr. Shen is the founder and currently serves as the chairman of board of directors and chief executive officer of Waterdrop Inc. (NYSE: WDH). Prior to founding Waterdrop in 2016, in January 2010, Mr. Shen joined Meituan (HKSE: 03690), a leading e-commerce platform in China, at its early stage. He was also one of the founding team members of Meituan Waimai, which provides food delivery services. Mr. Shen participated in the operations of Meituan Waimai from September 2013 to April 2016, where he was responsible for different matters including internet R&D, formulating operational rules, and establishing and managing the business systems. In honor of his contributions to China's insurtech industry, digital clinical trial solutions business and other fields, as well as the establishment and operation of Waterdrop, Mr. Shen was named to Fortune China's list of the "2020 40 under 40 in China" and World Economic Forum's list of "2022 Young Global Leaders."

Mr. Shen received a master's degree in retail management from NEOMA Business School, France, in October 2013, an EMBA from Tsinghua University School of Economics and Management, PRC, in July 2019 and the degree of Doctor of Hotel and Tourism Management from the Hong Kong Polytechnic University in September 2022.

In September 2021, a securities class action against, among others, Waterdrop Inc. ("**Waterdrop**") was filed in the U.S. District Court for the Southern District of New York (the "**Court**"), Sidney Sandoz, et al. v. Waterdrop Inc., et al., 1:21-cv-07683 (the "**Waterdrop Class Action**") alleging violations of the Securities Act of 1933 in relation to Waterdrop's initial public offering in May 2021 in the US (the "**Waterdrop IPO**"). Mr. Shen in his capacity as chief executive officer and, together with certain other executives and directors of Waterdrop and the underwriters (together with Waterdrop, the "**Defendants**") of Waterdrop IPO, was named as one of the Defendants in the case. However, Mr. Shen has never been served with the summons or complaint for this case and therefore need not participate and has not participated in the Waterdrop Class Action. To the best of the Waterdrop's knowledge and according to published court records, the plaintiffs alleged that the Defendants, among others, failed to make adequate disclosures in connection with Waterdrop IPO, in breach of Sections 11 and 15 of the U.S. Securities Act of 1933. Specifically, the plaintiffs alleged that the registration statement of Waterdrop IPO failed to make adequate disclosures regarding, among others, (i) increased scrutiny over internet-based insurance companies by Chinese authorities and its impact on Waterdrop's financials and business operations; (ii) the true reasons for Waterdrop's discontinuance of its mutual aid program; and (iii) the rapid suffering of Waterdrop accelerating operating losses in the first quarter of 2021. The complaint seeks damages allegedly suffered by the plaintiffs as a result of failure to make adequate disclosures.

Waterdrop filed a motion to dismiss on 22 April 2022. On 3 February 2023, the Court issued an order granting Waterdrop's motion to dismiss as "*the Registration Statement adequately warned investors of their risk associated with Waterdrop and its IPO, including the increase in operating costs, the regulatory regime and the closure of Mutual Aid.*" The case was dismissed with prejudice. In addition, the order also verdicts that the claims against the remaining defendants (including Mr. Shen) will also be dismissed and there is no basis to find that the claims against the remaining Defendants, who have yet to be served, are distinguishable and would survive.

On 7 March 2023, Lead Plaintiff filed a notice appealing the Court's order and judgment of 3 February 2023 in the U.S. Court of Appeals, Second Circuit. On 16 January 2024, the United States Court of Appeals for the Second Circuit entered a summary order and judgment affirming the Court's order and judgment.

PROFILES OF SENIOR MANAGEMENT

Mr. Jet Jie Li, is our founder, executive Director, chairman of the Board and Chief Executive Officer. For details of Mr. Li's biography, please see "Executive Director" above.

Mr. Steven Suzhou Fan (樊蘇洲) ("Mr. Fan"), aged 38, is our Executive President and is responsible for the overall strategic planning, organizational development and overseeing the business operations of our Group.

Mr. Fan joined our Group in June 2015, and served as the regional sponsor in Bandung of West Java, Indonesia from June 2015 to September 2019, where he was responsible for coordinating the express delivery business in that region. Mr. Fan has served as our Executive President since January 2019.

Prior to joining our Group, Mr. Fan was a business supervisor at Nanjing Baisheng Oppo Communication Equipment Co., Ltd. (南京百勝歐珀通訊設備有限公司) from January 2009 to March 2013, where he was responsible for the distribution of OPPO's products in the Jiangsu province. He served as general manager of West Java at PT. Indonesia OPPO Electronics from February 2013 to June 2015.

Mr. Fan obtained a bachelor's degree in marketing from Henan Normal University, the PRC, in July 2008.

Mr. Charles Junyi Hou (后軍儀) ("Mr. Hou"), aged 55, is our Vice President. Mr. Hou joined our Group in October 2019 as Vice President and is responsible for the overall strategic planning, general management and execution of the business operations of our Group.

Mr. Hou has extensive experience in the logistics and international and domestic express delivery industries. He spent more than 15 years of his career with DHL – Sinotrans Ltd. ("**DHL Express**"), where he held various roles across multiple business units spanning information technology, gateway operations and ground operations before culminating in the position of Greater China Area Senior Adviser.

Mr. Hou then joined Shunfeng Express (Group) Limited (順豐速運(集團)有限公司), where he served as operations director from October 2010 to October 2013. He then served as senior operations director of YTO Express (Logistics) Co., Ltd (圓通速遞有限公司) from April 2014 to September 2015. Mr. Hou then expanded his career experience as an independent management consultant before serving as the co-founder and vice president of Shanghai Baisong Internet of Things Technology Co., Ltd. (上海佰頌物聯網科技有限公司) from April 2017 to July 2018. From July 2018 to October 2019, he served as deputy general manager of On Time Promise (承諾達特快) business unit in the YTO Group (圓通蛟龍集團).

Mr. Hou obtained his bachelor's degree in computer science from Shanghai Science and Technology University (currently known as Shanghai University), the PRC, in July 1989. He further obtained a master's degree of business administration from the joint MBA program between Webster University, the United States and Shanghai University of Finance and Economics, in December 2009.

Mr. Dylan Say Keong Tey (鄭世強) ("Mr. Tey"), aged 46, joined our Group in August 2021 as chief financial officer of the Company. He is responsible for overseeing our Group's finance, legal, investments and capital market activities. He has more than 20 years of financial and industry-related experience.

Mr. Tey started his career with Ernst &Young, Malaysia in January 1999 to October 2004, and last held the position of audit manager. He joined PricewaterhouseCoopers ZhongTian LLP ("**PwC China**") in November 2004 as audit manager, and was admitted to partnership in July 2011. From July 2011 to March 2018, Mr. Tey served as an audit partner in PwC China with focusing on the technology industry, while also managing the firm's relationship with a number of venture capital firms, and was a member of its private equity leadership team. He was the chief financial officer of We Doctor Holdings Limited, an online healthcare services company in China, from April 2018 to April 2019. Mr. Tey was the co-chief financial officer and senior vice president of Hello Inc. from May 2019 to August 2021, responsible for its finance and legal functions.

Mr. Tey received his bachelor's degree with a double major in accounting and finance from University of New South Wales, Australia in December 1998. He has been a member of the Chartered Accountants Australia & New Zealand and member of Malaysian Institute of Accountants since June 2002 and July 2002, respectively. Mr. Tey became a Certified Public Accountant in Hong Kong in January 2012 and he was admitted as a Fellow of Chartered Accountants Australia & New Zealand in November 2017.

COMPANY SECRETARY

Ms. Yin Shan Hui (許燕珊) ("Ms. Hui") is a senior manager of corporate services of Tricor Services Limited, a global professional services provider specializing in integrated business corporate and investor services. She has over 18 years of experience in the corporate secretarial field. Ms. Hui is currently the company secretary of OneForce Holdings Limited (HKEX: 1933), Shanghai MicroPort MedBot (Group) Co., Ltd. (HKEX: 2252) and MicroPort NeuroTech Limited (HKEX: 2172) and the joint company secretary of Honliv Healthcare Management Group Company Limited (HKEX: 9906) and Beijing UBOX Online Technology Corp. (HKEX: 2429).

Ms. Hui graduated from Hong Kong Polytechnic University in Hong Kong with a bachelor's degree in applied mathematics in November 1994. She received her master's degree in finance from Curtin University of Technology in Australia in December 2002. Ms. Hui obtained a bachelor's degree in law from University of London in the United Kingdom in August 2017. Ms. Hui is an associate member of the Hong Kong Chartered Governance Institute as well as the Chartered Governance Institute in the United Kingdom.

VI. Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2023.

CORPORATE CULTURE

The Group integrates its corporate culture into its daily operations and adopts the values of "benfen, sharing and responsibility" to guide the conduct and behavior of its employees. The Board is committed to ensuring that the Group's long-term strategies are aligned with the mission and vision of the corporate culture to ensure satisfactory and sustainable returns to Shareholders, the delivery of high-quality services to the customers and maintain high standards of ethics.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to promote the long-term development of the Company and safeguard the interests of the shareholders. To this end, the Company has adopted the Corporate Governance Code ("**CG Code**") set out in Appendix C1 of the Listing Rules and, save for the deviation from code provision C.2.1 in Part 2 of the CG Code as disclosed in the section headed "Chairman and Chief Executive Officer" below, the Company has complied with all the code provisions of the CG Code as set out in Appendix C1 of the Listing Rules since the Listing Date and up to the Latest Practicable Date. The Board also continually evaluates and improves the Company's corporate governance methods by reviewing and updating our policies and procedures regularly to constantly improve management quality and efficiency, so as to respond to the changing market and regulatory environment.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has formulated and adopted its internal code of conduct ("**Code of Conduct**") for the trading of securities by its Directors and members of senior management of the Company on terms that are no less exacting than the required standard set out in the Model Code.

Having made a specific enquiry to all Directors and members of senior management, all Directors and members of senior management have confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct of the Company since the Listing Date and up to the end of the Reporting Period. The Company continues and will continue to ensure compliance with the corresponding provisions set out in the Model Code and the Code of Conduct of the Company.

BOARD OF DIRECTORS

Board Composition

During the Reporting Period and as of the Latest Practicable Date, the Board comprised:

Executive Director

Mr. Jet Jie Li *(Chairman and Chief Executive Officer)*

Non-executive Directors

Ms. Alice Yu-fen Cheng
Ms. Qinghua Liao
Mr. Yuan Zhang

Independent non-executive Directors

Mr. Charles Zhaoxuan Yang
Mr. Erh Fei Liu
Mr. Peng Shen

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" of this annual report.

None of the members of the Board have financial, business, family or other material/relevant relationships with one another.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to code provision C.2.1 of the CG Code, the roles of the chairman of the Board and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman of the Board and the chief executive officer should be clearly established and set out in writing. The Company does not separate the roles of the chairman of the Board and the Chief Executive Officer, and Mr. Jet Jie Li currently takes up both roles. Given that Mr. Jet Jie Li is the founder of the Group and has extensive experience in the Group's business operation and management, the Board believes that Mr. Jet Jie Li serves as the chairman of the Board and the Chief Executive Officer is conducive to consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Such structure will enable the Company to make and implement decisions promptly and efficiently. The Board believes that the arrangement will not impair the balance of power and authority. In addition, all major decisions are made in consultation with members of the Board (including the relevant Board committees and the three independent non-executive Directors). From time to time, the Board will reassess the division of the roles of the chairman from that of the Chief Executive Officer, and may recommend separating the two roles into different individuals in the future, taking into account the circumstances of the Group as a whole.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Since the Listing Date, the Board has been in compliance with the requirements of Rule 3.10(1) and (2) and Rule 3.10A of the Listing Rules, i.e. the Board shall appoint at least three independent non-executive directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors bring independent opinions on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, and make contributions with their skills, expertise and various backgrounds and qualifications.

The Company has received written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent during the Reporting Period.

TERM OF SERVICE OF NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors and the independent non-executive Directors has entered into an appointment letter with the Company, pursuant to which, his or her initial term of service shall be three years commencing from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever is earlier. Such appointments shall be subject to the provisions of the Articles of Association in relation to the retirement and rotation of Directors.

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

Mr. Jet Jie Li, Ms. Alice Yu-fen Cheng and Mr. Yuan Zhang are subject to retirement at the forthcoming annual general meeting in accordance with the Articles and, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting. The Nomination Committee and the Board recommend their re-election.

RESPONSIBILITIES OF THE BOARD AND THE MANAGEMENT

The Board and the management of the Company shall assume their respective responsibilities and work together to maintain and enhance the corporate governance standard of the Company.

The Board shall undertake the ultimate responsibility for corporate governance. It shall be responsible for setting the strategic direction of the Company, supervising the management's execution effectiveness, ensuring compliance with relevant laws and regulations and the Listing Rules by the Company, and monitoring the Company's risk management and internal control system.

The Board may from time to time entrust to and confer senior management all or any of the powers of the Board that it may think fit. Senior management shall be responsible for the overall strategic planning, and overseeing and implementing the business operations of the Group.

The Company has maintained appropriate liability insurance for the Directors and senior management of the Company in respect of the performance of their duties.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

In accordance with code provision C.1.4 in Part 2 of the CG Code, all Directors shall engage in continuous professional development to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal and comprehensive induction on the first occasion of his/her appointment to ensure an appropriate understanding of the business and operations of the Company and full awareness of the Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate professional development to learn and refresh their knowledge and skills. The Company will provide written materials on relevant topics for Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

The continuous professional training that has been received by the Directors during the Reporting Period and up to the Latest Practicable Date is recorded as follows:

Name of Director	Participation in Continuing Professional Training[1]
Mr. Jet Jie Li	✓
Ms. Alice Yu-fen Cheng	✓
Ms. Qinghua Liao	✓
Mr. Yuan Zhang	✓
Mr. Charles Zhaoxuan Yang	✓
Mr. Erh Fei Liu	✓
Mr. Peng Shen	✓

Note:

1. Attended training/seminar/conference arranged by the Company or other external parties or read materials related to (including) Directors' duties and responsibilities, corporate governance and provisions of the Listing Rules.

BOARD MEETINGS, COMMITTEE MEETINGS AND GENERAL MEETINGS

As the Company was listed on the Main Board of the Stock Exchange on 27 October 2023, the Company did not hold any general meetings since the Listing Date and up to the end of the Reporting Period. During the period from the Listing Date to the Latest Practicable Date, the Company held three Board meetings, one Audit Committee meeting, two Remuneration Committee meetings, one Nomination Committee meeting and one Corporate Governance Committee meeting.

ATTENDANCE RECORDS OF DIRECTORS

During the period from the Listing Date to the Latest Practicable Date, the attendance record of Directors at Board and committee meetings is described as follows.

	Number of Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Corporate Governance Committee**
Mr. Jet Jie Li	3/3	–	2/2	1/1	–
Ms. Alice Yu-fen Cheng	3/3	1/1	–	–	–
Ms. Qinghua Liao	3/3	–	–	–	–
Mr. Yuan Zhang	3/3	–	–	–	–
Mr. Charles Zhaoxuan Yang	3/3	1/1	–	–	1/1
Mr. Erh Fei Liu	3/3	1/1	2/2	1/1	1/1
Mr. Peng Shen	3/3	–	2/2	1/1	1/1

BOARD COMMITTEES

According to the CG Code, as well as the relevant laws and regulations, the Company has established four Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Corporate Governance Committee. All Board committees of the Company are established with specific written terms of reference.

AUDIT COMMITTEE

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the CG Code. As of the Latest Practicable Date, the Audit Committee consists of one non-executive Director, namely, Ms. Alice Yu-fen Cheng, and two independent non-executive Directors, namely, Mr. Charles Zhaoxuan Yang and Mr. Erh Fei Liu. Mr. Charles Zhaoxuan Yang is the chairman of the Audit Committee and has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The main duties of the Audit Committee include but are not limited to:

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and solving any questions of its resignation or dismissal;

- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- monitoring the integrity of the Company's financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them;

- reviewing the Company's financial controls, risk management and internal control systems;

- reviewing the Company and its subsidiaries' financial and accounting policies and practices; and

- reviewing and monitoring the Company's ESG policies and practices to ensure compliance with legal and regulatory requirements.

According to code provision D.3.3(e)(i) in the Part 2 of the CG Code, the Audit Committee must meet with the Company's auditor at least twice a year. As the Company was listed on the Stock Exchange on 27 October 2023, the Audit Committee did not hold any meeting during the Reporting Period. As of the Latest Practicable Date, the Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2023 with the external auditor of the Company. On 22 March 2024, the Company held an Audit Committee meeting to review the audited financial statements, results announcement and draft annual report of the Group during the Reporting Period, discuss the re-appointment of the external auditor and make recommendations to the Board, and review the risk management and internal control for the year ended 31 December 2023. In accordance with the terms of reference of the Audit Committee, it is expected that, going forward, the Audit Committee will schedule to meet at least twice per year and meet with the Company's external auditor regarding the review of the Company's financial report and accounts.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the CG Code. As of the Latest Practicable Date, the Remuneration Committee consists of one executive Director, namely, Mr. Jet Jie Li, and two independent non-executive Directors, namely, Mr. Erh Fei Liu and Mr. Peng Shen. Mr. Erh Fei Liu is the chairman of the Remuneration Committee.

The main duties of the Remuneration Committee include but are not limited to:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration;

- making recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

- making recommendations to the Board on the remuneration of non-executive Directors; and

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules, including any grants of options or awards to Directors and senior management.

During the period from the Listing Date to the Latest Practicable Date, the Remuneration Committee held two meetings to review and make recommendations to the Board on the policy and structure for Directors' and senior management's remuneration.

POLICY ON DIRECTORS' REMUNERATIONS

The Company has adopted a policy on Directors' remuneration. The remunerations of our Directors are paid in the form of salaries, allowances, benefits in kind, pension scheme contributions and share-based compensation. Remuneration is recommended and determined on the basis of the qualifications and responsibilities of each Director and the performance of the Group. Details of the remunerations of Directors for the year ended 31 December, 2023 are set out in Note 38 to the consolidated financial statements.

For the year ended 31 December 2023, the remuneration of the members of the Company's senior management (including the members of the senior management who are also executive Directors) by the level of remuneration is set out below:

	Number of persons
Nil to HK$10,000,000	2
Above HK$10,000,000	2

NOMINATION COMMITTEE

The Company has established a Nomination Committee in compliance with the CG Code and Rule 3.27A and Rule 8A.27 of the Listing Rules. As of the Latest Practicable Date, the Nomination Committee consists of one executive Director, namely, Mr. Jet Jie Li, and two independent non-executive Directors, namely, Mr. Erh Fei Liu and Mr. Peng Shen. Mr. Erh Fei Liu is the chairman of the Nomination Committee.

The main duties of the Nomination Committee include but are not limited to:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- identifying individuals who are suitably qualified to become a member of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

- assessing the independence of independent non-executive Directors;

- making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and

- developing a policy concerning diversity of Board members.

As the Company was listed on the Stock Exchange on 27 October 2023, the Nomination Committee did not hold any meeting during the Reporting Period. On 22 March 2024, the Company held a Nomination Committee meeting to review the structure, size and composition of the Board, the diversity policy of Board members and the independence of the independent non-executive Directors, to make recommendations to the Board on the re-election of Directors at the annual general meeting.

Board Diversity Policy

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Nomination Committee will consider a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. Pursuant to the board diversity policy, in deciding the Board's composition, Board diversity shall be considered from the above-mentioned aspects. All appointments of the Board will be based on meritocracy, where the Company focuses on evaluating what skills, experience, and diverse viewpoints and perspectives that candidates can bring to the Board, and how they can make contributions to the Board. The final decision will be based on the strengths of candidates and the contributions they can make to the Board. The Company confirms that as of the end of the Reporting Period, the Board includes professionals with different professional backgrounds such as marketing, electronic engineering, finance, accounting and management, genders and ages, among whom female Directors account for 28.6% of the total number of Directors. The composition of the Board conforms to the provisions of the Listing Rules on Board diversity (including gender diversity) and the diversity policy formulated by the Company. The Company pays attention to the importance and benefits of gender diversity of Board members, and the Board diversity policy of the Company can ensure that the Board will have alternate potential successors to maintain the existing gender diversity of the Board.

The Nomination Committee has evaluated the implementation of the Board diversity policy since the Listing Date to ensure its continuous effectiveness. Our Board currently consists of seven Directors, including two female Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company. We will also ensure that there is gender diversity when recruiting staff at mid to senior level, as well as engage more resources in training more female staff with the aim of providing a pipeline of female senior management and potential successors to our Board going forward. As of 31 December 2023, the Group had 149,186 full-time employees (including senior management), of whom 77.69% were male employees and 22.31% were female employees. In order to promote gender diversity of employees, the Company plans to provide a full range of training, including but not limited to business operations, management, accounting and finance, and legal compliance, to employees who we believe have the appropriate experience, skills and knowledge in operations and business.

Director Nomination Policy

The Company has adopted a director nomination policy in compliance with the CG Code, which sets out the procedures and process for the nomination and appointment of directors of the Company. The Nomination Committee may refer to certain selection criteria, including but not limited to integrity, professional qualifications and skills, time commitment and diversity in all respects, in terms of appointing suitable proposed candidates and potential contribution to the Board.

If the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting shall set out the reasons for the election of such individual and the relevant information of the candidate shall be disclosed in accordance with the Listing Rules, the Articles of Association and/or the applicable laws and regulations.

If a shareholder (other than the individual to be proposed) is duly qualified to attend and vote at a general meeting convened wishes to propose a person other than a retiring Director for election as a Director at any general meeting, he/she shall send a notice in writing to the Company's head office or registered office. The notice shall set out the shareholder's intention to propose such person for election as a Director and the contact details and biographical details (including the directorships in other listed companies held by him/her in the last three (3) years and his/her other major appointments and professional qualifications) of the proposed candidate as required under Rule 13.51(2) of the Listing Rules. In addition, the notice shall be signed by such shareholder and the person to be proposed to indicate that such person wishes to offer himself/herself for election and consent to the disclosure of his/her personal data.

The minimum length of the period during which such notices are given shall be at least seven days and the period for the lodgement of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

CORPORATE GOVERNANCE COMMITTEE

The Company has established a Corporate Governance Committee in compliance with the CG Code and Rule 8A.30 of the Listing Rules. As of the Latest Practicable Date, the Corporate Governance Committee consists of three independent non-executive Directors, namely, Mr. Peng Shen, Mr. Erh Fei Liu and Mr. Charles Zhaoxuan Yang. Mr. Peng Shen is the chairman of the Corporate Governance Committee.

The main duties of the Corporate Governance Committee include but are not limited to:

- developing, reviewing and assessing the adequacy of the Company's policies and practices on corporate governance and making recommendations to the Board;

- reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company;

- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

- reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and

- reviewing and monitoring whether the Company is operated and managed for the benefit of all its shareholders;

- confirming, on an annual basis, that the WVR beneficiaries have been members of the Board throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial year;

- confirming, on an annual basis, whether or not the WVR beneficiaries have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;

- reviewing and monitoring the management of conflicts of interests and make a recommendation to the Board on any matter where there is a potential conflict of interest between the Company, a subsidiary of the Company and/or Shareholders of the Company (considered as a group) on one hand and any WVR beneficiaries on the other; and

- seeking to ensure effective and on-going communication between the Company and its Shareholders.

As the Company was listed on the Stock Exchange on 27 October 2023, the Corporate Governance Committee did not hold any meeting during the Reporting Period. On 22 March 2024, the Company held a meeting of the Corporate Governance Committee and a summary of the matters reviewed is set out below:

- to review and monitor the training and continuing professional development of Directors and senior management;

- to review the implementation and effectiveness of the shareholder communication policy;

- the WVR Beneficiary has complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules from the Listing Date and up to the date of such meeting;

- the WVR Beneficiary has been the member of the Board and that no matters under Rule 8A.17 of the Listing Rules have occurred from the Listing Date and up to the date of such meeting;

- to review the process for managing conflicts of interest and all risks associated with the Company's different voting rights structure; and

- to review the annual ESG Report and make recommendations to the Board for approval.

The Corporate Governance Committee has confirmed to the Board that, for the year ended 31 December 2023, the WVR Beneficiary of the Company has served as the member of the Board. The Corporate Governance Committee has reviewed the process for managing conflicts of interest and all risks associated with the Company's WVR Structure, including reviewing the management of conflicts of interests and making a recommendation to the Board on any matter where there is a potential conflict of interest between the Company, a subsidiary of the Company and/or Shareholders of the Company (considered as a group) on one hand and WVR Beneficiary on the other, and reviewing all risks related to the Company's WVR Structure, including connected transactions between the Company and/or a subsidiary of the Company on one hand and any WVR Beneficiary on the other and making a recommendation to the Board on any such transaction.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 in Part 2 of the CG Code.

During the period from the Listing Date to the Latest Practicable Date, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD INDEPENDENCE POLICY

The Board has established the following measures to ensure that the Board has access to independent advice and recommendations: (i) the Chairman will hold at least a meeting with the independent non-executive Directors in a year without other Directors' attendance; (ii) the size and structure of the Board is reviewed annually to ensure that a sufficient number of independent non-executive Directors with appropriate skills are appointed for the Board; and (iii) independent non-executive Directors should participate in the meetings of Board committees, including the Audit Committee, the Nomination Committee and the Remuneration Committee, to provide independent advice, recommendations and judgments on major issues relating to the Company's strategies, policies and financial performance. During the Reporting Period, the Board reviewed the implementation of the above measures and considered them appropriate and effective.

DIRECTORS' RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

Directors confirm their responsibilities for preparing financial statements.

The Directors are not aware of any material uncertainties which may cast significant doubt upon the Company's ability to continue as a going concern.

The Auditor is responsible for auditing the financial statements of the Company and expressing opinions. The independent auditor's report for the Reporting Period is set out in the section headed "Independent Auditor's Report" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management and internal control systems are important to achieving business objectives and safeguarding shareholders' interests and the Company's assets. Therefore, the Company is committed to establishing a comprehensive risk management framework and an internal control system to identify, evaluate and manage various risks that may affect the Company's operations and performance. The Group's core business departments are the first line of defense in the risk management and internal control system. Internal functional departments enhance the depth and breadth of risk assessment through research, interviews and expert consultation. The Audit Committee regularly receives reports from the risk control and audit team, the legal compliance team and the external auditors, etc., reviews the risk management and internal control system, and discusses and manages the significant risks faced by the Company with the senior management.

The Board is responsible for maintaining the Group's risk management and internal control systems, and the Board adjusts the management strategies based on changes in the business environment and feedback from internal audits. The Audit Committee reviews the effectiveness of the system on behalf of the Board annually. The Group's risk management and internal control systems are designed to manage the risk of failure to achieve business objectives, but the risk cannot be completely eliminated. The systems also provide reasonable, credible, but not absolute assurance of no material misstatement or loss.

The Board has reviewed the effectiveness of the Group's risk management and internal control systems. Based on the confirmation received from the Audit Committee of the Board on the effectiveness of the systems of risk management and internal control, the Board considers that for the year ended 31 December 2023, the systems are effective and adequate and such audit has covered the financial, operational, ESG and compliance aspects of the Group. The Board did not identify any material concerns in the audit. The Company has not implemented any significant changes to its risk management and internal control systems during the Reporting Period.

In order to ensure that the Company is able to effectively identify, evaluate, monitor and respond to various risks, and guarantee the safety of the Company's assets and the effectiveness of the Company's operations, the major work carried out by the Company in respect of risk management and internal control during the Reporting Period are summarized below:

- Leveraging computerized big data analysis and visualization technology, the Company identifies various types of issues on business processes, continuously locates and analyzes various types of risk indicators and realizes visualization, thereby providing decision-making data or realizing automatic early warnings for business or other risk management lines of defense.

- In order to comply with the requirements of the Securities and Futures Ordinance on the identification, handling and disclosure of insider information, the Company has formulated a securities trading management system to give prior approval for the procurement or sale of the Company's securities by the Company's Directors and certain members of the management, and regularly posts notices on relevant Directors' and employees' lock-up periods and trading restrictions, being aimed at preventing the possible mishandling of insider information in the Company.

- A comprehensive integrity policy has been established, which specifies the Company's position on anti-bribery and anti-corruption and the code of conduct for employees. The Company provide integrity and compliance training for all new employees, and for existing employees on a regular basis, with an aim to deepen employees' understanding of the integrity policy and the ways to identify and respond to potential misconduct in their practical work. In addition, the Company has established a transparent monitoring and reporting mechanism to encourage employees to report suspected misconduct.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Group's external auditor in respect of audit services and non-audit services for the year ended 31 December 2023 amounted to US$3.56 million and US$0.87 million respectively. Audit services provided by the auditors mainly comprise annual financial statements audit and IPO related services, and non-audit services mainly comprise professional services on tax advisory provided by the auditors.

COMPANY SECRETARY

Ms. Yin Shan Hui is the company secretary of the Company, who is a senior manager of corporate services of Tricor Services Limited. She has over 18 years of experience in the corporate secretarial field.

Ms. Yin Shan Hui's main contact person in the Company is Ms. Quanxi Shang, the director of legal and compliance. Ms. Yin Shan Hui has confirmed that she received no less than 15 hours of relevant professional training for the year ended 31 December 2023 in accordance with Rule 3.29 of the Listing Rules.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Memorandum and Articles of Association of the Company were adopted through a resolution passed on 11 October 2023, with effect from the Listing Date and are available on the websites of the Company and the Stock Exchange. There are no changes in the constitutional documents of the Company during the period from the Listing Date to the Latest Practicable Date.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings by the Shareholders

Pursuant to Article 74 of the Articles of Association, one or more Shareholder(s) holding in aggregate not less than one tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such meeting shall be held within two months after the shareholders deposit the relevant requisition(s) to the Board or the secretary in writing. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

For the avoidance of doubt, Shareholders must send the duly signed written requisition to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

At any general meeting, a resolution put to the vote of the meeting shall be decided by poll. Any Shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him.

SHAREHOLDERS' ENQUIRIES

Shareholders may send written enquiries or requests to the Company for the attention of the Board. The contact address is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

Shareholders may direct their enquiries about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to 1519-ecom@hk.tricorglobal.com. The Company ensures that the Hong Kong Branch Share Registrar maintains up-to-date data about the shares at all times to enable it to respond effectively to Shareholders' enquiries.

POLICIES RELATING TO SHAREHOLDERS

Shareholder Communication Policy

To ensure that effective communication is maintained with Shareholders and to guarantee Shareholders' right to know, the Company's website, www.jtexpress.com, contains a specific section headed "Investor Relations". We will answer the written enquiries from the Company's Shareholders as soon as possible.

The Company endeavours to maintain an on-going dialogue with Shareholders. Relevant information will be available to Shareholders through the Company's financial reports, announcements, annual general meetings and other general meetings, and all disclosures submitted to the Stock Exchange. The Directors (or their representatives, as the case may be) will make every reasonable effort to attend the annual general meetings and respond to Shareholders' enquiries.

During the Listing Date and up to the Latest Practicable Date, the Company reviewed the implementation and effectiveness of the Shareholder communication policy. After reviewing the different channels to communicate with Shareholders, the Company has confirmed that the Shareholder communication policy is effective.

DIVIDEND POLICY

Pursuant to code provision F.1.1 of the CG Code, the Company has adopted a dividend policy on the payment of dividends. In accordance with the provisions of the Companies Act and the Articles of Association, the Company may declare dividends in any currency in a general meeting, but no dividends shall exceed the amount recommended by the Board. Unless and to the extent that the rights attached to any Shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any Shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid.

VII. Directors' Report

The Board is pleased to present this report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRIMARY BUSINESS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 October 2019, and its Shares were listed on the Main Board of the Stock Exchange on 27 October 2023. The Company is the holding company of the Group with businesses conducted through its subsidiaries and Consolidated Affiliated Entities controlled by the Company via the Contractual Arrangements. The Group is a global logistics service provider.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2023 is set out in the section headed "Management Discussion and Analysis" in this annual report. The main risks and uncertainties with which the Group may be faced are set out in the section headed "Directors' Report – main risks and uncertainties" in this annual report.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement on page 182 of this annual report.

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

During the Reporting Period, none of the Shareholders waived or agreed to waive any dividends.

SHARE CAPITAL

Details of the Company's Shares issued during the Reporting Period are set out in Note 25 to the consolidated financial statements in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group for the year ended 31 December 2023 are set out in Note 15 to the consolidated financial statements in this annual report.

FINANCIAL SUMMARY

A summary of the condensed consolidated statement of comprehensive income, and condensed consolidated balance sheets of the Group is set out in the section headed "Financial Summary" in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

To the knowledge of the Board, the Group was in all material respects in compliance with the laws and regulations that have a significant impact on the business and operation of the Group during the Reporting Period.

ENVIRONMENTAL POLICIES AND PERFORMANCE

For details of the Company's environmental protection, social responsibility, employee benefit and development, please refer to the section headed "Environmental, Social and Governance Report" in this annual report.

CHARITABLE AND OTHER DONATIONS

During the Reporting Period, the Group made a total donation of approximately US$1.2 million.

PRIMARY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We offer our employees competitive compensation packages and a merit-based work environment that encourages initiative, and as a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team. In addition, as required by applicable regulations, we participate in various government statutory employee benefit plans.

Customers

For our express delivery and cross-border services, our customers include our network partners, e-commerce platforms, certain enterprise and individual customers, as well as our unconsolidated regional operating entities. For our cross-border services, our customers also include freight forwarders who place orders on behalf of their end customers. Our direct customers are primarily our network partners, unconsolidated regional operating entities, e-commerce platforms and other enterprise customers and individuals which require customized express delivery services.

Suppliers

Our suppliers primarily include service providers of third-party transportation, human resources services and express delivery services, including our network partners and unconsolidated regional operating entities.

MAIN RISKS AND UNCERTAINTIES

The risks related to our business and industry are set out in the section headed "Risk Factors" in the Prospectus. The following list summarizes certain main risks and uncertainties with which the Group are faced:

- Our business and growth are highly dependent on the development of the e-commerce industry in the markets where we operate. Future developments of the e-commerce industry, to a significant extent, would depend on improvements in transportation and logistics infrastructure, developments of electronic payment system, government policies that govern the e-commerce industry including the social e-commerce sector, and other factors that are beyond our control;

- We face risks and challenges in managing global operations, entering into and expanding across a number of countries, which are caused by distance, cultural differences, underdeveloped infrastructure, industry competition and other factors;

- During the Reporting Period, we generated a majority of our parcels from or through e-commerce platforms. If we are unable to retain our status as a preferred service provider for e-commerce platforms and the merchants on these e-commerce platforms, our business volume may decrease significantly, which could adversely affect our business and results of operations;

- The behaviors of our regional sponsors, unconsolidated regional operating entities, network partners, and their employees and personnel could adversely affect our customer satisfaction, reputation, operations and financial performance;

- Possible impairment losses related to intangible assets, trade receivables, prepayments, other receivables and other assets may adversely affect our financial condition;

- The intense competition we face may adversely affect our operating results and market share;

- Any service disruption experienced by our sorting centers or the pickup and delivery outlets may adversely affect our operations;

- Telecommunications failures, errors encountered during system upgrades or system expansions, computer viruses, hacking or other attempts to disrupt our technology systems may materially and adversely affect our business, reputation, financial condition and results of operations;

- Illegal acts or misconduct by our third-party service providers could materially and adversely affect our reputation, brand image, business and financial condition;

- The impact of seasonal patterns and other events peculiar to the jurisdictions where we operate may cause our results of operations to fluctuate from time to time due to seasonality;

- Certain lease properties may not be renewed upon the expiration of the current term, and if we are unable to relocate the affected operations, our business and operations may be adversely affected;

- Labor unrest may affect general labor market conditions or result in changes to labor laws, which in turn could materially and adversely affect our business, financial condition and results of operations; and

- Changes in the economic, political or social conditions or government policies of the geographic markets in which we operate could have a material adverse effect on our business and operations.

LISTING ON THE HONG KONG STOCK EXCHANGE

On 27 October 2023, the Company was listed on the Hong Kong Stock Exchange. The Company issued a total of 326,550,400 Class B Shares with par value of US$0.000002 each to Hong Kong and overseas investors at the offer price of HK$12.00 per Share in the Global Offering, comprising 32,655,200 Hong Kong offer shares and 293,895,200 international offer shares. The closing market price on the Listing Date was HK$12.00 per Share. The Overall Coordinator (on behalf of the International Underwriters) did not exercise the Over-Allotment Option during the stabilizing period.

USE OF PROCEEDS

Based on the offer price of HK$12.00 per offer Share, the net proceeds of the Global Offering received by the Company (after deducting the underwriting fees, commission charges and estimated expenses payable by the Company in relation to the Global Offering) amounted to HK$3,553.50 million, which will be used according to the purposes of the proceeds from the Global Offering disclosed in the prospectus. The use purposes are set out below:

- approximately 30%, or HK$1,066.05 million, will be used to expand our logistics networks, improve our infrastructure, and strengthen our sorting and warehouse capacity and capabilities in Southeast Asia and other existing markets;

- approximately 30%, or HK$1,066.05 million, will be used to expand in new markets and diverse our service offering;

- approximately 30%, or HK$1,066.05 million, will be used for research and development and technology innovations; and

- approximately 10%, or HK$355.35 million, will be used for general corporate purposes and working capital needs.

Since the Listing Date and up to the date of this annual report, there has been no change in the intended use of the net proceeds and the expected timetable disclosed in the prospectus.

As of 31 December 2023, the utilization of the net proceeds from the Global Offering are as follows:

Purposes	Percentage of net proceeds (%)	Net proceeds (US$ million)	Amount utilized for the year ended 31 December 2023 (US$ million)	Unutilized amount as of 31 December 2023 (US$ million)	Expected timetable of full utilization of the remaining net proceeds
Expanding our logistics networks	30%	136.3	**78.3**	**58.0**	By the end of 2027
Expanding the Company's service scope	30%	136.3	**53.3**	**83.0**	By the end of 2027
Research and development and technology innovations	30%	136.3	**7.3**	**129.0**	By the end of 2027
General corporate purposes and working capital needs	10%	45.4	**28.9**	**16.5**	By the end of 2027
Total	100%	454.3	**167.8**	**286.5**	

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period. The convertible preferred shares of the Company were automatically converted into Shares on the Listing Date.

DEBENTURE ISSUED

The Group did not issue any debenture during the Reporting Period.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into or existing for the year ended 31 December 2023.

DIRECTORS

Since the Listing Date and as of the Latest Practicable Date, the Board comprised:

Executive Director

Mr. Jet Jie Li (Chairman and Chief Executive Officer)

Non-executive Directors

Ms. Alice Yu-fen Cheng
Ms. Qinghua Liao
Mr. Yuan Zhang

Independent non-executive Directors

Mr. Charles Zhaoxuan Yang
Mr. Erh Fei Liu
Mr. Peng Shen

Pursuant to Article 119 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term and independent executive Directors, shall be subject to retirement by rotation at least once every three years. Mr. Jet Jie Li, Ms. Alice Yu-fen Cheng and Mr. Yuan Zhang will retire by rotation at the forthcoming annual general meeting and will be eligible for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with Rule 3.13 of the Listing Rules. According to the guidelines in the Listing Rules, the Company considers that all the independent non-executive Directors are independent.

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service contract with the Company. Under the contract, he agrees to serve as the executive Director, and his initial term of service shall be three years commencing from the Listing Date to the third annual general meeting of the Company after the Listing Date, whichever is earlier. Either party shall have the right to terminate the contract by giving not less than one month's written notice.

Each of the non-executive Directors and the independent non-executive Directors has entered into an appointment letter with the Company, pursuant to which, his or her initial term of service shall be three years commencing from the Listing Date or until the third annual general meeting of the Company after the Listing Date, whichever is earlier, unless it is terminated according to the terms and conditions of the appointment letter or by one party giving the other party not less than one month's prior notice in writing.

The above appointments shall be subject to the provisions of the Articles of Association in relation to the retirement and rotation of Directors.

None of the Directors entered into any service contract with the Company or any member of the Group which would not be terminated within one year without payment of compensation other than statutory compensation.

CHANGES IN DIRECTORS' INFORMATION

Since the Listing Date and up to the date of this annual report, save as disclosed in this annual report, there are no other changes in the Directors' and senior management's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACT

During the year ended 31 December 2023, no significant contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

PERMITTED INDEMNITY

According to the Articles of Association and subject to applicable laws and regulations, every Director shall be indemnified and secured harmless out of the Company's assets from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their or his/her office(s).

The provisions relating to permitted indemnity came into effect during the year ended 31 December 2023. The Company has purchased liability insurance to provide appropriate safeguards for the Directors.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, during the Reporting Period, none of the Company or any of its subsidiaries was a party to any arrangement that would enable the Directors or their spouses or children under the age of 18 to acquire benefits by means of acquisition of the shares or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 was granted any right to subscribe for the share equity or debentures of the Company or any other body corporate, or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, apart from the business of the Group, none of our Directors have any interest in a business which competes or is likely to compete, directly or indirectly, with our business that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of 31 December 2023, so far as our Directors are aware, the interests or short positions of our Directors and the chief executive in any Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which have been taken or deemed to have been taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code, will be as follows:

Name of Director	Capacity/ Nature of interest[1]	Number and class of securities	Approximate % shareholding interest in each class of Shares as of 31 December 2023	Approximate % of the Company's issued share capital as of 31 December 2023
Mr. Jet Jie Li[2]	Interest in a controlled corporation	979,333,410 Class A Shares	**100%**	**11.11%**
Ms. Alice Yu-fen Cheng[3]	Interest in a controlled corporation	143,380,855 Class B Shares	**1.83%**	**1.63%**
Mr. Yuan Zhang[4]	Interest in a controlled corporation	327,712,070 Class B Shares	**4.18%**	**3.72%**

Notes:

(1) All interests stated are long position.

(2) This includes the 979,333,410 Class A Shares held by Jumping Summit Limited; Topping Summit Limited, an entity wholly-owned by Mr. Jet Jie Li, owns 5% equity interest of Jumping Summit Limited; Exceeding Summit Holding Limited, which is held by Vistra Trust (Singapore) Pte. Limited as a trustee for a trust established by Mr. Jet Jie Li for the benefit of Mr. Jet Jie Li and his family members, owns the remaining 95% equity interest in Jumping Summit Limited. Accordingly, Mr. Jet Jie Li is deemed to be interested in the 979,333,410 Class A Shares held by Jumping Summit Limited under the SFO.

(3) This includes the 143,380,855 Class B Shares held by EASY INNOVATION LIMITED, which is wholly-owned by Ms. Alice Yu-fen Cheng. Accordingly, Ms. Alice Yu-fen Cheng is deemed to be interested in the 143,380,855 Class B Shares held by EASY INNOVATION LIMITED.

(4) This includes the 327,712,070 Class B Shares held by LONG ORIGIN LIMITED, which is wholly-owned by Mr. Yuan Zhang. Accordingly, Mr. Yuan Zhang is deemed to be interested in the 327,712,070 Class B Shares held by LONG ORIGIN LIMITED.

Save as disclosed above, as of 31 December 2023, so far as are known to any Director or chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed under Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

As of 31 December 2023, so far as are known to any Director, the following persons (not being Directors or the chief executive of the Company) or corporation had interests or short positions in the Shares or underlying Shares of the Company which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest[1]	Number and class of securities	Approximate percentage of shareholding in each class of Shares of the Company as of 31 December 2023	Approximate percentage of the Company's issued share capital as of 31 December 2023
Jumping Summit Limited	Beneficial interest	979,333,410 Class A Shares	**100%**	**11.11%**
Mr. Jet Jie Li[2]	Interest in controlled corporation	979,333,410 Class A Shares	**100%**	**11.11%**
Team Spirit Group Limited[3]	Beneficial interest	373,175,910 Class B Shares	**4.76%**	**4.23%**
Mr. Chen Mingyong[3]	Interest in a controlled corporation	373,175,910 Class B Shares	**4.76%**	**4.23%**
	Interest of spouse	327,712,070 Class B Shares	**4.18%**	**3.72%**
Starlight Hero Limited[3]	Beneficial interest	327,712,070 Class B Shares	**4.18%**	**3.72%**
Ms. Liang Xiaojing[3]	Interest in a controlled corporation	327,712,070 Class B Shares	**4.18%**	**3.72%**
	Interest of spouse	373,175,910 Class B Shares	**4.76%**	**4.23%**
Tencent				
Deep Red Holdings Limited[4]	Beneficial interest	130,718,955 Class B Shares	**1.67%**	**1.48%**
Rhododendron Investment Limited[4]	Beneficial interest	130,713,270 Class B Shares	**1.67%**	**1.48%**
TB RACING RABBITS INVESTMENT HOLDINGS L.P.[4]	Beneficial interest	98,039,215 Class B Shares	**1.25%**	**1.11%**
Eternal Earn Holding Limited[4]	Beneficial interest	98,039,215 Class B Shares	**1.25%**	**1.11%**
Parallel Cluster Investment Limited[4]	Beneficial interest	78,431,370 Class B Shares	**1.00%**	**0.89%**

Name of Shareholder	Capacity/ Nature of interest(1)	Number and class of securities	Approximate percentage of shareholding in each class of Shares of the Company as of 31 December 2023	Approximate percentage of the Company's issued share capital as of 31 December 2023
Boyu				
Jaunty Global Limited(5)	Beneficial interest	341,411,525 Class B Shares	**4.36%**	**3.87%**
Joyous Tempinis Limited(5)	Beneficial interest	104,561,995 Class B Shares	**1.33%**	**1.19%**
Jallion Global Limited(5)	Beneficial interest	71,895,425 Class B Shares	**0.92%**	**0.82%**
ATM Capital				
Fast Creative Zone Limited(6)	Beneficial interest	399,966,340 Class B Shares	**5.11%**	**4.54%**
Ultra Height Fund L.P.(6)	Beneficial interest	66,116,490 Class B Shares	**0.84%**	**0.75%**

Notes:

(1) All interests stated are long position.

(2) Topping Summit Limited, an entity wholly-owned by Mr. Jet Jie Li, owns 5% equity interest of Jumping Summit Limited; Exceeding Summit Holding Limited, which is held by Vistra Trust (Singapore) Pte. Limited as a trustee for a trust established by Mr. Jet Jie Li for the benefit of Mr. Jet Jie Li and his family members, owns the remaining 95% equity interest in Jumping Summit Limited. Accordingly, Mr. Jet Jie Li is deemed to be interested in the 979,333,410 Class A Shares held by Jumping Summit Limited under the SFO.

(3) Team Spirit Group Limited is approximately 65.9% owned by the Labor Union Committee of Guangdong OPlus Holdings Co., Ltd; approximately 33.6% owned by GLORY HILL HOLDINGS LIMITED (高耀集團有限公司) and approximately 0.5% owned by Jin Leqin, an independent third party. The Labor Union Committee of Guangdong OPlus Holdings Co., Ltd is deemed to be controlled by Mr. Chen Mingyong. Accordingly, Mr. Chen Mingyong is deemed to be interested in the 373,175,910 Class B Shares held by Team Spirit Group Limited under the SFO.

Ms. Liang Xiaojing does not hold any legal or beneficial interest in the share capital of Team Spirit Group Limited; however, solely pursuant to Part XV of the SFO, Ms. Liang Xiaojing is deemed to be interested in the 373,175,910 Class B Shares held by her spouse, Mr. Chen Mingyong, although she does not personally hold such shares as a direct shareholder.

Starlight Hero Limited is wholly-owned by Ms. Liang Xiaojing.

Mr. Chen Mingyong does not hold any legal or beneficial interest in the share capital of Starlight Hero Limited; however, solely pursuant to Part XV of the SFO, Mr. Chen Mingyong is deemed to be interested in the 327,712,070 Class B Shares held by his spouse, Ms. Liang Xiaojing, although he does not personally hold such shares as a direct shareholder.

(4) Rhododendron Investment Limited, Deep Red Holdings Limited and TB Racing Rabbits Investment Holdings L.P. are all wholly-owned subsidiaries of Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (HKEX: 00700, "**Tencent**"). Eternal Earn Holding Limited is a wholly-owned subsidiary of TPP Fund II, L.P., whose general partner is TPP GP II, Ltd, which is ultimately controlled by Tencent. Parallel Cluster Investment Limited is a wholly-owned subsidiary of Parallel Cluster Investment L.P., whose general partner is Parallel Cluster GP Limited, which is ultimately controlled by Tencent. Accordingly, Tencent is deemed to be interested in the 535,942,025 Class B Shares held by Deep Red Holdings Limited, Rhododendron Investment Limited, TB Racing Rabbits Investment Holdings L.P., Eternal Earn Holding Limited and Parallel Cluster Investment Limited under the SFO.

(5) Joyous Tempinis Limited, Jaunty Global Limited and Jallion Global Limited are directly or indirectly controlled by Boyu Capital Fund IV, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. Boyu Capital Fund IV, L.P. is advised by Boyu Capital Group Management Ltd. (together with its affiliates, "**Boyu**"). Accordingly, Boyu is deemed to be interested in the 517,868,945 Class B Shares held by Jaunty Global Limited, Joyous Tempinis Limited and Jallion Global Limited under the SFO.

(6) Fast Creative Zone Limited is majority held by Global Express Fund L.P. Global Express Fund L.P. and Ultra Height Fund L.P. are managed by Global Express GP Limited and Global Freight Limited, respectively, both of which are ATM Capital's management entities. Accordingly, ATM Capital is deemed to be interested in the 466,082,830 Class B Shares held by Fast Creative Zone Limited and Ultra Height Fund L.P. under the SFO.

Except as disclosed above, as of 31 December 2023, to the knowledge of our Directors, none of any other persons (other than Directors or chief executive of the Company) have interests or short positions in the Shares or underlying shares of the Company, which were required to be disclosed in accordance with Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or which were required to be kept in the register under the requirements in Section 336 of the SFO or which were required to be notified to the Company and the Stock Exchange.

REMUNERATION POLICY AND DIRECTORS' REMUNERATION

The Company has established a Remuneration Committee in accordance with the CG Code, which shall be responsible for formulating remuneration policies and determining and recommending the remuneration of Directors and senior management. Details of the remuneration of Directors, senior management and five individuals with the highest emoluments during the Reporting Period are set out in Note 39 to the consolidated financial statements.

For the year ended 31 December 2023, (i) no emoluments were paid by the Company to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office; and (ii) none of the Directors waived or agreed to waive any emoluments.

EQUITY INCENTIVE PLAN

Pre-IPO Equity Incentive Plan

In order to align the interests of the Company's network partners and regional sponsors with those of the Company's Shareholders, the Network Partner Equity Incentive Plan was initially approved by the Shareholders on 26 February 2022, and further amended by the Board on 31 May 2023. As disclosed in the prospectus, the terms of the Network Partner Equity Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

The maximum number of shares that may be issued under the Pre-IPO Share Incentive Plan is 38,000,000 Class A ordinary shares (or 190,000,000 Class B Shares, following completion of the reclassification, redesignation and share subdivision). Prior to the Listing, the Company issued 38,000,000 Class A ordinary shares of the Company on 28 September 2022 to NP Investment Platform Limited at par value to facilitate the administration of the Pre-IPO Share Incentive Plan. All outstanding restricted share units under the Pre-IPO Share Incentive Plan were granted before Listing. No further Shares will be issued by our Company under the Pre-IPO Share Incentive Plan upon the Listing Date.

Details of our Pre-IPO Network Partner Equity Incentive Plan are set forth in the "Statutory and General information – 4. Pre-IPO Share Incentive Plan" in Appendix V to the prospectus and in Note 26 to the consolidated financial statements of this annual report.

CONTINUING CONNECTED TRANSACTIONS

Details of the related party transactions ("**related party transactions**") for the year ended 31 December 2023 are set out in Note 36 to the consolidated financial statements in this annual report. None of such related party transactions constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

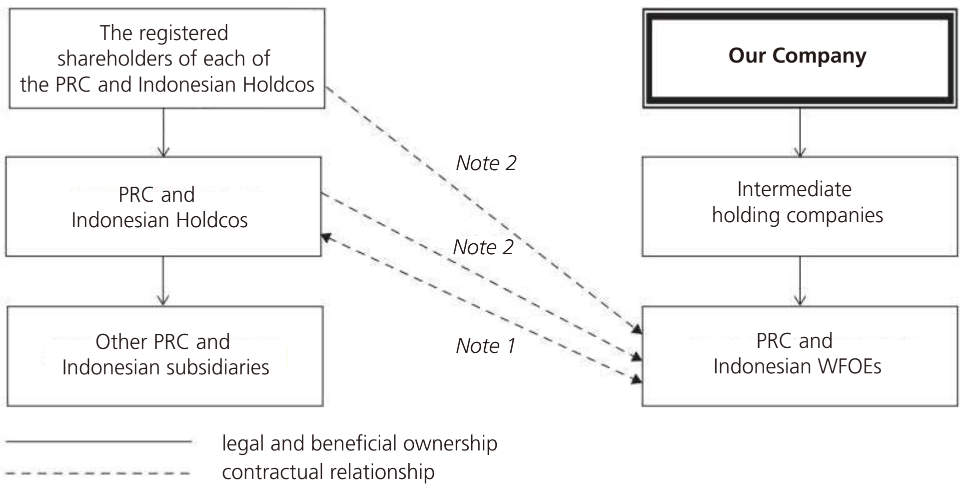
As disclosed in the prospectus, the following transactions of the Group for the year ended 31 December 2023 constitute continuing connected transactions.

CONTRACTUAL ARRANGEMENTS

As disclosed in the prospectus, the PRC and Indonesia have imposed regulatory restrictions on foreign ownership. In order to comply with such laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, we control our Consolidated Affiliated Entities through the PRC Contractual Arrangements entered into on 18 January 2023 and the Indonesian Contractual Arrangements entered into on 29 March 2022 (the "**Contractual Arrangements**"). We do not directly own any equity interest in our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, we have effective control over the financial and operational policies of our Consolidated Affiliated Entities and are entitled to all the economic benefits derived from the Consolidated Affiliated Entities' operations.

As disclosed above and in the section headed "Contractual Arrangements" in the prospectus, the Contractual Arrangements entered into between the PRC and Indonesia are strictly prepared to minimize potential conflicts with the relevant laws and regulations in the PRC and Indonesia. The Directors believe that it is fair and reasonable for the Company to control the Consolidated Affiliated Entities by Contractual Arrangements and to be entitled to all the economic benefits derived from the Consolidated Affiliated Entities.

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



Notes:

(1) The PRC WFOE entered into the Exclusive Business Cooperation Agreement, providing technical support, business support and relevant consulting services in exchange for service fees from the PRC Holdco. The Indonesian WFOE entered into Exclusive Technical Service Agreement, providing comprehensive management consulting services to the Indonesian Holdco in exchange for service fees.

(2) The registered shareholders of the PRC Holdco executed the Exclusive Option Agreement in favor of the PRC WFOE for the acquisition of all or part of the equity interests and all or part of the assets in the PRC Holdco; the Shareholder Rights Proxy Agreement in favor of the PRC WFOE for the exercise of all the shareholders' rights in the PRC Holdco; and granted security interests in favor of the PRC WFOE, over the entire equity interests in the PRC Holdco. The Indonesian Individual and Corporate Registered Shareholders executed a number of agreements in favor of the Indonesian WFOE to allow the Indonesian WFOE to consolidate control over the Indonesian Holdco and derive the full economic benefits from the Indonesian Holdco.

Risks relating to Contractual Arrangements

We consider the following risks to be related to Contractual Arrangements. Details of these risks are set out on pages 74 to 82 of the prospectus.

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

- Any failure by our consolidated affiliated entities in the PRC or Indonesia or their shareholders to perform their obligations under our Contractual Arrangements with them would have a material and adverse effect on our business;

- The interests of the direct or indirect shareholders of our consolidated affiliated entities in the PRC and Indonesia may have actual or potential conflicts with our interests;

- If we exercise the exclusive right to acquire equity ownership of PRC Holdco, the ownership transfer may subject us to certain limitations and substantial costs;

- There are restrictions for us to exercise our rights to transfer the shareholding in the Indonesian Holdco under our Indonesian Contractual Arrangements;

- We may lose the ability to use and enjoy assets held by our PRC or Indonesian consolidated affiliated entities that are critical to the operation of our business if our consolidated affiliated entities declare bankruptcy or become subject to a dissolution or liquidation proceeding;

- Our current corporate structure and business operations in the PRC may be substantially affected by the PRC Foreign Investment Law and Implementing Rules;

- The Contractual Arrangements we have entered into with our consolidated affiliated entities may be subject to scrutiny by the tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of Shareholder's investment; and

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

To mitigate the risks relating to the Contractual Arrangements, the Board will conduct an annual review on the implementation of and compliance with the Contractual Arrangements and the Group will work closely with the PRC Registered Shareholders, the Indonesia Registered Shareholders and external legal advisers to monitor the regulatory environment and development of PRC and Indonesian laws and regulations to mitigate the risks relating to the Contractual Arrangements.

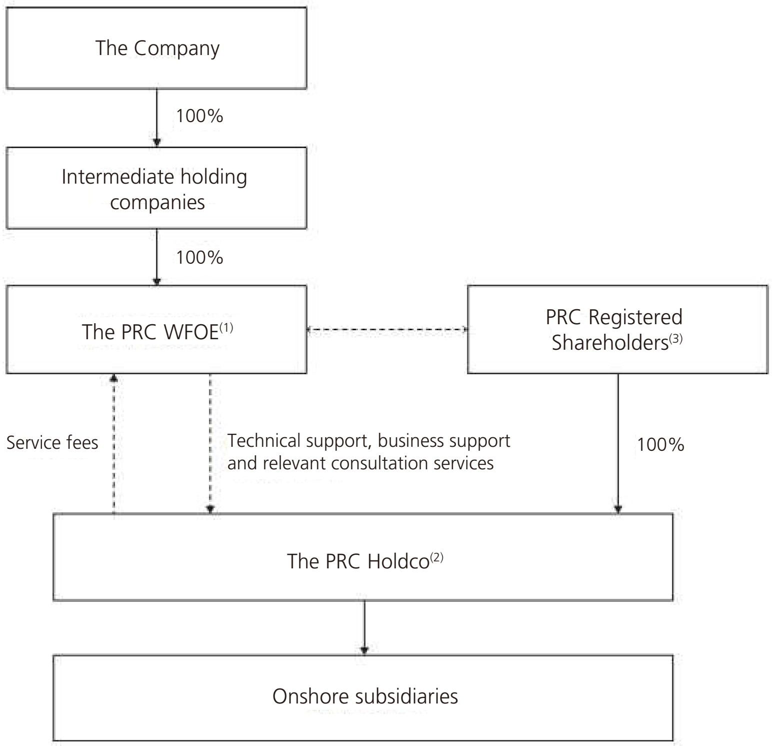
Summary of major terms of Contractual Arrangements

A description of the Contractual Arrangements and each of the specific agreements under the Contractual Arrangements implemented during the Reporting Period is set out below.

THE PRC CONTRACTUAL ARRANGEMENTS

Overview

J&T Express China is currently holding a cross-provincial Express Delivery Service Operation Permit. J&T Express China is a wholly-owned subsidiary of Shanghai Yishangshiye, which is a Consolidated Affiliated Entity of the Company. Shanghai Yishangshiye is held by Wu Rongmei (吳蓉眉) as to 99% and Liu Wei (劉偉) as to 1%. Wu Rongmei (吳蓉眉) is the office director of J&T Express China and the director of J&T Express (Shanghai) Acme Supply Chain Management Co., Ltd. (上海極兔極致供應鏈管理有限公司) and J&T Express China and Liu Wei (劉偉) is the supervisor of J&T Express (Shanghai) Acme Supply Chain Management Co., Ltd. (上海極兔極致供應鏈管理有限公司) and J&T Express China. Both Wu Rongmei (吳蓉眉) and Liu Wei (劉偉) have been the Group's PRC regional senior managers since the Group entered the China market. Considering their rich industry experience, their long time commitment to and in-depth understanding of the Group, the Company considers that they are suitable to be the PRC Registered Shareholders.



Notes:

(1) The PRC WFOE provides technical support, business support and relevant consultation services in exchange for service fees from Shanghai Yishangshiye.

(2) The PRC Holdco refers to Shanghai Yishangshiye, which is owned as to 99% by Wu Rongmei (吳蓉眉) and 1% by Liu Wei (劉偉) (the "**PRC Registered Shareholders**"), respectively.

(3) The PRC Registered Shareholders executed an Exclusive Option Agreement in favor of the PRC WFOE for the acquisition of all or part of the equity interests and all or part of the assets of Shanghai Yishangshiye. The PRC Registered Shareholders executed shareholder rights proxy agreements in favor of the PRC WFOE, for the exercise of all shareholders' rights in Shanghai Yishangshiye. The PRC Registered Shareholders granted security interests in favor of the PRC WFOE, over the entire equity interests in Shanghai Yishangshiye.

(4) "——►" denotes beneficial ownership in the equity interest. The PRC WFOE is an indirect wholly-owned subsidiary of the Company.

(5) "-------►" denotes contractual relationship.

(6) "◄----►" denotes the control by the PRC WFOE over the PRC Registered Shareholders and Shanghai Yishangshiye through (i) proxy agreement to exercise all shareholders' rights in Shanghai Yishangshiye, (ii) exclusive options to acquire all or part of the equity interests and assets of Shanghai Yishangshiye and (iii) equity pledges over the equity interests in Shanghai Yishangshiye.

Circumstances under which we will unwind the PRC Contractual Arrangements

Our Group will unwind and terminate the PRC Contractual Arrangements as soon as practicable in respect of the operation of our supply chain solutions and logistics services business to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations in the event that PRC regulatory restrictions on foreign ownership of the relevant business cease to exist or allow the relevant business to be held by sino-foreign equity joint ventures or wholly-owned foreign investment entities.

The PRC Contractual Arrangements also include certain business that are not relying on the Courier Service Operation Permit (快遞業務經營許可證) and/or not subject to foreign ownership restrictions pursuant to the 2021 Negative List, which is the short messaging service ("**SMS**") business. As of the Latest Practicable Date, the SMS business has been separated from the PRC Contractual Arrangements. The revenue contribution of the SMS Business maintained below 5% since the Listing Date until the completion of the aforesaid restructure.

Exclusive Business Cooperation Agreement

Shanghai Yishangshiye entered into the exclusive business cooperation agreement (the "**Exclusive Business Cooperation Agreement**") with the PRC WFOE, pursuant to which, Shanghai Yishangshiye agreed to engage the PRC WFOE as its exclusive provider of the following technical support, business support and relevant consultation services, and to pay service fees to the PRC WFOE:

- the license of relevant software and technologies to Shanghai Yishangshiye which are legitimately owned by the PRC WFOE and required by Shanghai Yishangshiye's businesses;
- the development, maintenance and updates of relevant software required by Shanghai Yishangshiye's businesses;
- the design, installation, daily management, maintenance and updating of computer and network systems, hardware equipment and database;
- the development and testing of new products;
- the technical support and professional trainings for Shanghai Yishangshiye's staff;
- the assistance for Shanghai Yishangshiye in consultations, collections and surveys of technical and market information (other than those market surveys which are prohibited from being conducted by a wholly foreign-owned entity according to PRC laws);
- providing enterprise management consultation for Shanghai Yishangshiye;
- leasing of equipment and assets; and
- other relevant technical services and consultation services as required by Shanghai Yishangshiye from time to time to the extent permitted by PRC laws.

The service fees shall consist the total profit of Shanghai Yishangshiye and its subsidiaries in any given financial year, after the deduction of any accumulated deficit of Shanghai Yishangshiye and its subsidiaries in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions required in any given financial year. Notwithstanding the foregoing, the PRC WFOE may adjust the scope and amount of service fees in accordance with PRC tax law principles and tax practices, and with reference to the working capital needs of Shanghai Yishangshiye and its subsidiaries, and Shanghai Yishangshiye will accept any such adjustment. The PRC WFOE may adjust the sharing ratio, payment amount, calculation of service fees and payment method with a written notice.

The PRC WFOE and Shanghai Yishangshiye, during the term of the Exclusive Business Cooperation Agreement and where necessary, may enter into further technical service agreement and/or consultation service agreement between Shanghai Yishangshiye and the PRC WFOE or its designated person, which shall provide the specific contents, methods, personnel, and fees for the specific services.

In addition, absent the prior written consent of the PRC WFOE, during the term of the Exclusive Business Cooperation Agreement, with respect to the services subject to the Exclusive Business Cooperation Agreement, Shanghai Yishangshiye shall not accept the same or any similar consultation or services provided by any third party and shall not establish similar cooperation relationships with any third party. The PRC WFOE has the right to appoint any third party to provide services specified under the Exclusive Business Cooperation Agreement.

Shanghai Yishangshiye grants the PRC WFOE an irrevocable and exclusive purchase option right to, at the sole discretion of the PRC WFOE and to the extent permitted by PRC laws, purchase all or any part of assets of Shanghai Yishangshiye and its subsidiaries at the lowest price permitted by PRC laws. To secure Shanghai Yishangshiye's performance of the Exclusive Business Cooperation Agreement, Shanghai Yishangshiye agrees to provide the PRC WFOE a guarantee with its receivables arising from daily operation and all of its assets.

The Exclusive Business Cooperation Agreement also provides that the PRC WFOE has the exclusive proprietary rights and interests in any and all intellectual property rights developed or created by Shanghai Yishangshiye and its subsidiaries during the performance of the Exclusive Business Cooperation Agreement. Shanghai Yishangshiye may register certain intellectual property rights designated by the PRC WFOE under the name of Shanghai Yishangshiye and its subsidiaries as required by businesses of Shanghai Yishangshiye, but Shanghai Yishangshiye shall, and shall procure its subsidiaries to, transfer such intellectual property rights to the PRC WFOE upon request by the PRC WFOE for free or at the lowest price permitted by law. The Exclusive Business Cooperation Agreement shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Cooperation Agreement or mandatory provisions of PRC laws; (b) in writing by the PRC WFOE; (c) renewal of the expired business period of either the PRC WFOE or Shanghai Yishangshiye is declined or rejected by relevant government authorities, at which time the Exclusive Business Cooperation Agreement will terminate upon termination of that business period; or (d) in the event that the PRC WFOE or their subsidiaries are able to conduct the Relevant Businesses directly as a result of being permitted to do so under the then-applicable PRC laws, and the entire equity interests of Shanghai Yishangshiye or all of Shanghai Yishangshiye and its subsidiaries' assets have been transferred to the PRC WFOE or its appointee(s).

Exclusive Option Agreement

The PRC Registered Shareholders entered into the exclusive option agreement (the "**Exclusive Option Agreement**") with Shanghai Yishangshiye and the PRC WFOE. Pursuant to the Exclusive Option Agreement, the PRC WFOE has the exclusive, irrevocable and unconditional right to purchase, or to designate one or more persons/entities to purchase, from the PRC Registered Shareholders all or any part of its equity interests in Shanghai Yishangshiye and from Shanghai Yishangshiye all or any part of the assets of Shanghai Yishangshiye and its subsidiaries at any time in the PRC WFOE's absolute discretion in accordance with the provisions of the Exclusive Option Agreement and to the extent permitted by the PRC laws. The consideration in relation to purchasing shares from the PRC Registered Shareholders of Shanghai Yishangshiye shall be the amount of contributed registered capital made by the PRC Registered Shareholders corresponding to the shares to be purchased, or the lowest price as permitted by the applicable PRC laws, whichever is lower. The consideration in relation to purchasing assets from Shanghai Yishangshiye shall be the lowest price as permitted under the applicable PRC laws. The aforesaid consideration shall be paid within seven (7) days upon transfer.

Each of Shanghai Yishangshiye and the PRC Registered Shareholders has covenanted that, as applicable, among other things:

- without the prior written consent of the PRC WFOE, it shall not in any manner supplement, change or amend the constitutional documents of Shanghai Yishangshiye, increase or decrease its registered capital, or change the structure of its shareholding in other manner;

- it shall maintain Shanghai Yishangshiye's corporate existence in accordance with good financial and business standards and practices, and prudently and effectively operate its business and handle its affairs;

- without the prior written consent of the PRC WFOE, it shall refrain from any action/omission that may adversely affect Shanghai Yishangshiye's assets, businesses or liabilities; without the prior written consent of the PRC WFOE, it shall not at any time following the signing of the Exclusive Option Agreement sell, transfer, pledge or dispose of in any manner any legal or beneficial interest in the assets, business or revenues of Shanghai Yishangshiye, or allow the encumbrance thereon of any security interest;

- without the prior written consent of the PRC WFOE, Shanghai Yishangshiye shall not incur, inherit, guarantee or assume any debt, except for (i) debts incurred in the ordinary course of business other than payables incurred by a loan, and (ii) debts already disclosed to the PRC WFOE and for which written approval has already been obtained from the PRC WFOE;

- Shanghai Yishangshiye shall always operate all of its businesses during the ordinary course of business to maintain its asset value and refrain from any action/omission that may adversely affect Shanghai Yishangshiye's operating status and asset value;

- without the prior written consent of the PRC WFOE, Shanghai Yishangshiye shall not execute any material contracts (for the purpose hereof, a contract with a value above RMB10,000,000), except for contracts executed in the ordinary course of business;

- without the prior written consent of the PRC WFOE, Shanghai Yishangshiye shall not provide any person with any loan or guarantee;

- it shall provide the PRC WFOE with information on Shanghai Yishangshiye's business operations and financial condition at the request of the PRC WFOE;

- without the prior written consent of the PRC WFOE, it shall not cause or permit Shanghai Yishangshiye to merge, consolidate with, acquire or invest in any person;

- it shall immediately notify the PRC WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Shanghai Yishangshiye's assets, businesses or revenues;

- to maintain the ownership by Shanghai Yishangshiye of all of its assets, it shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate claims or complaints or raise necessary and appropriate defences against all claims;

- without the prior written consent of the PRC WFOE, Shanghai Yishangshiye shall not in any manner distribute dividends, provided that upon the written request of the PRC WFOE, Shanghai Yishangshiye shall immediately distribute all distributable profits to their shareholders;

- without the prior written consent of the PRC WFOE, Shanghai Yishangshiye shall not proceed with dissolution or liquidation;

- once PRC laws permits foreign invested enterprises to operate the businesses which Shanghai Yishangshiye is engaged in, the PRC Registered Shareholders shall transfer all of its equity interests in Shanghai Yishangshiye to the PRC WFOE or a person appointed by the PRC WFOE, and/or Shanghai Yishangshiye shall transfer all of the assets of Shanghai Yishangshiye and its subsidiaries to the PRC WFOE or a person appointed by the PRC WFOE; and

- to the extent permitted by PRC laws, the PRC WFOE shall have the right to exercise the exclusive option right against the PRC Registered Shareholders or the legitimate successors or representatives of the PRC Registered Shareholders pursuant to the terms and conditions of the Exclusive Option Agreement in the event of death, divorce, incapacity, bankruptcy of the PRC Registered Shareholders or other circumstances which causes his/her inability to exercise his/her rights as a shareholder of Shanghai Yishangshiye.

The aforementioned covenants shall also apply to all the subsidiaries of Shanghai Yishangshiye.

In addition, each of the PRC Registered Shareholders has covenanted that:

- upon a request by the PRC WFOE, it shall consent and appoint the persons appointed by the PRC WFOE to act in the positions of director, general management and other senior management, change such appointment at any time as required by the PRC WFOE, and proactively cooperate to proceed with such appointment and change of appointment, including without limitation, executing necessary documents and making filings with the corresponding administration for market regulation with respect to such appointment or change of appointment;

- to the extent permitted by PRC laws, upon the request by the PRC WFOE, it shall transfer all or any part of its equity interests in Shanghai Yishangshiye to the PRC WFOE or a person appointed by the PRC WFOE immediately and unconditionally at any time, and relinquish the right of first refusal it is entitled to in relation to any equity interests to be transferred by any other existing shareholder of Shanghai Yishangshiye. It shall proactively cooperate to proceed with such equity transfer, including without limitation, executing necessary documents and filing with the corresponding administration for market regulation with respect to such equity transfer; in addition, it shall pay to the PRC WFOE or its designated persons all consideration received in connection such transfer in accordance with Exclusive Option Agreement;

- it will immediately gift any profits or dividends received from Shanghai Yishangshiye in accordance with the written consent by the PRC WFOE to the PRC WFOE or a representative appointed by the PRC WFOE to the extent permitted by the PRC laws;

- it shall strictly abide by the provisions of the Exclusive Option Agreement and other agreements entered into with Shanghai Yishangshiye and the PRC WFOE, perform the obligations under these agreements in a practical manner, and refrain from any action/omission which would affect the validity and enforceability of such agreements; and

- it will gift any liquidation proceeds received from Shanghai Yishangshiye (if any) due to any liquidation of Shanghai Yishangshiye caused by any reason (including bankruptcy) to the PRC WFOE or a representative appointed by the PRC WFOE to the extent permitted by the PRC laws.

The aforementioned covenants shall also apply to all the subsidiaries of Shanghai Yishangshiye.

The Exclusive Option Agreement shall remain effective unless terminated (i) in the event that the entire equity interests held by the PRC Registered Shareholders in Shanghai Yishangshiye or all of Shanghai Yishangshiye and its subsidiaries' assets have been transferred to the PRC WFOE or its appointee(s); or (ii) in writing by the PRC WFOE.

Loan Agreement

The PRC WFOE and the PRC Registered Shareholders have executed a loan agreement (the "**Loan Agreement**"). Pursuant to the Loan Agreement, the PRC WFOE enjoys the right of the creditor against the PRC Registered Shareholders in an aggregate amount of RMB10.00 million (the "**Loans**"), and such loans have been used for contribution to paid-in capital of Shanghai Yishangshiye. Pursuant to the Loan Agreement, the PRC Registered Shareholders can only repay the Loans by the transfer of all their equity interest in Shanghai Yishangshiye or all of the assets of Shanghai Yishangshiye and its subsidiaries to the PRC WFOE or its designated third party upon the exercise by the PRC WFOE of the exclusive option right pursuant to the terms and conditions of the Exclusive Option Agreement, and the PRC Registered Shareholders shall pay all of the proceeds from transfer of such equity interests or assets (to the extent permitted under PRC law) to the PRC WFOE for such repayment. In the event that the PRC Registered Shareholders transfer their equity interests or assets to the PRC WFOE or its designated person with a price equivalent to or less than the amount of the principal, the Loans will be deemed as interest free. If the price is higher than the amount of the principal, the excess amount will be paid to the PRC WFOE as the loan interest. The term of the Loans shall terminate when the PRC WFOE exercises the exclusive option right pursuant to the terms and conditions of the Exclusive Option Agreement. The Loans must be repaid immediately under certain circumstances, including, among others, (i) upon the expiration of 30 days after the PRC WFOE sends a written notice requesting repayment of the Loans; (ii) in the event of death, divorce, incapacity, bankruptcy of the PRC Registered Shareholders or other circumstances which causes his/her inability to exercise his/her rights as a shareholder of Shanghai Yishangshiye; (iii) if the PRC Registered Shareholders engage in criminal acts or are involved in criminal activities; or (iv) if a foreign investor is permitted to invest in PRC in form of holding majority or 100% equity interest for principal business currently conducted by Shanghai Yishangshiye and its subsidiaries and branches according to applicable PRC law, relevant PRC authorities begin to approve such business, and the PRC WFOE elects to exercise its exclusive purchase option pursuant to the Exclusive Option Agreement.

Shareholder Rights Proxy Agreement

Each of the PRC Registered Shareholders has executed the shareholder rights proxy agreement (the "**Proxy Agreement**"). Under the Proxy Agreement, the PRC Registered Shareholders irrevocably appointed the PRC WFOE and its designated persons (including but not limited to the directors of the parent company of the PRC WFOE and their successors and the liquidators replacing such directors or successors) as its exclusive agent to exercise on its behalf, any and all rights that it has in respect of its equity interests in Shanghai Yishangshiye, including without limitation: (i) to propose, convene and attend shareholder's meetings of Shanghai Yishangshiye according to its Articles of Association, and to exercise the rights of voting and making decisions on behalf of the PRC Registered Shareholders on all matters required to be resolved by shareholders; (ii) to exercise any shareholder rights it is entitled to as shareholder of Shanghai Yishangshiye according to its Articles of Association, including but not limited to any right to dividends and right to sell, transfer, pledge or dispose of all or any part of the PRC Registered Shareholders' equity interests in Shanghai Yishangshiye; (iii) to transfer the equity interest or approve to transfer the assets of Shanghai Yishangshiye, decrease registered capital of Shanghai Yishangshiye, accept capital increases to Shanghai Yishangshiye by the PRC WFOE or its designated person, execute relevant equity transfer agreements, asset transfer agreements (if applicable), capital decrease agreements, capital increase agreements, shareholder resolutions, meeting minutes and other relevant documents on behalf of the PRC Registered Shareholders, proceed with necessary approvals, registrations, filings or submissions with governmental authorities and companies registry for the aforesaid matters; (iv) to bring litigation or take other legal actions against the legal representative, director(s), supervisor(s), general manager or other members of senior management of Shanghai Yishangshiye if any conduct of the aforesaid has damaged the interests of the PRC WFOE or its shareholder(s); and (v) to exercise all other shareholders' rights under Shanghai Yishangshiye's Articles of Association and other applicable PRC laws and regulations.

The Proxy Agreement is irrevocable and shall remain effective, and may only be terminated in the event that (i) it is terminated in accordance with mandatory provisions of PRC laws; (ii) in writing by the PRC WFOE; (iii) the business period of any party to the Proxy Agreement expires; or (iv) the PRC Registered Shareholder has transferred all of its equity interests in Shanghai Yishangshiye pursuant to the prior written consent by the PRC WFOE, or has decreased the registered capital of Shanghai Yishangshiye to the extent it does not own any equity interests in Shanghai Yishangshiye, and has completed the relevant government procedures.

The Proxy Agreement also provides that, in order to avoid potential conflicts of interest where the PRC Registered Shareholders, are officers or directors of the Group, any exercise of the rights under the Proxy Agreement shall be in favor of our Company.

Equity Pledge Agreement

The PRC Registered Shareholders have entered into the equity pledge agreement (the "**Equity Pledge Agreement**") with Shanghai Yishangshiye and the PRC WFOE. Pursuant to the Equity Pledge Agreement, the PRC Registered Shareholders agree to pledge all its equity interests in Shanghai Yishangshiye, including any interest or dividend paid for the shares, to the PRC WFOE as a security interest to guarantee the performance of contractual obligations under the relevant PRC Contractual Arrangements.

The equity pledges under the Equity Pledge Agreement comes into effect upon completion of registration with the relevant administration for market regulation and shall remain valid until after all the contractual obligations of the PRC Registered Shareholders and Shanghai Yishangshiye under the relevant PRC Contractual Arrangements have been fully performed. Pursuant to the Equity Pledge Agreement, the PRC Registered Shareholders and Shanghai Yishangshiye agree that, without prior written consent from the PRC WFOE, the PRC Registered Shareholders shall not transfer the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreement), the PRC WFOE shall have the right to exercise all such rights as a secured party under the Equity Pledge Agreement and any applicable PRC laws, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the PRC Registered Shareholders.

The registrations of the Equity Pledge Agreement in relation to PRC Registered Shareholders had been completed in January 2023.

Spouse Undertakings

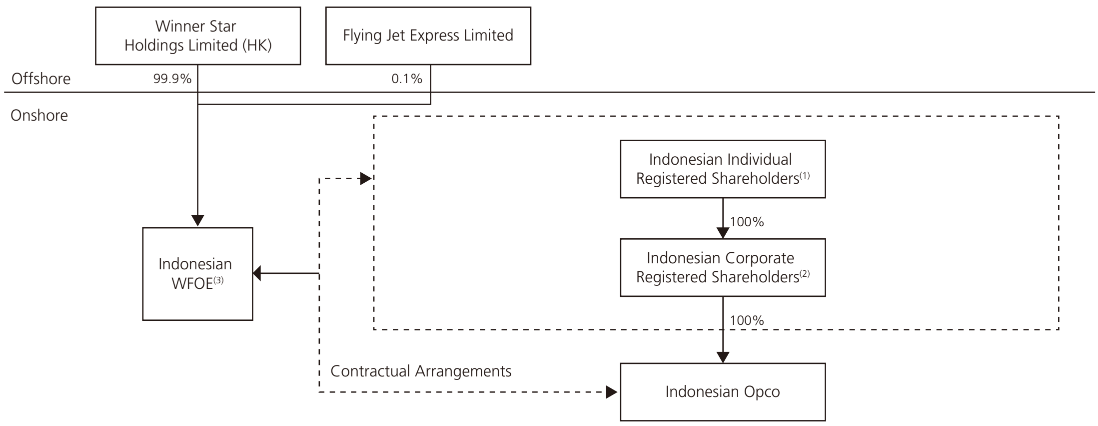
The spouse of each of the relevant PRC Registered Shareholders, where applicable, has signed undertakings to the effect that (i) he/she has no right to or control over such interests of the respective PRC Registered Shareholder and will not have any claim on such interests, or exert influence on the day-to-day management or voting matters of Shanghai Yishangshiye; (ii) confirms that the respective spouse may further amend or terminate the PRC Contractual Arrangements without the need for authorization or consent by him/her; (iii) the respective spouse's interests in Shanghai Yishangshiye (together with any interests therein) do not fall within the scope of communal property; and (iv) if he/she is transferred any shares of Shanghai Yishangshiye for any reason, he/she will be bound by the PRC Contractual Arrangements and will observe obligations contained in such agreements, and will sign all necessary documents and to take all necessary actions to ensure the PRC Contractual Arrangements are properly preformed.

Indonesian Contractual Arrangements

Overview

Due to the restrictions on foreign ownership for companies engaged in Postal Services, we currently hold 100% of our equity interests in the Indonesian Opco through PT Cakrawala Lintas Benua and PT Sukses Indo Investama (collectively, the "**Indonesian Corporate Registered Shareholders**"). To consolidate control over and derive the economic benefits from the Indonesian Opco to our Group, we have entered into the following contractual arrangements with the Indonesian Individual and Indonesian Corporate Registered Shareholders.

The following diagram illustrates the structure of the Indonesian Contractual Arrangements:



Notes:

(1) The Indonesian Opco refers to PT Global Jet Express, which is wholly-owned by the Indonesian Corporate Registered Shareholders, which are in turn wholly-owned by our affiliates, Mr. Effendy and Mr. Robin Lo (the "**Indonesian Individual Registered Shareholders**"), namely as to 50% by Mr. Effendy and 50% by Mr. Robin Lo. Mr. Robin Lo is the chief executive officer of PT Global Jet Express and Mr. Effendy is the assistant to chief executive officer of PT Global Jet Express. Both Robin Lo and Effendy have been the Group's Indonesia regional senior managers since the Group entered the Indonesia market. Considering their deep understanding of the Indonesia market, their long-term commitment to and in-depth understanding of the Group, the Company considers that they are suitable to be the Indonesian Individual Registered Shareholders.

(2) The Indonesian Corporate Registered Shareholders executed a number of agreements in favor of the Indonesian WFOE to allow the Indonesian WFOE to consolidate control over the Indonesian Opco and derive the full economic benefits from the Indonesian Opco.

(3) The Indonesian WFOE refers to PT Cahaya Global Berjaya, an indirect wholly-owned subsidiary of the Company. It provides technical support, business support and relevant consulting services in exchange for service fees from the Indonesian Opco.

Under the Law No. 38 of 2009 regarding Post, as amended by the Job Creation Law (the "**Indonesian Postal Law**") and the Law No. 25 of 2007 on Investments as partially amended by the Job Creation Law (the "**Investment Law**"), if these conditions are met, foreign ownership in an Indonesian joint venture with a courier business classified under Indonesia Standard Industrial Classification (Klasikasi Baku Lapangan Usaha Indonesia) ("**KBLI**") 53201 may be held up to 49% direct foreign shares. Other than KBLI 53201 (Courier business) which is subject to foreign ownership restrictions under the Indonesian Postal Law and Investment Law, the Indonesian Opco also rents its vacant properties that are still within the lease period and reserved for future office use to other third parties, which is business activity under KBLI 68111 (Privately Owned or Rented Real Estates), a business activity currently not subject to Indonesian foreign investment restrictions. The revenue contribution of the KBLI 68111 business maintained at less than 5% since the Listing Date up to the Latest Practicable Date.

We will continue to monitor the status and developments of relevant Indonesian laws, rules and regulations. If there are any regulatory or policy changes that would allow the Group to restructure or terminate the Indonesian Contractual Arrangements to directly hold equity interest in the Indonesian Opco, we will adjust the shareholding structure or terminate the Indonesian Contractual Arrangements in accordance with applicable laws and regulations.

Loan Agreement

Pursuant to a loan agreement entered into between the Indonesian WFOE and the Indonesian Opco on 29 March 2022 (the "**Loan Agreement**"), the Indonesian WFOE extended a loan in the principal amount of Rp. 3,000,000,000.00 (three billion Indonesian Rupiah) to the Indonesian Opco (the "**Loan**"). The Loan Agreement has a term of ten years and will be renewed automatically at the end of such terms for another ten years unless the lender delivers a written notice of termination. The Loan bears an interest of 9.00% per annum and was secured by the Guarantee Agreement, Share Pledge Agreements, the Power of Attorneys and the Exclusive Call Option Agreements (collectively, the "**Security Documents**").

The Loan can only be repaid or settled by Indonesian Opco by transferring or selling the shares registered under the name of the Indonesian Individual Registered Shareholders and the Indonesian Corporate Registered Shareholders to the Indonesian WFOE or a party designated by the Indonesian WFOE.

If an event of default occurs under the Loan Agreements (including the Indonesian Opco fails to perform or otherwise violates the Loan Agreement or the Security Documents, the Pledgors (as defined below) fail to be the registered shareholders of the Indonesian Opco or the Indonesian Corporate Registered Shareholders, occurrence of an event of default under the Exclusive Technical Service Agreement, or the Indonesian Opco or any parties to the Securities Documents is declared bankrupt or insolvent), the Indonesian WFOE may (i) declare the Loan to be immediately due and payable; and (ii) immediately enforce all of its rights under the Loan Agreements and the Security Documents (to the extent permitting the Indonesian WFOE to (a) transfer the shares of Indonesian Opco to any qualified party, (b) deal with the assets of Indonesian Opco, and (c) manage the business and right to revenue of Indonesian Opco).

Guarantee Agreement

Pursuant to the guarantee agreements entered by (i) the Indonesian Corporate Registered Shareholders and the Indonesia WFOE, and (ii) the Indonesian Individual Registered Shareholders and the Indonesian WFOE, both on 29 March 2022 (the "**Guarantee Agreements**"), the Indonesian Individual Registered Shareholders and Indonesian Corporate Registered Shareholders (together, the "**Pledgors**") unconditionally and irrevocably guaranteed to the Indonesian WFOE the payment obligation by Indonesian Opco under the Loan Agreement and the Exclusive Technical Service Agreement. The Guarantee Agreements remain effective until the earlier of (i) the full repayment of amounts outstanding (including the Loans, any outstanding service fees and any outstanding amounts from time to time) under the Loan Agreement and the Exclusive Technical Service Agreement or (ii) the exercise of the call option rights pursuant to the Exclusive Call Option Agreements.

In the event of defaults under the Loan Agreement or the Exclusive Technical Service Agreement, the Indonesian WFOE shall be entitled to seek the Indonesian Individual Registered Shareholders and Indonesian Corporate Registered Shareholders to perform their obligations under the Security Documents. For more details, see "Exclusive Call Option Agreement" below.

Exclusive Call Option Agreement

Pursuant to the call option agreements entered into between the Indonesian WFOE, the Indonesian Individual Registered Shareholders and the Indonesian Corporate Registered Shareholders on 29 March 2022 (the "**Exclusive Call Option Agreement**"), the Indonesian WFOE has the exclusive right to (i) require the Indonesian Corporate Registered Shareholders to transfer all shares in Indonesian Opco, (ii) require the Indonesian Individual Registered Shareholders to transfer all shares in the Indonesian Corporate Registered Shareholders, or (iii) require the Indonesian Corporate Registered Shareholders to transfer all assets in Indonesian Opco, in each case to the Indonesian WFOE or a third party designated by the Indonesian WFOE (as the case may be and in accordance with Indonesian Laws). The transfer price will be equal to the amount of par value of such transferred shares or such price set forth in an equity transfer agreement to be executed among relevant parties, as applicable. The Exclusive Call Option Agreements remain effective until the full payment of Indonesian Opco's obligations under the Loan Agreement. The Indonesian Individual Registered Shareholders and the Indonesian Corporate Registered Shareholders agree to return to the Indonesian WFOE (or the entity designated by the Indonesian WFOE) any consideration they receive in the event that any of the options under the Exclusive Call Option Agreements is exercised.

To the extent permitted by Indonesian laws, the Indonesian WFOE shall have the right to exercise the exclusive option right against the Indonesian Individual and Indonesian Corporate Registered Shareholders or the legitimate successors or representatives of the Indonesian Individual and Indonesian Corporate Registered Shareholders pursuant to the terms and conditions of the Exclusive Call Option Agreement in the event of death, incapacity, bankruptcy of the Indonesian Individual and Indonesian Corporate Registered Shareholders or other circumstances which causes his inability to exercise his rights as a shareholder of the Indonesian Opco.

Share Pledge Agreements

Pursuant to the share pledge agreements entered into between the Indonesian WFOE, the Indonesian Individual Registered Shareholders and the Indonesian Corporate Registered Shareholders on 29 March 2022 (the "**Share Pledge Agreements**"), the Share Pledge Agreements have the following terms:

- the Indonesian Individual Registered Shareholders pledged all of the shares in Indonesian Corporate Registered Shareholders to the Indonesian WFOE, and

- the Indonesian Corporate Registered Shareholders pledged all the shares in the Indonesian Opco to the Indonesian WFOE,

to guarantee the performance of obligations by the Indonesian Individual Registered Shareholders and Indonesian Corporate Registered Shareholders under the Guarantee Agreements, as well as the performance of obligations by Indonesian Opco under the Loan Agreement.

Pursuant to the Share Pledge Agreements, Pledgors are required deliver to Indonesian WFOE all share certificates and other evidence of ownership in relation to the shares in Indonesian Individual Registered Shareholders and Indonesian Opco. Each of the Pledgors undertook that during the term of the Share Pledge Agreements, they shall not, among others, sell, dispose of, assign, transfer, pledge or encumber the pledged shares, or allow any other pledge or encumbrance to be created with respect to the pledged shares.

The Share Pledge Agreements remain effective until the full payment of Indonesian Opco's obligations under the Loan Agreement.

Exclusive Technical Service Agreement

Pursuant to the exclusive technical service agreement entered into between the Indonesian WFOE and the Indonesian Opco on 29 March 2022 (the "**Exclusive Technical Service Agreement**"), in exchange for service fees, the Indonesian Opco agreed to engage the Indonesian WFOE as its exclusive provider to provide advice, guidance on business operations and other organizational and management issues, and pay the service fees, such as (i) strategic and organizational planning; (ii) decisions related to finance; (iii) marketing objectives and policies; (iv) human resource planning, practices and policies; (v) planning scheduling and controlling production, advisory assistance, guidance and operation of various management functions; (vi) design of accounting methods and procedures, cost accounting programs, budget monitoring procedures; and (vii) advice and assistance for business and community services.

Under the Exclusive Technical Service Agreement, the service fee payable to the Indonesian WFOE will be equal to the consolidated net profits of the Indonesian Opco and its subsidiaries (revenue deducted by turnover taxes, total expenses and retained profits), subject to adjustments at the Indonesian WFOE's discretion.

Without the Indonesian WFOE's prior written consent, during the term of the Exclusive Technical Service Agreement, the Indonesian Opco will not, directly or indirectly, accept services pertaining to the Exclusive Technical Service Agreement provided by any third party.

Unless terminated in accordance with the provisions of the Exclusive Technical Service Agreement, the Exclusive Technical Service Agreement shall remain effective perpetually. Pursuant to the Exclusive Technical Service Agreement, all invention, modification, creation, or design created or developed by the Indonesian WFOE during its performance of the Exclusive Technical Service Agreement, and all related copyrights, trademarks, patents and all other intellectual property rights shall be owned by the Indonesian WFOE. Where such ownership is precluded due to the laws of the Republic of Indonesia, Indonesian Opco shall sign any documents and take, or cause to be taken, any other action necessary, to effect the complete and irrevocable assignment of the said ownership rights to the Indonesian WFOE.

Power of Attorney

Pursuant to the powers of attorney to vote and powers of attorney to sell by and among the Indonesian WFOE, the Indonesian Corporate Registered Shareholders and Indonesian Opco executed on 29 March 2022, each Indonesian Corporate Registered Shareholder irrevocably appointed the Indonesian WFOE as its attorney to do and perform, among others, the following actions:

- to exercise all applicable shareholders' voting and related rights with respect to such shareholder's equity interest, including to exercise the voting rights on behalf of the Indonesian Corporate Registered Shareholders,

- to sign meeting minutes and other relevant documents on behalf of the Indonesian Registered Shareholders, and

- to proceed with necessary approvals, registrations, filings or submissions with governmental authorities.

The power of attorney will be irrevocable and remain continuously effective and valid until the full payment of Indonesian Opco's obligations under the Loan Agreement.

Spousal Consent and Undertakings

The spouse of each of the relevant Indonesian Individual Registered Shareholders, where applicable, has signed undertakings to the effect that she (i) consents to her spouse entering into the Indonesian Contractual Arrangements; (ii) acknowledges that the Indonesian Contractual Arrangements entered into by her spouse will also be binding against her; (iii) has no right to or control over any interests in the Indonesian Corporate Registered Shareholders and will not have any claim on such interests; and (iv) will sign all necessary documents and take all necessary actions to ensure the Indonesian Contractual Arrangements are properly performed.

THE PROVISIONS THAT THE CONTRACTUAL ARRANGEMENTS ARE SUBJECT TO OTHER THAN FOREIGN OWNERSHIP RESTRICTIONS

All Contractual Arrangements are subject to the restrictions set out on pages 292 to 295 of the prospectus. During the period from the Listing Date to 31 December 2023, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements had been unwound as the regulatory restrictions that led to their adoptions were not lifted during the period from the Listing Date to 31 December 2023.

LISTING RULES IMPLICATIONS AND WAIVERS FROM THE STOCK EXCHANGE

For the purpose of Chapter 14A of the Listing Rules, our Consolidated Affiliated Entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and its associates will be treated as connected persons of our Company as applicable under the Listing Rules (excluding for this purpose, the Consolidated Affiliated Entities themselves). Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules.

Our Directors (including independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole, and it is normal business practice for the Contractual Arrangements to be of a term greater than three years. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules.

In respect of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Rule 14A.105 of the Listing Rules, (ii) the requirement to set a term of three years or less under Rule 14A.52 of the Listing Rules, and (iii) the requirement of setting annual caps for the transaction under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long as our Class B Shares are listed on the Stock Exchange, subject, however, to the following conditions:

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

(b) No change without independent Shareholders' approval;

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

(d) The Contractual Arrangements may be renewed and/or reproduced on substantially the same terms and conditions as the existing contractual arrangements upon expiry; and

(e) We will disclose details relating to the Contractual Arrangements on an on-going basis.

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that (i) the transactions carried out during the year ended 31 December 2023 were entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) during the year ended 31 December 2023, no dividends or other distributions have been made by our Consolidated Affiliated Entities to their holders of equity which are not otherwise subsequently assigned or transferred to our Group; (iii) as to the Group, any new contracts entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended 31 December 2023 are fair and reasonable or advantageous to our Shareholders, and in the interests of the Company and Shareholders as a whole.

CONFIRMATION FROM THE COMPANY'S INDEPENDENT AUDITOR

Pursuant to Rule 14A.56 of the Listing Rules, the Board received a letter from the auditor confirming that:

(a) no disclosed continuing connected transactions have been identified that have not been approved by the Board of the Company;

(b) no material aspects of the transactions were found to have been carried out in a manner not in accordance with the relevant agreements governing their transactions; and

(c) no circumstances have been identified where dividends or other distributions have been paid by Consolidated Affiliated Entities to their holders of equity which have not been subsequently transferred or assigned to the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Act, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

TAX RELIEF

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

AUDITOR

The consolidated financial statements for the year ended 31 December, 2023 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for reappointment. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at the 2023 annual general meeting.

There has been no change in auditor of the Company in the last three years.

PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, the Company has maintained sufficient public float as required under the Listing Rules since the Listing Date and up to the Latest Practicable Date.

DISTRIBUTABLE RESERVES

As at the end of the Reporting Period, the Company has no distributable reserves.

MAJOR CUSTOMERS AND SUPPLIERS

In 2023, the Group's five largest customers contributed to 28.6% of the Group's total revenue, and the Group's five largest suppliers accounted for 5.8% of the Group's total purchases.

For the year ended 31 December 2023, none of the Directors, their respective associates or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued Shares) has any interest in the Group's five largest customers or the Group's five largest suppliers.

MATERIAL LITIGATIONS

During the Reporting Period, the Company was not involved in any material litigations or arbitrations.

WEIGHTED VOTING RIGHTS

The Company has adopted the WVR Structure. Under this structure, the Company's share capital will comprise Class A Shares and Class B Shares. Each Class A Share shall entitle its holder to ten votes, and each Class B Share shall entitle its holder to one vote, on each resolution subject to a vote at the Company's general meetings on a poll, except for resolutions with respect to the Reserved Matters, in relation to which each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting. The Company has adopted the WVR Structure to enable the WVR Beneficiary to exercise voting control over the Company. This will enable the Company to benefit from the continuing vision and leadership of the WVR Beneficiary who will control the Company with a view to its long-term prospects and strategy.

Shareholders and prospective investors are advised to be aware of the potential risks of investing in companies with weighed voting rights structures, in particular that interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of shareholders' resolutions, irrespective of how other shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration.

As of 31 December 2023, the WVR Beneficiary is Mr. Jet Jie Li. Mr. Jet Jie Li beneficially owns 979,333,410 Class A Shares, representing approximately 55.56% of the total voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. The Class A Shares beneficially owned by Mr. Jet Jie Li are held by Jumping Summit Limited, a company jointly owned by Topping Summit Limited and Exceeding Summit Holding Limited. Topping Summit Limited, wholly-owned by Mr. Jet Jie Li, holds 5% of the equity interest in Jumping Summit Limited. Exceeding Summit Holding Limited, the entire equity interest of which is held by Vistra Trust (Singapore) Pte. Limited as trustee for the family trust established by Mr. Jet Jie Li for the benefit of himself and his family, holds the remaining 95% equity interest in Jumping Summit Limited.

Class A Shares may be converted into Class B Shares on a one to one ratio. As of 31 December 2023, upon conversion of all the outstanding Class A Shares to Class B Shares, the Company will issue 979,333,410 Class B Shares, representing approximately 12.50% of the total number of outstanding Class B Shares or 11.11% of the issued share capital of the Company.

The weighted voting rights attached to our Class A Shares will cease when the WVR Beneficiary ceases to have beneficial ownership of any of our Class A Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

(i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

(ii) when the holders of Class A Shares have transferred to another person the beneficial ownership of, or economic interest in, all of the Class A Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;

(iii) where a vehicle holding Class A Shares on behalf of a WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rules; or

(iv) when all of the Class A Shares have been converted to Class B Shares.

SUBSEQUENT EVENTS

Subsequent to 31 December 2023 and up to the Latest Practicable Date, there were no other material events that affected the Company materially and adversely.

REVIEW AND APPROVAL OF ANNUAL REPORT

The Audit Committee of the Company comprises one non-executive Director, Ms. Alice Yu-fen Cheng, and two independent non-executive Directors, Mr. Charles Zhaoxuan Yang (the chairman) and Mr. Erh Fei Liu. The Audit Committee of the Company has reviewed the consolidated financial statements and annual report of the Company for the year ended 31 December 2023. The consolidated financial statements and annual report of the Group for the year ended 31 December 2023 were approved and authorized for issuance by the Board of Directors on 22 March 2024.

On behalf of the Board
Jet Jie Li
Chairman and Chief Executive Officer
Hong Kong, 22 March 2024

VIII. Environmental, Social and Governance Report

About Us

Business Introduction

J&T Global Express Limited (for the purpose of this section, hereinafter referred to as "**J&T Express**", "**J&T**", "**we**", "**the Group**" or "**the Company**") is a global logistics service provider with a presence in 13 countries, leading the world's largest and fastest growing markets in China and Southeast Asia, and expanding business footprint in Latin America and the Middle East. We commenced operations in 2015 in Indonesia, and leveraged our success there to expand into other Southeast Asian countries, including Vietnam, Malaysia, the Philippines, Thailand, Cambodia and Singapore. Adhering to its "customer-oriented and efficiency-based" mission, J&T Express is committed to providing customers with integrated logistics solutions through intelligent infrastructure and digital logistics network, as part of its global strategy to connect the world with greater efficiency and bring logistical benefits to all.

Our Core Business

Standard Express Delivery	• Quick Response: Proactively provide feedback to customers on complaint handling progress within one hour or more. • Rapid Claim Settlement: Once the compensation amount is determined by both Parties, it will be rapidly paid to the customer's account within one hour or more. • Inclusive and Convenient: Provide customers with high-quality and convenient express delivery services, so that logistics can benefit the public.
An Independent E-commerce Enabler	• As an independent third-party logistics solutions provider, J&T Express offers undifferentiated, high-quality express logistics services across all platforms to help global e-commerce vendors.

As of 31 December 2023, our business network has spread globally:

237	19,600+	8,500+
Sorting Centers	Outlets	Network Partners

Corporate Culture

Benfen: Isolate external pressures and temptations, maintain a normal state of mind and explore the origin of things. Do the right thing while doing things right. Benfen requires more than honesty. We should do our jobs diligently even in the absence of a formal commitment.

——Excerpted from explanation of the Company's core values

Milestones

2015

In August 2015
J&T Express was officially founded in Indonesia;
J&T Express Indonesia officially launched.

2017

In October 2017
The launch event on "Express Your Online Business" was held, marking J&T Express' entry into the era of e-commerce express delivery.

2018

In July 2018
J&T Express Vietnam officially launched.

In August 2018
J&T Express Malaysia officially launched.

2019

In March 2019
J&T Express Philippines and
J&T Express Thailand officially launched.

In October 2019
J&T Express Cambodia officially launched.

2020

In January 2020
J&T Express Singapore officially launched.

In March 2020
J&T Express China officially launched.

2021

In January 2021
J&T International officially launched.

In March 2021
J&T Express held the ceremony for the launch of its first all-cargo aircraft, ushering in a new era of high-end airmail.

In October 2021
J&T Express acquired BEST Express China.

2022

In January 2022
J&T Express UAE and J&T Express Saudi Arabia officially launched.

In February 2022
J&T Express Mexico officially launched.

In May 2022
J&T Express Brazil officially launched.

In June 2022
J&T Express Egypt officially launched.

2023

In May 2023
J&T Express acquired SF's Fengwang Information.

In October 2023
J&T Express made its debut on the main board of the Hong Kong Stock Exchange.

ESG Performance Highlights in 2023

Environmental Performance

Accumulated placement of recyclable courier box	Accumulated approximately placement of reusable transit bags	Accumulated approximately times of uses of reusable transit bags	Installation of packaging waste recycling equipment
43,000	**25,600,000**	**1,100,800,000**	**6,308**
Approximate recycling of corrugated cartons	Approximate placement of fully degradable waterproof bags	Utilization rate of one-sheet e-waybills	Utilization rate of 45mm slim tapes
900,000	**2,755,000**	**100%**	**100%**

Social Performance

Work Safety

Number of safety training sessions	**15,200+**
Number of trainees of safety training	**740,000+**

Customer Service

Customer service satisfaction rate	**99.19%**
Customer complaint handling completion rate	**100%**

Rural Revitalization

Accumulated villages with parcels delivered	Accumulated districts and counties covered by J&T Express China Specialty Line	Accumulated types of agricultural specialties covered by J&T Express China Specialty Line
221,674	More than **200**	More than **200** types

Corporate Governance Performance

Percentage of female directors	Number of business ethics training sessions	Number of trainees receiving business ethics training
28.6%	**30+**	**58,986**

Percentage of new employees signing the Commitment to Integrity in Business Practices	Percentage of new suppliers signing the Integrity Commitment Agreement
100%	**98%**

Board's Statement on ESG

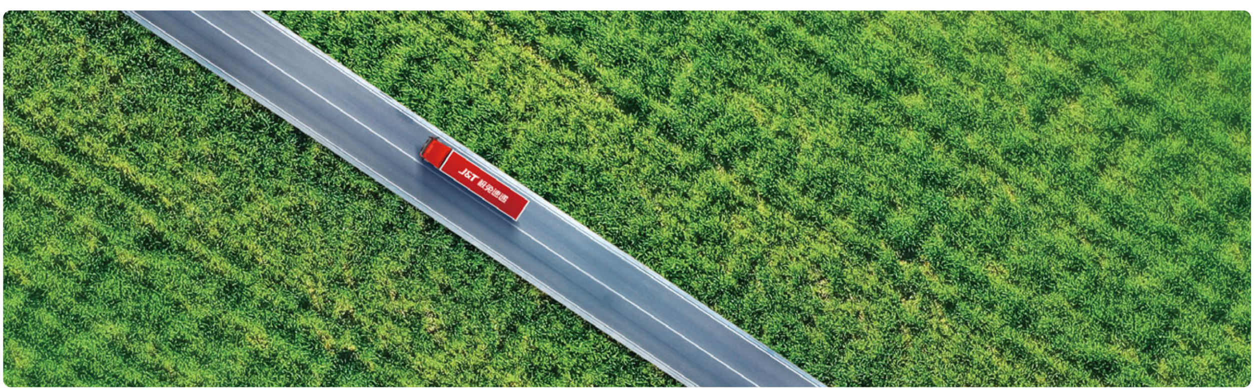
J&T Express attaches great importance to Environmental, Social and Governance (ESG) and has set up an ESG governance structure comprising the Board of Directors – ESG Working Group – Working Teams in Key Areas to ensure effective implementation of the ESG management work. The Board is the ultimate responsible body for ESG matters at J&T Express, which manages the ESG guidelines and policies, listen to reports on ESG matters from the Company's management and the ESG Working Group, and reviews the realization of ESG-related objectives.

ESG Governance Structure

The concepts of ESG and sustainable development are deeply rooted in the Company's corporate culture. With the vision of "To Become a Healthy and Sustainable Enterprise", we are committed to improving our ESG management level and performance, and contributing to global sustainability while achieving our own sustainable development.

We have established a comprehensive ESG management system and a top-to-bottom ESG governance structure, in which the Board of Directors, the ESG Working Group and various functional departments work together to complete the Company's ESG management work.

ESG Governance Structure



Major ESG Duties	
Board of Directors	The Board is the highest responsible body for ESG, with its duties including: • Take overall control over the Company's ESG strategic direction; • Approve annual ESG objectives and budgets; • Identify, evaluate and control significant ESG-related risks, and ensure the effectiveness of ESG management and internal monitoring system; • Review the Company's annual ESG Report.
ESG Working Group	The ESG Working Group is responsible for promoting the implementation of the Board decisions and reporting the progress and results of the ESG work to the Board. Mr. Dylan Say Keong Tey, CFO of the Company, serves as leader of the Working Group and is responsible for managing the overall ESG-related matters. Duties of the ESG Working Group include: • Guide the formulation of ESG management policies and strategies to ensure that they keep pace with the times and comply with relevant laws, regulations and regulatory requirements; • Review the setting of ESG objectives, review the realization of ESG objectives, and advise on actions to be taken to achieve the objectives; • Guide the identification and materiality assessment of ESG risks and opportunities and advise the Board on the risks or opportunities; • Lead the preparation of the Company's annual ESG Report; • Report the ESG-related work to the Board of the Company.
Working Teams on Ecological & Environmental Protection, Labor Rights and Interests, Social Value and Corporate Governance	Each working team takes overall responsibility for the management and implementation of relevant issues in their respective field, with the duties including: • Identify ESG-related risks and opportunities, and evaluate the level and materiality of risks; • Formulate ESG management policies and strategies in their respective field, work out definite work plans, and integrate them into actual business operations; • Set ESG objectives, regularly collect, sort out and analyze ESG performance information, and clarify the progress of achieving ESG objectives; • Prepare ESG reports and submit them to the ESG Working Group for review; • Submit information required by the ESG Working Group and the Board for making ESG decisions.

In 2023, in order to enhance the ESG awareness of the management and the Board, and to continuously strengthen the Company's ESG management, we conducted ESG training for the management personnel of the whole Group, covering 13 countries around the world, and more than 1,000 management personnel participated in the training and examination. As for the climate change management issue, we have also conducted training for internal auditors of ISO 14064 carbon emissions and ESG performance management training to enhance ESG awareness and management capabilities of key functional departments.

Communication with Stakeholders and Analysis of Material Topics

Communication with Stakeholders

J&T Express attaches great importance to the opinions of all stakeholders, including shareholders and investors, customers, government and regulatory authorities, employees, suppliers, etc. In order to deeply understand the concerns and demands of all parties, J&T Express establishes a regular communication mechanism with stakeholders, incorporates their topics of concern into the Company's operation and decision-making process, and actively responds to the demands and expectations of stakeholders, while enhancing the Company's sustainable development capabilities.

Major Stakeholders	Communication Channels	Topics of Concern
Shareholders and investors	• Shareholder reporting • Information disclosure • Roadshow	• Compliance management • Risk management
Government and regulatory authorities	• Project cooperation • Conference exchanges • Supervision and inspection	• Compliance management • Business ethics • Green packaging • Emissions management • Response to climate change
Customers (consumers, e-commerce platforms, brand clients, etc.)	• Customer satisfaction survey • Conference exchanges	• Optimizing products and services • Improving customer satisfaction • Information security and privacy protection • Green packaging • Response to climate change
Agency area partner	• Agency area meetings • Project cooperation	• Optimizing products and services • Improving customer satisfaction • Employee benefits and welfare • Occupational health and safety
Suppliers	• Supplier evaluation and audit	• Sustainable supply chain • Business ethics
Employees	• Workers' congress • Employee seminars • Employee activities • Phones, emails, BBS, etc.	• Employee benefits and welfare • Employee training and development • Occupational health and safety
Industry partners	• Industry association events • Industry conference	• Optimizing products and services • Intellectual property protection
Community	• Community activities • Regular communications • Communication via WeChat and other media tools	• Public welfare • Rural revitalization

Analysis of Material Topics

In line with the procedures of identifying and screening material topics, conducting questionnaire survey, evaluating and ranking material topics, and reporting, and in accordance with the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") of Hong Kong Stock Exchange and the "Sustainability Reporting Standards" ("GRI Standards") of the Global Reporting Initiative, we have identified 17 key ESG topics concerned by the Company and its stakeholders by considering the development concepts, strategies and business highlights of J&T Express, referring to relevant ESG rating indicators of external rating agencies, and comparing with the excellent reports of the same industry. By conducting surveys on stakeholders and considering opinions of the Company's ESG experts, we ranked the importance of material topics in terms of "Importance to Stakeholders" and "Importance to the Company's Development".

In 2023, the Company conducted a survey on material topics among stakeholders by means of questionnaires and telephone communications. In this survey, the Company collected a total of 445 questionnaires on material topics from internal employees and management, external investors, suppliers, industry partners, experts and scholars. Through statistical analysis of the questionnaires, we excluded those invalid questionnaires and got a total of 154 valid ones.

Analysis Process of Material Topics

Identification and Screening

- Identify material topics based on HKEX's ESG Reporting Guide and the GRI Standards by combining external ESG ratings and industry practices;
- Deeply interpret the macro and industry hot policies, clarify policy directions and development opportunities, and sort out major material topics.

Questionnaire

- Carry out questionnaire surveys among stakeholders to widely collect opinions from stakeholders.

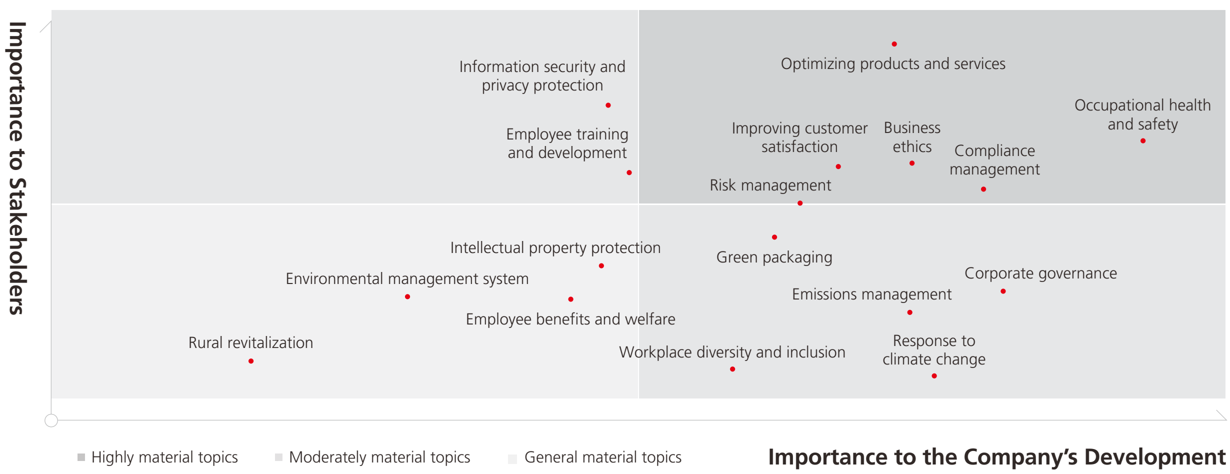
Evaluation and Ranking

- Based on the survey results on stakeholders and the expert opinions, comprehensively evaluate, analyze and rank the importance of topics to form an analysis matrix of material topics.

Reporting

- Based on the ranking results of topics, focus on disclosure of the highly material topics in the Report.

Analysis Matrix of ESG Material Topics



Topic I: Green and Low-carbon Development

Climate change is a global challenge. As a responsible global logistics service provider, J&T Express adheres to green and low-carbon development, focuses on the key aspects in the business field, carries out green actions across the whole chain, strives to reduce carbon emissions, protects clear waters and green mountains, and contributes to the global sustainability.

In 2023, under the guidance of the green development concept, we have continuously increased scientific and technological investments, strengthened systems and standards, and made great progress and significant breakthroughs in the transformation of green and low-carbon development. Through continuous exploration and development, our low-carbon and energy-saving imprints have spread all over the key aspects of business operations.

Green Packaging

Pick-up process

We promote the use of fully degradable waterproof bags in our outlets, and 2,755,000 bags have been placed in more than ten cities and provinces across China as of the end of December 2023. In addition, we established a biodegradable tape project team in February 2023. After screening and understanding market suppliers and market applications, we selected biodegradable tapes made of polylactic acid (PLA). As of the end of December 2023, a total of 25,000 rolls of biodegradable tapes have been put into use.

Transit process

We have vigorously promoted the use of reusable transit bags in our sorting centers, applying transit bags containing RFID chips with route tracking function to the transit process. As of the end of December 2023, a total of approximately 25,600,000 reusable transit bags have been used for more than 1,100,800,000 times, which has resulted in a cumulative reduction of more than 186,035 tonnes of carbon emissions compared with traditional transit bags.

Delivery process

We established a recyclable courier box R&D team in August 2021. Red Box was successfully developed and put into use in March 2022. A cumulative total of 43,000 Red Boxes have been purchased and placed as of the end of December 2023.

Recycling process

In 2023, we launched a special campaign to recycle corrugated cartons, recycling approximately 900,000 corrugated cartons throughout the year. We also installed packaging waste recycling devices at our branches, covering 6,308 outlets, accounting for 82.6% of the total number of outlets, representing an increase of 33.4% as compared to the same period last year.

Green Transportation

We equip our own diesel vehicles with automotive urea in the line-haul routes. Automotive urea solution and nitrogen oxides can undergo a redox reaction in catalytic reaction tanks to produce pollution-free nitrogen gas and water vapor for discharge, thus reducing nitrogen oxide emission. We regularly conduct compliance checks on vehicle exhaust emissions to ensure their compliance with the relevant emission standards of the countries in which we operate.

We promote the use of new energy vehicles, and have now equipped with 150 liquefied natural gas (LNG) vehicles in the line-haul routes, and promoted the use of new energy vehicles for transportation in the subline to reduce GHG emissions.

In October 2023, we launched intelligent driving vehicles, which effectively reduce fuel consumption through overall speed planning, predictive cruising, and intelligent throttle/gearbox control while improving driving safety and comfort. As of the end of December 2023, a total of 63 intelligent driving vehicles have been launched, covering a driving range of 1,838,000 kilometers.

Green Procurement

Starting from 2022, we promote green product certification for packaging suppliers we cooperate with, and prioritize those who have passed the "green product certification". In addition to meeting the basic technical standards, we also recognize the "resource attributes" of products that consume fewer resources, the "environmental attributes" of products that are more friendly to the environment, and the "energy attributes" of products that consume less energy.

As of the end of December 2023, 40% of our packaging suppliers have completed green packaging product certification and obtained certificates.

Performance Highlights	
Accumulated placement of recyclable courier box	43,000
Accumulated approximately placement of reusable transit bags	25,600,000
Accumulated approximately times of uses of reusable transit bags	1,100,800,000+
Installation of packaging waste recycling equipment	6,308
Approximate recycling of corrugated cartons	900,000
Approximate placement of fully degradable waterproof bags	2,755,000
Utilization rate of one-sheet e-waybills	100%
Utilization rate of 45mm slim tapes	100%

Based on green and low-carbon operations, we actively carry out various environmental protection public welfare programs in countries where we operate, and encourage the communities and schools where we operate to participate in environmental protection actions, so as to contribute to the global green and sustainable development.

Thailand

In September 2023, we hosted an award ceremony for the Green Express Innovation Video Competition at our headquarters in Thailand, awarding scholarships worth more than 120,000 baht, in the presence of Mr. Mario Maurer, our brand spokesperson. The purpose of this event is to cultivate more university students to think in a green and innovative way and carry out green practices in their study and life by soliciting green packaging, recycling of courier packaging materials, replacing plastic fillers with plants, and green express delivery solutions on campus. We received a total of 145 videos of green express delivery solutions produced by different universities and released them on TikTok, Twitter, Facebook and Youtube platforms to make more people be aware of the importance of green express delivery through extensive video dissemination.

Singapore

- In May 2023, we launched a Beach Cleanup Day event, collecting approximately 50 kilograms of trash.

- In June 2023, we actively participated in the "50 Trees" event organized by the Singapore Logistics Association (SLA) to cheer for a greener future, support the One Million Trees project in Singapore, and promote urban green development.

Saudi Arabia

- In December 2023, we actively responded to the "COP28" United Nations Climate Change Conference held in Saudi Arabia by holding a ground cleaning event in the Riyadh region with a team led by J&T Saudi Arabia.

Vietnam

- In November 2023, we launched the "Creating a Green Future Project" and collected 2.3 tonnes of waste products (including milk bottles, plastic bottles and plastic bags) from 25 garbage dumps through partners, which were made into ten sets of colorful tables and chairs and donated to five kindergartens and elementary schools. A total of about 4,000 kindergarten and elementary school children responded to the event, and 3,025 online sellers and families who love the environment actively responded by participating, accompanying and spreading the project together.

Philippines

- In April 2023, we partnered with the Philippine Department of Environment and Natural Resources to conduct tree planting and cleaning activities in different regions. From April to November 2023, we have participated in tree planting activities in Albay and Nueva Ecija, and beach cleaning activities in Dagupan City, Manawag and Cebu Island.

Topic II: Creating a Better Society Together

J&T Express has always been committed to making more people enjoy convenient and efficient express services. We fully leverage the strengths of our main business and extend our delivery network to rural areas, helping to sell rural agricultural products nationwide while providing safe and reliable delivery services. We also carry out many public welfare programs such as rural education and post-disaster assistance to support local community development and rural revitalization, and contribute to a better society.

Supporting Rural Revitalization

We continue to expand the breadth and depth of network coverage, and actively build terminal networks in rural areas where infrastructure is underdeveloped and resources are relatively scarce, so as to provide local residents safe and reliable delivery services, while helping local farmers to broaden the marketing of the agricultural products.

In China, we set up agricultural specialty lines, subsidize agricultural specialties and introduce relevant agricultural assistance policies. Since 2020, J&T has developed the specialty lines to transport high-quality and affordable agricultural and sideline products from rural areas to thousands of households in urban areas, helping farmers to increase their income and injecting great impetus into rural revitalization. As of December 2023, J&T Express China Specialty Line has covered 200 districts and counties, and has delivered more than 200 types of agricultural specialties, including apples from Yan'an, Shaanxi Province, Gannan navel oranges from Jiangxi Province, Pinghe honey pomelo fruits from Fujian Province, etc.

In Vietnam, we assist farmers in harvesting, packaging and express delivery of agricultural products, and teach them how to use e-commerce platforms to promote and sell their products; we promote the development of traditional handicrafts in Vietnam and improve the lives of local people by contentiously optimizing the transportation, distribution and forwarding services of our supply chain.

In Thailand, we cooperated with Thai universities and research institutes to launch the “Tie-Dye Handicrafts Packaging Design” Project on 21 December 2023 in Khok Kham Village, Samut Sakhon Province, to help transform community products into creative economy products.

Devoted to Social Welfare

In addition to delivering parcels, we are also committed to delivering care to local communities. We believe that in times of crisis, companies need to stand out and actively promote the occurrence of goodwill, and unit together to bring positive impact on the world.

Major Public Welfare Actions in the Past Three Years

Rural education and talent development

In Thailand:

- In October 2022, we supported the development of domestic higher education, helped cultivate supply chain professionals, cooperated with Kasetsart University in conducting supply chain and e-commerce workshops, and provided scholarships for supply chain faculty and students, with a total expenditure of over 300,000 baht.
- From 2022 to 2023, we sponsored local Thai enterprises in the "Ready to Read" book donation program, which donated books to public libraries across the country. We provided financial support, transportation services and free delivery boxes for the program.

In Vietnam:

- In November 2021, we donated teaching equipment worth over VND400 million to hundreds of impoverished students and teachers in Quảng Ngãi province.
- In January 2022, we participated in the launch of "Do something wonderful – Join hands to make something meaningful" public welfare project to promote the concept of protecting children from harm, with a total investment of VND80 million.

In China:

- In December 2020, we launched the "Gathering Love and Delivering Hope by Sending Books" public welfare action with Volvo Trucks and the Lingshan Charity Foundation to send books and winter clothing to the left-behind children in Haha Elementary School in Sichuan Province.
- In September 2022, we donated clothing worth more than RMB3 million to teachers and students at schools in 19 remote areas across China through the Maitian Education Foundation.
- In September 2023, we cooperated with Volvo Trucks in launching the "Guarding Children's Growth with Peace" campaign, bringing comprehensive support and care to teachers and students of Yuchong Elementary School in Guizhou Province through a series of public welfare initiatives, such as campus renovation, equipment renewal and materials replenishment. J&T Express had provided full support in transporting the supplies, and donated multimedia teaching equipment together with Volvo Trucks to improve students learning environment, allowing the students to experience the vivid and joyful studying pleasure brought about by multimedia interaction and Internet-based teaching.
- In December 2023, we visited Nanning No.47 Middle School and donated a batch of affectionate badminton rackets to the teachers and students there; and also invited Yongbo Li, a Chinese badminton coach, to instruct them badminton skills and stimulate students' interest in badminton.

Post-disaster assistance

In the Philippines:

- During the flooding period in October 2021 in the Philippines, although the roads and bridges were impassable, our couriers embraced the local Bayanihan spirit, and delivered relief supplies on foot to affected residents in Isabela Province.
- In April 2023, when a fire broke out in a community in Pasig City, we quickly took action to donate food and grocery parcels to more than 220 displaced families.
- In July 2023, we joined forces with the regional offices in Southeast Luzon and Bicol and conducted relief operations in Albay, distributing food and groceries to more than 200 flood-affected families temporarily residing in evacuation centers.

In China:

- In July 2021, we donated RMB20 million to the disaster areas in Henan Province affected by torrential rains and floods.
- In October 2022, a mountain fire broke out in Yongxing County, Chenzhou. J&T outlet in Yongxing County, Chenzhou spontaneously raised nearly RMB4,000 in supplies, and the J&T Hunan agency area raised more than RMB24,000, which were delivered to the front line of the mountain fire.
- In December 2023, a 6.2 magnitude earthquake struck Jishishan County, Linxia Prefecture, Gansu Province. The agency area in Gansu, Qinghai and Ningxia established an earthquake emergency rescue and disposal team as soon as possible, organized the procurement of rescue materials, and coordinated vehicles to quickly deliver urgently needed local supplies such as cotton clothes, cotton quilts, cotton shoes and food. In addition, we opened transport channels for disaster relief materials at various sorting centers to assist in completing the social fundraising material transport tasks as organized by Lanzhou Red Cross Society, Lanzhou Evening News and other organizations, with a view to ensuring that disaster relief materials were delivered to earthquake affected areas in a timely manner.

In Indonesia:

- In February 2021, we distributed food and drinking water to more than 3,000 flood-affected residents through a humanitarian program.

In Brazil:

- In April 2023, we donated relief supplies to flood-affected people on the north coast of São Paulo, Brazil, investing approximately BRL200,000 and benefiting 1,500 people.

Other public welfare actions

In Indonesia:

- Supporting community building: In July 2021, to make it easier for local people to get around, we built a bridge connecting East Java and Central Java.
- Boosting Innovation and Entrepreneurship: In March 2021, we launched the J&T Super Seller Project to help more young entrepreneurs realize their dreams through business competitions and SME incubator programs, with the total prize of IDR380 million.

In Mexico:

- Supporting cancer patients: In January 2023, we launched the Green Office Environmental Protection Charity Initiative, in which we collected bottles and caps of beverages consumed by employees and gave them to local cancer patients, who could use the bottle caps to exchange for some money for cancer treatment.

In Malaysia:

- Carrying out donation activities: In June 2023, we conducted a social donation activity in conjunction with public welfare organizations. We set up donation booths in 13 outlets across the country to donate collected items to those in need, benefiting a total of about 1,000 disadvantaged people.

In Egypt:

- Donation activities: In April 2023, we participated in the "China-Egypt People Joining Hands Together" charity event organized by the Chinese Embassy and the Chinese Chamber of Commerce in Egypt, and donated 8,000 food baskets to Egyptian people in eight provinces and provided free transportation, with a total investment of EGP100,000.

In Indonesia:

- Offering support to people with disabilities to start their own business: In October 2023, we organized the J&T Connect event with the theme of "Running Together, Sharing the Future" to help people with disabilities through a series of programs such as exhibitions and running, and provided start-up assistance in the form of communities to 10 MSMEs set up by people with disabilities to meet their business needs.

In Singapore:

- Partnership with the Breast Cancer Foundation: J&T Express Singapore is the official logistics partner for the Breast Cancer Awareness Month event of the Breast Cancer Foundation. In October 2023, we distributed offline materials for the event to hundreds of retailers and stores across the island, including pink ribbon badges, collection boxes, event posters, etc., so as to assist the Foundation in taking actions. We also participated in the pink ribbon hiking activities to show our support for survivors and those fighting against disease.

Corporate Governance

Corporate Governance Structure

We are committed to establishing and maintaining a sound corporate governance structure and corporate governance practices. We believe that a sound corporate governance structure is conducive to safeguarding the shareholder interests, providing corporate value and formulating correct business strategies.

We have established the Board of Directors of the Company ("Board") in strict accordance with the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other laws and regulations and relevant requirements, and have also clearly stipulated the duties of the Board in the Articles of Association. The Board of the Company is responsible for leading and supervising the Company's business and strategic decisions and the effectiveness of the implementation.

To ensure the Company's compliance with a high corporate governance standard, the Board has established four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. All Board committees have clear written terms of reference which clearly set out their powers and duties. In addition, Independent Directors perform their duties independently to safeguard the overall interests of the Company and express their independent opinions on significant and material matters.

Corporate Governance Structure

Board of Directors

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Corporate Governance Committee

The Company elects candidates for directors in strict accordance with the provisions of relevant laws and regulations and the Articles of Association, and strictly fulfills the procedures related to the Board meetings. During the period from the Listing Date to the Latest Practicable Date, it held a total of 3 board meetings by means of on-site meetings and written resolutions to study and make decisions on major issues such as the shareholder registration, fund utilization, performance and risk management, fully exerting the decision-making guidance role of the Board of Directors.

Diversity of Board

We recognize and firmly believe in the benefits of Board diversity, and that strengthening diversity at the Board level (including gender diversity) is a key factor in maintaining our competitive advantage and enhancing our ability to attract various talents and to retain and motivate employees.

In order to enhance the efficiency of the Board and to maintain high standards of governance objectives, the Board has adopted a Board diversity policy and has defined the methodology for achieving Board diversity. Pursuant to the Board diversity policy, the Nomination Committee of the Board will take into account various factors including but not limited to gender, age, language, cultural and educational backgrounds, professional qualifications, skills, know-how, industry and regional experience and/or length of service when reviewing and evaluating suitable candidates for directors. Pursuant to the Board diversity policy, the Nomination Committee will, from time to time, review the Board diversity policy, agree on measurable objectives for its implementation and present the agreed results to the Board for consideration.

Composition of the Board	
Executive Directors	**1**
Non-Executive Directors	**3**
Independent Non-Executive Directors	**3**
Number and Percentage of Female Directors	**2**, accounting for **28.6%**

Compliance Management

We adhere to the bottom line of compliance management, continuously improve the efficient and rigorous compliance management system, and effectively prevent compliance-related risks, thereby laying a solid foundation for the Company's high-quality development.

We run businesses in multiple countries around the world, and different countries have different laws and regulations. We strive to fully comply with all applicable laws and regulations, including those related to environmental, employment, occupational health and safety, products and services, anti-corruption and other topics. We continue to improve existing compliance management regulations and implement them in terms of management mechanism, supervision and inspection, evaluation and assessment. Meanwhile, in order to popularize and enhance the awareness of compliance management, we also focus on strengthening the compliance awareness training for all employees of the Group, employees of agency area and employees of franchisees.

Management Framework

Our overall compliance management framework consists of the Corporate Governance Committee, the Compliance Risk Working Group and the Compliance Risk Management Team. The Corporate Governance Committee of the Board, which comprises independent directors, is the highest control and decision-making body of the compliance management system; the Compliance Risk Working Group is set up and assigned by the management of the Holding Group; the Compliance Risk Management Team is composed of relevant departments of the Group/Business Segments.

Compliance Management Framework of the Company

Policy Building

In terms of basic regulations, we have formulated the Code of Business Conduct and Ethics of the Group to regulate the Group's business conduct, as well as relevant supporting rules, including the Management Measures of the Group for Conflict of Interest, the Code of Integrity, the Commitment to Integrity in Business Practices and the Supplier Integrity Commitment Agreement; launched the Identification and Evaluation System for Compliance with Laws and Regulations to regulate the Company's requirements for identifying, obtaining and evaluating compliance obligations related to the Company; issued the Privacy Policy Management Measures, Data Compliance Management Measures, and Data Classification, Rating and Security Management Measures to regulate the storage, use and modification of the Company's data assets, strengthen the security protection of personal information, and avoid damages to the Company's interests arising from improper disposal of personal information.

Our overall compliance management is divided into regulatory compliance management and governance compliance management. Regulatory compliance management is responsible for supervising and managing the Company's compliance with applicable laws and regulations, various regulatory requirements and codes of conduct, while governance compliance management is responsible for supervising and managing the Company's compliance with relevant corporate governance principles and listing rules.

Regulatory Compliance Management

Supervising and managing the Company's compliance with applicable laws and regulations, various regulatory requirements and codes of conduct.

Governance Compliance Management

Supervising and managing the Company's compliance with relevant corporate governance principles and listing rules.

Implementation of Compliance Management

We have developed and launched a corporate information management system and its supporting OA processes to improve the counterparty access tools and optimize the due diligence for counterparty access; regulate the declaration and regular collection of information related to the Group's conflict of interest, and deal with non-compliance and conflict of interest; and encourage internal employees or external parties to report any illegal conducts such as suspected corruption, bribery, money-laundering, etc., through corresponding reporting mechanisms and processes. The Company will conduct assessment and investigation, and submit a final report as soon as possible upon receipt of the reported information.

Moreover, we focus on strengthening compliance awareness and competence training for employees at all levels of the Group, employees of domestic and overseas subsidiaries, employees of agency areas, and employees of franchisees. In 2023, we conducted a total of seven online and offline compliance training sessions covering requirements in legal and regulatory compliance, governance compliance, anti-corruption and integrity compliance, information security compliance, cross-border data compliance, etc. We also published a total of 81 articles through our internal subscription accounts to ensure the wide spread of compliance management policy among our employees and the resolute implementation of compliance management requirements through in-depth publicity.

Promotion Poster for Declaration of Conflicts of Interest

Irregular Sharing on Compliance Lecture Hall Subscription Account

Risk Management

We attach great importance to risk management and continue to strengthen our risk management capabilities. We have formulated system management documents such as the Internal Audit Policy and the Internal Control Manual for Agency Area, and have established systematic comprehensive risk management mechanisms for the Group's head office and each of the Group's subsidiaries in accordance with the COSO (Committee of Sponsoring Organization of the Treadway Commission) the Internal Control-Integrated Framework and the Enterprise Risk Management Framework, by taking into account the industry features and our own organizational characteristics and based on risk-oriented principles.

Risk Management System

We have established a systematic risk management system with three lines of defense. The first line of defense is the core business departments, which are the first organisations responsible for risk management; the second line of defense is the functional departments supporting the core business departments in risk management, including finance, legal, compliance, internal control, risk control, mentoring, quality control, information security, etc.; and the third line of defense performs the function of assurance, including internal audits, site audits and supervision conducted internally and external audits conducted externally.

We believe that risk management is not a task just for the departments that are strongly related to risk management, but an ongoing task in which all departments and employees are actively involved. Through the co-ordination among the three lines of defense in risk management, we support the Group's various business segments, the headquarters of our subsidiaries and agency areas to better identify, assess and manage the corresponding risks, and provide reasonable assurance for the continuous and effective operation of the Company through internal audits, external audits and supervision, in order to reduce the negative impacts of the uncertainties accompanying risks on our business, and to safeguard and protect our business to become a healthy and sustainable enterprise.

Third line of defense	Assurance	Internal Audit			External Audit		Become a healthy and sustainable enterprise
Second line of defense	Support	Finance	Legal	Compliance	Internal Control	Risk Control	
First line of defense	Core Value Creation	Marketing	Network Management	Operations	Procurement	Customer Services, etc.	
Second line of defense	Support	Mentoring	Quality Control	Information Security	Work Safty Management	Information Technology, etc.	
Third line of defense	Assurance	Site Audit			Supervision		

Internal Control

Take the lead in identifying and assessing risks beforehand (afterwards), and to develop or improve the Internal Control Manual and Risk Map; advise on improvements to the system or process based on actual business operations, and continuously track the implementation thereof, so as to prevent and monitor the risks, optimize the process and improve its efficiency. Remind the risks or suspend the occurrence or deterioration of any risk events.

Risk Control

Identify all kinds of loopholes or deficiencies in business processes by combining computer big data analysis, visualization and AI technology, in the face of potential operational risks, constantly locate and analyze various risk indicators and achieve visualization, thereby providing decision-making data or realize automatic warning for business or other risk management functions.

Audit	In view of the coverage of traditional internal audits and the site audits extended to sorting centers, distribution centers and outlets, evaluate the effectiveness and continuity of risk management activities carried out by the headquarters of the Group's branches and subsidiaries, agency areas and sites, quantify losses, qualitatively hold accountable, and oversee the rectifications.
Supervision	Promote integrity and anti-fraud propaganda covering employees, partners and franchisees beforehand, prevent fraud risks, and manage the whistleblowing system; conduct anti-fraud investigations afterwards, and make recommendations on the handling of fraudulent personnel and implement disciplinary or judicial procedures by the authorized departments according to the decisions of the Company's management and the provisions of the corresponding red line policy.

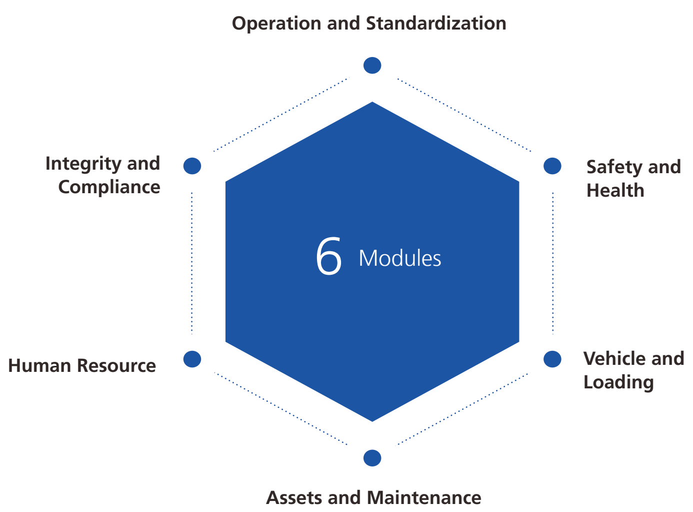
Site Risk Management

We established a site audit team for our core express delivery business segment, which has, based on traditional internal audits, incorporated daily operational details such as on-site operations, site safety and standardization as well as integrity and compliance into the scope of audit. We promote the reduction of frontline operational risks in sorting centers, distribution centers and outlets from the perspectives of policy implementation and policy optimization, and secure the standardization of site operations. As of the end of December 2023, we have conducted a total of 256 site audits for 102 sorting centers, 26 distribution centers and 76 outlets.

Site Risk Management Objectives

Policy Implementation	Identify the deviation in implementation of existing policies and processes by means of site audits, find out, point out and conduct follow-up improvements in a timely manner, thereby providing a "ruler" for measuring the implementation of policies and presenting a new management perspective for operating sites.
Policy Building	Find out unreasonable and inefficient design in policies and processes through site audits, and reversely push relevant departments based on feedback to optimize the policies and processes at the design level with the assistance of internal control, or align them parallel to the benchmark of best practices.

Six Modules for Site Audit of Sorting Centers



Case: Site Audit Training for Country RMIA Teams

In November 2023, we organized a series of audit skill enhancement training for Risk Management & Internal Audit (RMIA) leaders of different countries. In terms of site audits, the person in charge of site audits in China led the Country RMIA Teams to conduct on-site training on site audits. By empowering the subsidiaries in overseas countries with China's exploratory practices, we strengthened the risk management and audit capabilities of Country RMIA Teams for frontline sites, and accelerated the standardization process of on-site operations in other countries.

Digital Risk Management

In late 2023, we initiated a company-level risk assessment program to identify risks that post material uncertainty to the Company's operations, assessed the likelihood of risk occurrence and the magnitude of negative impacts, and discussed with the management the implementation of effective and efficient control activities. Besides, we have established a business risk control module, which analyzes business big data using Python and PowerBI to help the Company identify and respond more efficiently to risks such as bidding and procurement fraud, parcel weight fraud etc.

Risk Awareness Training

In terms of risk awareness training, we have set up a "Doctor. Bunny" internal subscription account to share knowledge on internal control, audit and ESG, and to communicate with national headquarters and agency areas on key risk management strategies and common audit findings. Meanwhile, we continue to conduct Internal Control Awareness Training for employees of the national headquarters, agency areas and various branches and subsidiaries of the Group to help establish correct awareness of internal control and risk prevention and control throughout the Group. As of the end of December 2023, our training and examinations for management personnel at the supervisor level and above of all countries have covered more than 1,600 persons, with the training materials made in Chinese, English and Vietnamese to ensure that local employees in each country could receive effective training.

▲Doctor. Bunny Subscription Account

▲ Internal control awareness training for management personnel

Business Ethics

We believe that business ethics is an important cornerstone of corporate development. We are committed to establishing a clean, fair and transparent business environment, and continue to improve our business ethics management by establishing a sound integrity management system and a strict anti-corruption and anti-bribery policy and by conducting corresponding monitoring actions and integrity training, so as to achieve healthy and sustainable development of the Company.

Integrity Management System

We have built a comprehensive integrity management system to ensure compliance with relevant laws, regulations and ethical standards in our business operations. The Company has formulated a series of internal rules and regulations to ensure that the behavior of our employees complies with ethical and legal requirements. The Company has formulated a management mechanism led by the Audit Committee of the Board, and established an Integrity Working Group composed of the CEO, Vice President, Director of the Human Resources Department, Director of the Risk Control & Internal Audit Department, and Director of the Legal Compliance Department.

Policy Building

The Company strictly complies with laws and regulations related to the prevention of corruption, bribery, fraud and unfair competition in countries and regions where its business operations and investments are conducted. The Company holds a zero tolerance attitude towards any form of bribery and corruption.

The Company continuously improves its anti-corruption and anti-bribery policies, formulates policies related to anti-corruption and anti-bribery, establishes internal control mechanisms, conducts risk assessment and monitoring, and conducts regular internal audits and compliance checks. Since 2021, the Company has successively established a set of systematic policies to guide its employees' business behavioral norms and maintain J&T's Benfen culture, and has continuously consolidated and improved its business ethics compliance system in accordance with regulatory requirements. We have formulated the Group Code of Business Conduct and Ethics, which applies to all directors, executives and employees of the Company (including all employees working for J&T Group in the form of full-time, part-time or consulting), so as to clearly put an end to corruption and bribery. In addition, the Company has also formulated supporting rules such as the Code of Integrity, the Commitment Letter for Integrity, the Management Measures for Conflicts of Interests within the Group and the Management Measures for Gift Acceptance.

Besides our own business ethics management, we have incorporated the requirements for clean and compliant operations into our supply chain compliance management. We have added the Supplier Integrity Commitment Agreement to our procurement contracts, explicitly requiring our business partners to commit to honesty and integrity and put an end to any form of bribery or other illegitimate benefits. The Company has implemented an access due diligence program for its key suppliers, franchisees and other business partners, aiming at identifying and addressing potential moral hazard problems in a timely manner through risk assessment and ensuring sound business and sustainable development.

Investigation Action

We attach great importance to the investigation and handling of suspected violations of business ethics, and have established a 24-hour whistleblowing channel. The Company has formulated the Whistleblower Protection Policy to ensure strict confidentiality of the identity information of the whistleblowers and their whistleblowing contents, and to prohibit any form of retaliatory behavior.

The Company has established a dedicated supervision team to receive fraud complaints and whistleblowing clues. Once an employee is found to be suspected of violating the code of ethics, the Company will take immediate actions, arrange the supervision team to conduct independent, fair and objective investigations and then take appropriate corrective measures based on the investigation results.

Integrity Advocacy

Global Whistle-blowing Email of J&T Group: **abjc@jtexpress.com**

Feishu Subscription Account: **Sheriff Rabbit**

We promote integrity through various channels to raise employees' awareness of integrity and professional ethics. The Company organizes integrity education and training on a regular basis, through the "Sheriff Rabbit" subscription account to publicize anti-fraud work, and conveys the importance of anti-corruption and anti-bribery. The Company continues to publicize anti-corruption rules and measures to employees by means of Supervision Notification and Policy interpretation. The Company has incorporated the Code of Integrity into the new employee orientation training, and conducts regular training, education and assessment on new employees. In 2023, we conducted more than 30 training sessions on business ethics and integrity globally, covering 58,986 trainees.

Furthermore, we actively encourage our employees and suppliers to sign the integrity commitments, thereby joining hands to build a strong integrity barrier. In 2023, the signing rate of the Commitment to Integrity in Business Practices by new employees of the Company reached 100%, and the signing rate of the Integrity Commitment Agreement by newly introduced suppliers reached 98%.

Integrity Training

Irregular Sharing on Sheriff Rabbit Subscription Account

Number of business ethics training sessions	Number of trainees receiving business ethics training
more than 30	58,986

Intellectual Property Protection

As a technology, knowledge and information-intensive group company, J&T Express is absolutely aware of the importance of intellectual property protection. In accordance with the relevant intellectual property laws and regulations of the countries and regions where our business operations and investments are conducted, we have formulated the J&T Group Intellectual Property Management Policy to continually strengthen the management and protection of our own trademarks, patents and other intellectual property rights from infringement. Meanwhile, we endeavor to avoid infringing upon the intellectual property rights of others, and protect the Company's competitive edge and brand reputation.

We adopt a centralized management system for intellectual property rights, i.e., the intellectual property rights of the Group are operated in accordance with a unified intellectual property management policy, and the intellectual property rights created by subsidiaries, branches and related entities are all managed by the Group Headquarters, which coordinates the relationship network and R&D network of the Group to maximize the protection of the Group's overall interests, and achieve sustainable development while promoting chain interactions, common benefits and synergistic advancement among the entities under the Group.

The Group's objectives in the field of intellectual property rights are based on the following principles: incentive creation, effective utilization, legal protection and scientific management. On the basis of accumulating and forming independent intellectual property rights, the Group regards the intellectual property rights of an international company as an reference to fully guarantee the security of its intellectual property rights and obtain the qualification to participate in international market competition; the Group has developed a strategy on the layout, operation, protection and defense of intellectual property rights in line with the Group's business operations.

Our subsidiary, Yunlu Technology, has formulated the Software Copyright Reward Program and the Patent Submission and Reward Program to strengthen incentives and rewards for technical research and development personnel and to encourage technological innovation.

As of the end of December 2023, we have received a total of:

Trademarks	Patents	Copyrights
728	3	267

Environmental Management

Environmental Management System

J&T Express continues to improve its Environmental Management System and promotes effective implementation of its environmental protection measures. We strictly abide by relevant environmental protection laws and regulations in our operating regions, strive to promote green logistics, green packaging and green office, and actively drive upstream and downstream supply chain partners to jointly promote green development.

Based on the Environmental Management Principle of "For a harmonious environment through energy conservation and consumption reduction", we have formulated policies and management standards such as the Management Policy for Identification and Evaluation of Environmental Factors, Waste Management Measures, Packaging Operation Standards, and Notice on Prohibiting the Use of Non-biodegradable Materials Across the Business Chain, to provide a clear systematic guarantee for environmental management.

Environmental Management Principle: For a harmonious environment through energy conservation and consumption reduction

Environmental Management Objectives

In 2023, we set the ESG-related environmental management objectives, covering the specific targets in the three dimensions of Response to Climate Change, Water Resource Management and Packaging Materials Management.

Dimensions	Specific Targets
Response to Climate Change	➢**Use of energy:** 1. Save energy. The Company tries to reduce the use of diesel fuel for transportation vehicles and to reduce electricity consumption in offices and sorting centers. In particular, per capita electricity consumption of the China headquarters in the second half of 2023 reduced by 5% as compared to that in the second half of 2022. 2. Strengthen the transformation of energy structure. The Company makes every effort to increase the percentage of clean energy by promoting the use of clean energy vehicles and deploying solar energy. ➢**GHG emissions:** The Company strives to reduce GHG emissions from each parcel through energy conservation and clean energy use. Specific carbon reduction targets will be set no later than the end of 2024.
Water Resource Management	The Company strives to reduce per capita water resource consumption by reducing water resource consumption.
Packaging Materials Management	The Company continues to promote the reduction of packaging materials consumption, and promote the use of degradable packaging materials.

Note: The Company has comprehensively launched ESG-related performance collection and statistical work since 2023, and we will continue to build and improve the management system for ESG performance indicators, and plan to disclose more detailed ESG environmental objectives in the 2024 ESG report.

Promoting Green Actions

We actively drive the outlets to enhance their environmental management capabilities, develop benchmark outlets in terms of packaging operation standards, environmental protection training and publicity, safety hazards investigation, etc., so as to promote the green and standardized construction of all the outlets.

Construction Standards for Green and Standardized Outlets

1. All the pick-up and delivery vehicles at the outlets shall be new energy or clean energy vehicles (including electric tricycles that meet the requirements).
2. The outlets shall be equipped with mails and parcels packaging waste recycling devices subject to appropriate functions, unified appearance, standardized management and clear classification, so as to standardize the recycling of paper, plastic and other packaging materials.
3. The packaging materials used in the outlets shall meet the national requirements and reach the corresponding ratio, and the packaging operations shall meet the standard requirements.
4. All outlets shall use energy-saving lighting devices such as LEDs and energy-saving office equipment, and the wires shall not be connected privately. High power-consuming household appliances and production equipment shall not be used in the outlets.
5. Post "Save Water" slogans at water points. There shall be no dripping from faucets, and water-saving devices shall be installed and used according to actual circumstances.

Case: Energy Efficiency Incentives

In 2023, we formulated a definite energy conservation and emission reduction program at our China headquarters and promoted employees to focus on electricity conservation and implement green office by regularly checking the electricity consumption of each floor, setting incentive targets for electricity conservation on each floor, and conducting internal publicity and evaluation within the Company.

In early 2024, we conducted a statistical analysis of the annual and per capita electricity consumption of the Group and its China headquarters, and the total electricity consumption in the second half of 2023 decreased by 12.8% and per capita electricity consumption decreased by 26% as compared to the same period of 2022, reaching the target of a 5% reduction set at the beginning of 2023.

In terms of environmental protection training, we carry out environmental protection awareness training for new employees, and convey the Company's environmental protection concepts and practices to each new employee.

Environmental Management System Certification

We continue to improve the Environmental Management System and have passed the certification of ISO 14001 Environmental Management System (valid till 21 June 2025). We also continue to promote the establishment and certification of the Environmental Management System in Saudi Arabia and other countries, and in May 2023, J&T Express Saudi Arabia passed the certification of ISO 14001 Environmental Management System.

ISO 140001 Certificate of J&T Express China and Saudi Arabia

Climate Change Mitigation and Adaptation

Climate change is a topic that concerns every member of the global community. We deeply understand the importance of responding to climate change and promoting carbon reduction. By referring to the advice of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, we have built a climate change management system from the four aspects of governance framework, risk management, management strategy, and indicators and targets, identified the change risks and opportunities, and improved our management actions based on the identified results to help mitigate climate change.

Climate Change Management System

Climate Change Governance Framework

The Company regards climate change mitigation and adaptation as one of the key ESG management priorities, which is jointly managed by the Board, the ESG Working Group, etc.

Management Strategy

Identify the significant risks and opportunities, and assess their potential operational and financial impacts on the Company.

Reduce GHG emissions across the entire chain of operations and focus management actions in key processes.

Risk Management

Identify potential risks and opportunities in operational activities, and plan to take climate change risks and opportunities as part of overall operational risk management.

Indicators and Targets

Identify the main sources of GHG emissions.

Continuously disclose GHG emissions and intensity, and plan to disclose the GHG emission targets in the 2024 ESG report, so as to evaluate the Company's performance level in climate change management and to formulate improvement plans.

Governance Environmental Social

Climate Change Governance Framework

We have integrated climate-related management work into our ESG management and established a climate change governance framework comprising the "Board – ESG Working Group – Specific working teams and business departments" to promote the management and implementation of the Company's topic of responding to climate change.

Climate Change Governance Framework

Decision-making Level: Board of Directors	• Assess and identify climate-related risks and opportunities • Approve climate-related strategies and targets • Guide and review climate-related actions and business plans
Management Level: ESG Working Group	• Assess and identify climate-related risks and opportunities, and provide suggestions to the Board • Guide, develop and review climate-related strategies and targets • Check progress in achieving climate-related targets • Facilitate the implementation of climate-related management actions in the departments and support with resources and suggestions
Implementation Level: Working Teams on Ecological & Environmental Protection, Social Value, Corporate Governance and Labor Rights & Interests, and Various Business Departments	• Set climate-related targets and clarify the progress in achieving such targets • Implement climate-related strategies

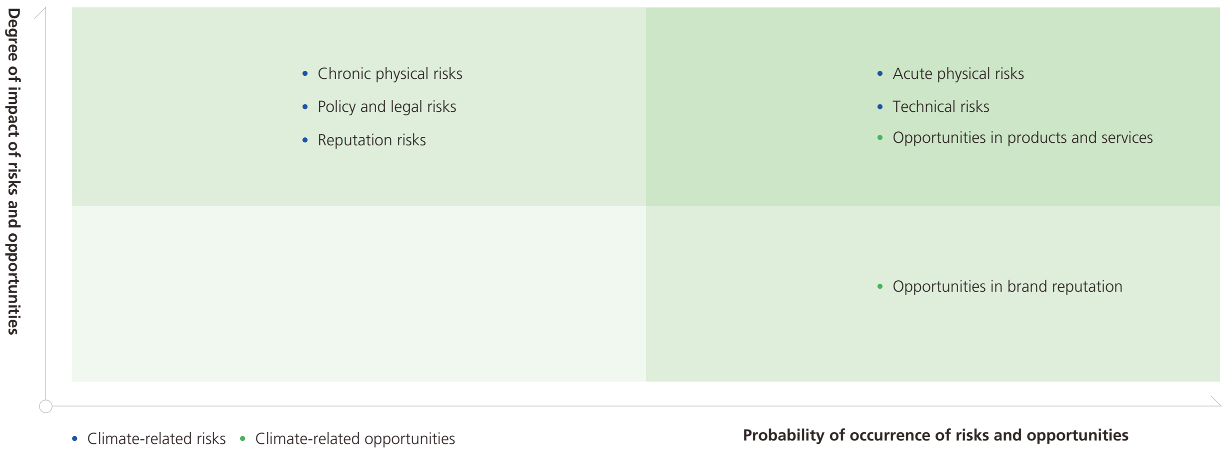
To ensure the Board's timely understanding of the trends related to climate change, we provide training in the environmental field (including topics like climate change) to support the Board in getting the climate change-related knowledge and better regulating climate-related topics and their management. If necessary, we also invite external professional organizations to provide relevant advice to continuously strengthen our capacity in management of climate-related topics.

Risk Management

Currently, our business covers 13 countries, including China, Thailand and Indonesia, so we focus on geographic location and business types, identify potential climate risks and opportunities, and assess how and the extent to which relevant risks and opportunities of climate change will affect our finance by taking into account our future business development.

On this basis, we build a matrix of climate-related risks and opportunities based on the assessment results, prioritize the risks and opportunities by considering their probability of occurrence and the degree of impact on the Company, and take corresponding climate change response and action measures.

Climate-Related Risks and Opportunities Matrix



Identification, Assessment and Response to Potential Climate Change Risks

Identification of Risk Types	Specific Description of Risk Assessment	Potential Financial Impacts	Response to Risks
Acute physical risks	Drastic climate changes such as typhoons and floods may produce or natural disasters, which may cause damage to the Company's assets, loss of personnel and business interruptions, and affect the Company's transportation, transit and other processes.	Business Revenue ↓ Operating Cost ↑	Launch an abnormal weather warning system and purchase insurance for processes with higher climate risks; strengthen safety training and climate emergency drills.

Identification, Assessment and Response to Potential Climate Change Risks

Identification of Risk Types	Specific Description of Risk Assessment	Potential Financial Impacts	Response to Risks
Technical risks	In the process of technological transformation, the development and application of energy-saving and eco-friendly technologies such as green logistics and green packaging may have an impact on the Company's operations and businesses.	Operating Cost ↑ Business Revenue ↓	Build R&D teams, increase the tracking of green and low-carbon technologies in the express delivery industry, and take the lead in applying mature technologies in the market.
Chronic physical risks	Sea level rise may increase the Company's infrastructure costs; temperature rise and other trends during the same period may pose a personal safety risk to outdoor workers in hot weather, which will raise indoor energy consumption and increase operating costs.	Operating Cost ↑	Avoid areas affected by sea level rise when selecting sites for new projects; improve the operating environment, enhance the intelligence level, and reduce manual work.
Policy and legal risks	With the promotion of China's "30•60" dual-carbon goals, the launch of policies related to environmental protection, energy conservation and emission reduction may have an impact on the services and operating models of express delivery companies, leading to an increase in their expenses related to environmental protection, energy conservation and emission reduction. Meanwhile, a company, which fails to fulfill the green and environmental protection actions according to law, will not only suffer relevant administrative penalties, but also be adversely affected in terms of its social image.	Business Revenue ↓ Operating Cost ↑	We strictly comply with the climate-related laws and regulations already effective in countries where we operate, and endeavor to identify possible policy and legal risks in the future. As of now, no illegal act has occurred.

Identification, Assessment and Response to Potential Climate Change Risks

Identification of Risk Types	Specific Description of Risk Assessment	Potential Financial Impacts	Response to Risks
Reputation risks	Stakeholders expect the Company to take proactive management actions in response to climate changes and enhance transparency in information disclosure. Failure to respond to stakeholder demands may have an impact on the Company's business.	Business Revenue ↓	Continuously carry out green carbon reduction actions, promote the setting of carbon reduction targets, and regularly disclose carbon reduction actions and performance indicators.

Identification and Assessment of Climate Change Opportunities and Corresponding Actions

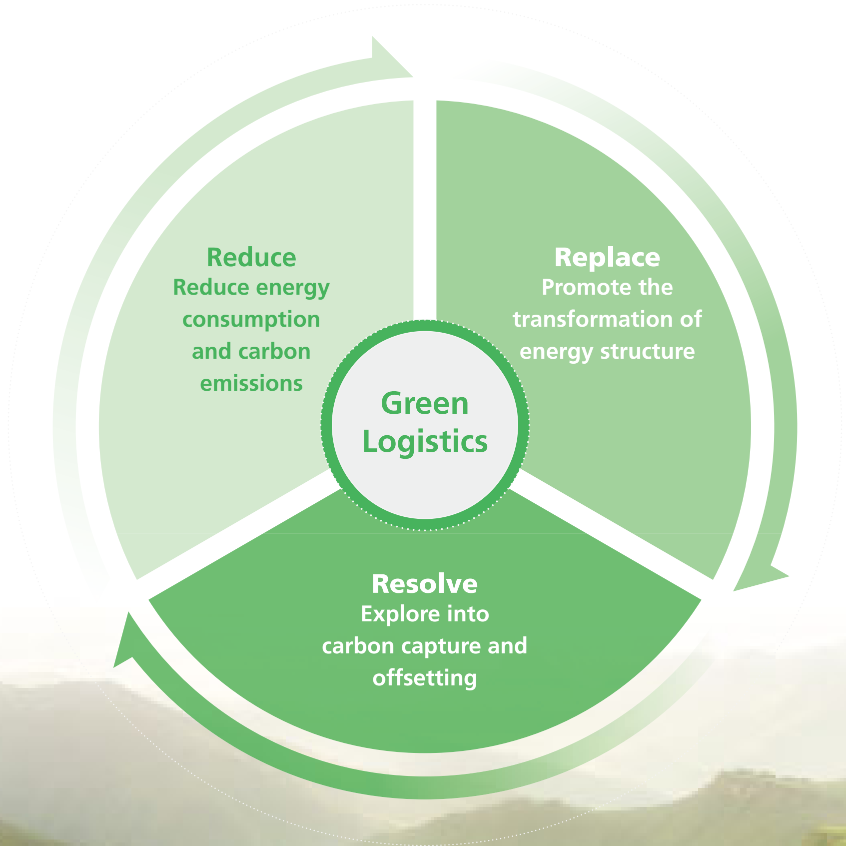
Identification of Opportunity Types	Specific Description of Opportunity Assessment	Potential Financial Impacts	Actions
Opportunities in products and services	The increasing demand for more low-carbon products and services may become a growth point for the Company's business, which can also enhance its competitiveness in the industry.	Business Revenue ↑	Promote low-carbon practices across the whole chain, such as green packaging and green transportation, and constantly improve the statistics of GHG emission data.
Opportunities in brand reputation	Customers and the general public are paying more and more attention to carbon neutrality. If the Company becomes a leader in relevant aspects, there will be an opportunity to enhance its brand reputation among customers and communities.	Business Revenue ↑	Start to formulate clear-cut carbon reduction strategies and related targets, and encourage suppliers, SME customers, consumers and other parties concerned to jointly take low-carbon actions.

Strategies

Based on the analysis of climate-related risks, we have formulated the J&T Express "3R" carbon reduction strategy. Based on the statistics of GHG emissions, we take carbon reduction actions centered on green logistics, and prioritize the reduction of carbon emissions from direct and indirect energy consumption; then we choose cleaner energy to replace traditional energy to reduce carbon emissions. For carbon emissions that cannot be eliminated, we will consider achieving carbon neutrality targets in the future through carbon offsetting.

In addition, we take actions in the fields of green office and green supply chain, and strive to reduce GHG emissions from our own operations and supply chain process by mobilizing employees and suppliers to jointly conduct energy conservation and environmental protection initiatives (Refer to "Energy Management" and "Sustainable Supply Chain" sections for details).

Our Carbon Reduction Strategies



Governance Environmental Social

Indicators and Targets

In 2023, we officially launched the GHG emissions collection and statistics initiative within the Group, and conducted comprehensive data collection for 13 countries around the world.

GHG Emissions Performance Table J&T Express in 2023[1]

Indicators	Unit	2023
Scope 1 GHG emissions[2]	tCO_2e	**689,738.83**
Scope 2 GHG emissions (by location)[3]	tCO_2e	**304,821.12**
Scope 3 GHG emissions[4]	tCO_2e	**648,938.23**
Total GHG emissions (Scope 1 + Scope 2)	tCO_2e	**994,559.95**

Notes:
1 The scope of the statistics is J&T's global express delivery business, which includes the office areas and sorting centers of operating companies in 13 countries, as well as our subsidiaries, Yunyi Transportation and Shanghai Jiexiao.
2 The calculation of Scope 1 GHG emissions is mainly based on the "Calculation Methods and Reporting Guidelines for Greenhouse Gas Emissions from Enterprises – Power Generation Facilities" (Revised in 2022) issued by the Ministry of Ecology and Environment of the People's Republic of China and the "Calculation Methods and Reporting Guidelines for Greenhouse Gas Emissions from Land Transportation Enterprises" (2015) issued by the National Development and Reform Commission of the People's Republic of China.
3 Among the Scope 2 GHG emissions, the greenhouse gas emissions generated by purchased electricity are calculated in China according to the "Notice on Doing a Good Job in 2023-2025 Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises" promulgated by the Ministry of Ecology and Environment of the People's Republic of China, and the grid emission factor is taken $0.5703tCO_2e/MWh$; and the emission factors displayed by Low Carbon Power are adopted in the countries beyond China.
4 The calculation of Scope 3 GHG emissions includes Category 1: Purchased goods and services, Category 2: Capital goods, Category 3: Fuel and energy-related activities (not included in Scopes 1 and 2), Category 4: Upstream transport and distribution, and Category 6: Business travel. The emission factors are sourced from the China Products Carbon Footprint Factors Database (CPCD).

In terms of targets setting, we piloted from our China headquarters in July 2023, and set clear energy conservation and carbon reduction targets by analyzing electricity consumption data in the previous years.

Carbon Reduction Targets in Offices of China Headquarters

- **Electricity consumption:** 5% reduction in per capita electricity consumption in the second half of 2023 as compared to that in the second half of 2022.
- **GHG Emissions:** 5% reduction in GHG emissions in the second half of 2023 as compared to that in the second half of 2022.

Completion of targets

✓ The electricity consumption reduction target has been achieved: In the second half of 2023, the per capita electricity consumption reduced by 26% as compared to that in the second half of 2022.

✓ The GHG emissions reduction target has been achieved: In the second half of 2023, the GHG emissions decreased by 13% as compared to that in the second half of 2022.

Note:Due to the impact of the COVID-19 in the first half of 2022, the targets have been set for the second half of 2022.

In the future, the Company plans to build an ESG data and indicators management system and continues to improve the statistical scope of GHG emissions. Considering that most regions worldwide were affected by the novel coronavirus infection (COVID-19) in 2020-2022 and that the Company has developed rapidly in the last three years, we plan to select 2023 as the base year, and start to set GHG emission reduction targets in 2024 by taking the GHG emission data in 2023 as the baseline, and will disclose such targets in 2024 ESG Report.

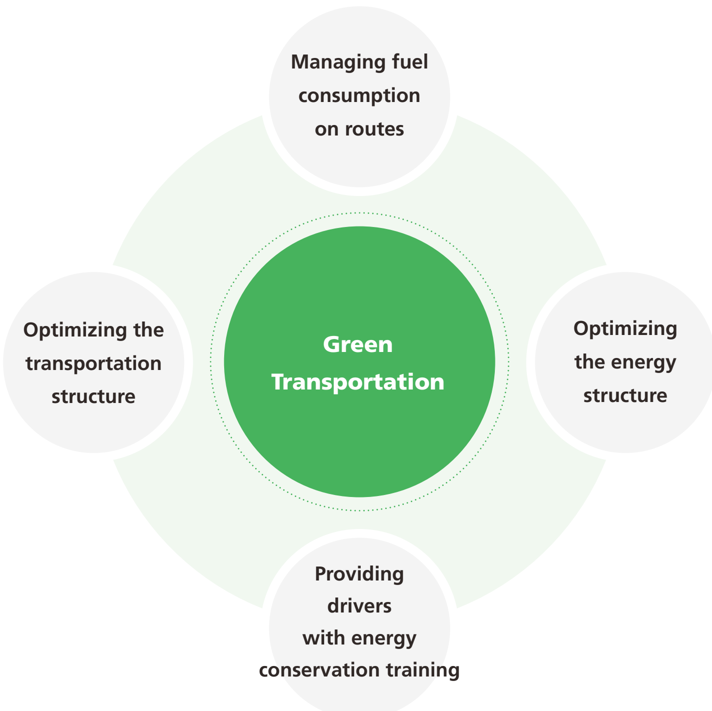
Energy and Resources Management

Energy Management

Our main sources of energy are diesel and electricity, of which diesel is consumed by our own vehicles for road transportation and electricity for the operation of our offices and sorting centers.

We are committed to promoting the reduction of energy consumed by road transportation and of the corresponding GHG emissions therefrom. Based on the concepts of conservation, environmental protection and harmonious development, we actively pursue green transportation and achieve energy conservation and emission reduction by formulating clear requirements for managing fuel consumption on routes, optimizing the transportation and energy structure, and providing drivers with energy conservation awareness training.

Four-in-one Green Transportation Model



Managing fuel consumption on routes	• We have formulated the Regulations for Management of Fuel Consumption on Routes and the Energy Consumption Assessment Regulations, and established corresponding fuel consumption standards and assessment methods based on the vehicle models and brands, as well as routes and terrains. We give positive or negative incentives to drivers according to their actual fuel consumption, so as to promote the drivers to drive in a more standardized and energy-saving way, and reduce energy consumption. • We use maps to obtain the shortest route of the operating mileage; drivers can flexibly adjust their route according to the better routes found during actual operations, choose the route with the shortest mileage to reduce the transportation mileage, and thus reduce fuel consumption.

Optimizing the transportation structure	• **Strict control of vehicle standards:** During the procurement of transportation vehicles and introduction of carriers, we strictly audit vehicle standards, and reduce emissions of nitrogen oxides and particulate matter generated during vehicle operation by filling diesel vehicles with automotive urea. • **Promoting drop and pull transport:** We invested a certain proportion of tractor heads and tractor trailers to promote the drop and pull transport mode through systematic planning such as bilateral route design and vehicle resource coordination so as to reduce transport costs and improve transport efficiency. • **Upgrading high-capacity vehicles:** In the line-haul link, we optimized the line, integrated goods in the same direction through multiple shifts, intensified the proportion of high-capacity tractors and trailers, and reduced energy consumption. • **Reduce the percentage of heavy-duty vehicle models:** On the line-haul, by monitoring and analyzing route loads, regularly review the routes in which the reduction of heavy-duty vehicle models can be promoted, and reduce the input of heavy-duty high-axle vehicles so as to reduce fuel consumption.
Optimizing the energy structure	• We improve the energy structure of our vehicles and reduce traditional diesel consumption by promoting the use of cleaner energy vehicles. in 2023, we put 150 liquefied natural gas (LNG) vehicles into use in line-haul, running more than 37 million kilometers throughout the year of 2023.
Providing drivers with energy conservation training	• We regularly conduct fuel consumption control, energy conservation and emission reduction related training for drivers to raise their awareness of fuel saving and reduce the fuel consumption level of operating vehicles.

Case: Fuel Saving Competition

In order to enhance drivers' awareness of fuel saving and reduce diesel consumption, J&T Express invites vehicle manufacturers every year to provide drivers with training on driving skills, fuel saving and energy reduction. They also share and exchange fuel-saving skills through fuel saving competitions to promote the application of fuel-saving behaviors in actual driving.

Fuel Saving Competition Site

In terms of electricity conservation, we continue to promote green office and reduce the use of electricity in the offices by setting clear electricity-saving targets and providing incentives through competitions.

- **Make full use of natural lighting:**
  In the decoration and design of the offices, we design all office areas with external windows to make use of the natural lighting; we use glass partitions in internal zones to use natural light to illuminate the office areas as much as possible.

- **Optimize lighting equipment:**
  The office lighting is designed with reference to GB/T 26189-2010 Lighting of Indoor Workplaces to avoid excess lighting and waste of electricity; all the lamps and lanterns use energy-saving LED light sources and are controlled according to the distribution of office areas to avoid unnecessary lighting. In addition, electrical equipment with the first-class energy efficiency is used in offices to avoid the waste of electricity from the source.

- **Reduce air-conditioning power consumption:**
  The windows in the office area are equipped with heat-insulating curtains, which can better lower the indoor temperature in summer and reduce air-conditioning power consumption. In addition, we adjust the air-conditioning temperature according to different seasons: it should not be lower than 26°C in spring and summer; and it should not be higher than 20°C in fall and winter, so as to reduce air-conditioning power consumption. It should be turned off in a timely manner when it is not in use.

- **Set electricity-saving targets:**
  We carry out electricity-saving incentives for employees in the headquarters office area, encouraging employees to conduct energy-saving management by themselves.

- **Energy conservation training:**
  We carry out training on environmental protection for new employees to raise their awareness of environmental protection.

Packaging Materials Management

The packaging materials we use in our business operations are mainly waybills, waterproof bags and sealing tapes. We continue to practice green packaging, starting from the main packaging materials, we work together with our supply chain partners to promote the reduction, recycling, and degradation of packaging materials, and strive to reduce the impact of packaging materials on the environment.

We have formulated the Code of Practice for Packaging of Parcels, so as to regulate the packaging behavior of mails and parcels, standardize the packaging operation standards and service processes, improve the quality of our services and the safety of parcels, and achieve the targets of green and environmental protection and resource conservation.

For more information on green packaging, please refer to Topic I: Green and Low Carbon Development.

Water Resources Management

The logistics services in our main business does not involve production and processing, so in terms of use of water resources, we mainly focus on water consumption during the daily office and operational processes. Our water source is mainly municipal water supply, and the risk of obtaining suitable water sources is relatively low. In terms of water conservation management, we post water-saving slogans in office water areas, use water-saving faucets to control the water flow rate and reduce water wastage in office areas.

Emissions Management

Wastewater Management

The main source of wastewater we generate is domestic sewage from our office operations. We strictly comply with relevant laws and regulations relating to wastewater management of the countries and regions where our business operations and investments are conducted. Domestic sewage is mainly integrated into the municipal sewage treatment pipeline network for uniform treatment.

Exhaust Gas Emissions Management

The main sources of exhaust gas emissions we generate are particulate matters, nitrogen oxides and sulphur dioxide generated by the combustion of diesel fuel in our own vehicles during the line-haul process. We strictly comply with relevant laws and regulations relating to exhaust gas emissions of the countries and regions where our business operations and investments are conducted. All of our diesel-powered vehicles used in line-haul use automotive urea to ensure that the exhaust emissions from vehicles meet the standards and to reduce the generation of exhaust gas.

Waste Management

The main sources of waste we generate are general waste and hazardous waste generated from our operations in offices and sorting centers. We strictly comply with relevant laws and regulations relating to waste management of the countries and regions where our business operations and investments are conducted. We have formulated the Waste Management Measures to standardize the overall waste management.

Wastes from Office and Sorting Centers

<table>
<tr><th>Classification</th><th>Specific Names</th><th>Disposal Method</th></tr>
<tr><td rowspan="2">General wastes</td><td>Recyclable wastes:

• Plastics, scraps, etc;
• Newspaper, office paper, packing boxes, cardboard, paper scraps, etc.</td><td>Each department of the Company should classify recyclable wastes according to relevant documents and collect them to a designated place.

When the collection reaches a certain level, the corresponding responsible department should contact the recyclable waste company or the property management company of the park for disposal.</td></tr>
<tr><td>Non-recyclable wastes:

• Various office supplies, such as waste pens, refills, copy paper, fax paper, label paper, transparent adhesive, etc.; waste tapes, ribbons, disks, folders, etc.;
• Waste gloves, work clothes, slippers, masks, etc. that do not contain hazardous substances;
• Waste paper cups (beverage bottles), leftover food, bags and other daily life waste;
• Waste glass fragments, etc.</td><td>The cleaning staff (responsible staff) will clean up the collected waste to the designated place for centralized disposal.</td></tr>
<tr><td>Hazardous wastes</td><td>• Waste engine oil, lubricants and their containers and pollutants.
• Waste glues and paints as well as containers, gloves, rags, etc. containing the above substances.
• Various items containing toxic or hazardous chemical components: fluorescent tubes, dry batteries, used toner cartridges, etc.</td><td>We will entrust a qualified treatment agency for disposal.</td></tr>
</table>

Products and Services

Providing High-quality Logistics Solutions

Adhering to its "Customer-oriented and Efficiency-based" mission, J&T Express is committed to providing customers with integrated logistics solutions through intelligent infrastructure and digital logistics network, as part of its global strategy to connect the world with greater efficiency and bring logistical benefits to all.

Diversified Solutions

We have established a comprehensive express delivery product system and continued to enrich our express delivery product line. Based on the diversified customer needs for "timeliness, service quality and after-sales service", we have launched express delivery product solutions such as Tuyouda, COD (Cash On Delivery), and Parcel Insurance, and provided personalized value-added services and customized products for our customers in need so as to meet the diversified and personalized market demands.

<table>
<tr><th>Type</th><th>Product Name</th><th>Product Description</th><th>Market Demands Satisfied</th></tr>
<tr><td>Express delivery products</td><td>Tuyouda</td><td>Tuyouda products are launched for branded merchants, medium – and high-volume merchants, and fresh and frozen categories, which optimize and upgrade the timeliness, quality and end delivery to enhance the consumer experience.</td><td>Merchants and consumers have higher requirements for timeliness and safety of delivered products</td></tr>
<tr><td rowspan="2">Value-added products</td><td>COD (Cash On Delivery)</td><td>While providing customers with goods delivery, we offer convenient collection services to the sender in accordance with the transaction agreement between the sender (seller) and the recipient (buyer).</td><td>Provide convenient services for cash on delivery transaction scenarios</td></tr>
<tr><td>Parcel Insurance</td><td>The customer declares the value of the cargo to J&T and pays corresponding fees when sending a parcel. If the parcel is damaged or lost due to the Company's fault, the Company will compensate the customer according to the ratio between the declared value and the loss.</td><td>Provide security for customers sending high-value items</td></tr>
<tr><td>Solutions</td><td>Cosmetics, Clothing, Agricultural and Specialty Products, etc.</td><td>Provide one-to-one solutions in specific markets for specific categories to meet individualized customer needs</td><td>Customized services for specific categories</td></tr>
</table>

Support for Express Delivery "Going Into Villages" and "Going Abroad"

We accelerate the pace of promoting express delivery to "go into villages" and "go abroad", and contribute to rural revitalization and international supply chain development.

We have formulated and implemented incentive policies for "promoting express delivery to go into the villages", and promoted "express delivery into villages" in terms of organizational leadership, network layout, policy support and resources integration. We innovate the "express delivery + e-commerce" model by going deep into the place of origin, provide services such as setting up outlets in rural areas, centralized pick-up and delivery of parcels, direct distribution lines, e-commerce sales, etc., expand the sale channels of agricultural products, unclog the two-way circulation channels between urban and rural areas, and offer support for rural revitalization. As of the end of December 2023, parcels have been delivered to a total of 221,674 villages; J&T Specialty Lines have been established in more than 200 districts and counties of China, covering more than 200 types of agricultural and specialty products, to help farmers increase income and villages become rich.

221,674

Accumulated villages with parcels delivered

200

Types of agricultural and specialty products

Case: Tuyouda Green Delivery Line

We have formulated a special policy for delivery of agricultural specialties and fresh products, namely, the Operating Requirements for Express Delivery of Fresh Products, to standardize the delivery process of fresh products; we promote the improvement of vehicle models, and prioritize the use of high-sided or cold-chained vehicles for fruit parcels, so as to reduce the natural damages caused by high temperatures in the summer; exclusive waybills are available to allow the parcels to enjoy green lines during transportation, transit and other processes, and agricultural products will be transported first to ensure their proper storage, transportation, first delivery to consumers.

In June 2023, we opened four green lines in Maoming City, Guangdong Province in China, and also opened the national fresh lychee and fruit delivery service, with a transportation volume of 30,000 orders/day, helping Maoming lychees and Sanhua plums from Guangdong to be sold nationwide.

Promotional Poster

We vigorously develop the strategy of international mailing and delivery logistics to tap into the international market. As of the end of December 2023, J&T's express delivery network covers 13 countries including Indonesia, Vietnam, Malaysia, Philippines, Thailand, Cambodia, Singapore, China, Saudi Arabia, the UAE, Mexico, Brazil and Egypt.

Apart from that, we launch the international standard express delivery products to connect the global network, provide consumers with convenient, high-quality and time-sensitive door-to-door international express delivery services, assist the development of cross-border e-commerce, and promote the construction and development of international industrial and supply chains.

Guaranteeing the Quality of Mailing and Delivery Services

We continue to explore into the specialization, standardization and modularization of logistics services, and regards the improvement of comprehensive service quality as an important business strategy of the Company. We have formulated three major service guarantee measures, namely, "timeliness, service and information", for the whole life cycle of express delivery. We manage the whole chain from pick-up to final delivery of parcels, and establish a monitoring and improvement system for the whole process of express delivery, continuously optimize the express delivery process, and improve the customer service quality.

Three Service Quality Guarantee Measures

Timeliness Guarantee	Standardized Service	Smooth Access to Information
Policies: Timeliness Management Regulations, Line Management Regulations, and Route Operations and Timeliness Management Standards	**Policies:** Service Quality Assessment Details for Distribution Centers and Outlets, and SOP for Entry and Exit Operations of Sorting Centers	**Policies:** Information Security Operation and Maintenance Management Regulations, and Information System Continuity Management Measures
Actions: • Set the timeliness target, summarize the time length of the whole chain, accurately warn and monitor the compliance with timeliness requirement of each line and each chain through online intelligent tools; • Continue to benchmark the industry's timeliness standards, monitor and improve abnormal timeliness, increase the proportion of second-day and third-day delivery fulfillment, shorten the duration of parcel transportation, and ensure that the transportation timeliness is achieved.	**Actions:** • By setting operating standards in each link, standardize the pick-up and delivery services and the transit operations, and establish a monitoring and improvement system for indicators such as loss and cargo damage to ensure the safety of cargo transportation; • Meanwhile, continue to optimize the customer demand recognition function, and improve the customer experience of pick-up and delivery service.	**Actions:** • Set up a special improvement group for information indicators to ensure timely, complete and accurate feedback of parcel tracking information to partners through technical optimization, and display logistics trajectory and estimated delivery time in real time; • Centers and outlets of each link will conduct special follow-up to solve the trajectory interruption caused by improper operation in key links, and continuously improve the quality of information feedback.

In the end delivery process, we adhere to the service concept of "doing a good job in the last mile of express delivery", and strive to provide consumers with excellent service experience by building self-branded PUDO (Pick Up Drop Off) stations, optimizing the end delivery timeliness of parcels, standardizing services in PUDO stations, and guaranteeing the privacy information of customer.

Optimizing the end delivery timeliness of parcels	For parcels placed in the PUDO stations, we have stipulated the length of time for the parcels to be stored in the stations, continuously synchronize the outbound status of parcels with the agency areas/outlets on a daily basis, and remind customers to pick up their parcels in a timely manner through the inbound SMS.
Standardizing services in PUDO stations	We continue to address issues such as non-standard operations and false storage in PUDO stations. We conduct training on the operation standards of PUDO stations through weekly meetings and special meetings, poster publicity, and on-site APP startup test quiz, etc., so as to ensure that PUDO stations can achieve standardization of operation processes, timely feedback of abnormalities, and worry-free pickup of parcels by customers.
Building private brand PUDO stations	We build the comprehensive community service complexes called "J&T Neighborhood" and "YoYi Station" to offer local residents a better experience in postal services. As of the end of 2023, the private brand stations have covered China, Thailand, Malaysia, Indonesia, Singapore and the Philippines. 
Protecting customer privacy information	We build a user data leakage prevention mechanism, sign the Data Processing Agreement, Terminal PUDO stations Cooperation Agreement, and Terminal Package Locker Cooperation Agreement with the PUDO stations or package locker brand partners involved in end-to-end data exchange, clarify the parties responsible for processing the end-to-end parcel information, and ensure the proper protection of user privacy.

Governance Environmental Social

Providing High-quality Customer Services

Adhering to the "Customer-oriented and Efficiency-based" mission and the customer-centric principle, we provide customers with high-quality services, and continue to optimize service processes and standards, and strive to create a satisfactory service experience for customers.

Improving the Customer Service System

We strictly comply with the relevant laws and regulations relating to customer service of the countries and regions where our business operations and investments are conducted. We have formulated customer service related policies such as the J&T Express Customer Service Terminology Standards, the Customer Claims Management Regulations, and the Service Quality Assessment Management Policy, so as to continuously optimize the quality of our customer services.

Facing our consumers, we work closely with our agency areas to establish a cohesive and responsive customer service system. In addition to the customer service team of our headquarters, our agency areas are also responsible for setting up regional customer service functions and helping us manage customer service inquiries for operating entities in applicable regions. In addition, our agency areas provide ongoing training to network partners and conduct regular evaluations to measure the service quality achieved in each region on a daily, weekly and monthly basis, and rank them through public announcements to ensure the provision of high-quality customer services.

In 2023, we continued to improve our customer service policy by revising the Service Quality Assessment Management Policy and the Customer Claims Management Policy to optimize the customer service handling process and improve customer satisfaction.

In order to fully understand the voice of our customers, respond to their needs in a timely manner, and enhance customer satisfaction, we have established a customer service management system that meets local needs in multiple countries around the globe to guarantee customer service quality.

Indonesia	• Based on the problems inquired by customers, we formulate corresponding solutions and configure support teams with relevant skills, establish various types of service teams based on outlet services, telephone services, online social media services, complaint handling services, claims services, as well as order services and shipper services, etc.. We set up an integrated back office to provide data support and training for service team, and conduct service quality monitoring to enhance their customer service capabilities, and to safeguard customer service quality.
Brazil	• We establish and improve the delivery driver management system, and take the initiative to review the parcels delivered by drivers with more complaints, so as to improve customer satisfaction.
Mexico	• We have set up a quality control management team that covers "national headquarters + 10 regions" and 100% adopts the customer service quality standard. Through the monitor of our internal information system, we have improved operational procedures and the quality of customer service.

Efficient and Reliable Standard Express Delivery

J&T Express provides standard express delivery services for 0-30kg parcels, and its stable and dense express delivery network can effectively ensure the outreach of its services to customers within a short period of time. The three characteristic services of J&T Express, namely, "quick response, rapid claim settlement and inclusive and convenient", make it easier for customers to send their parcels without any worries.

Quick Response

Proactively provide feedback to customers on complaint handling progress within one hour or more.

Rapid Claim Settlement

Once the compensation amount is determined by both parties, it will be rapidly paid to the customer's account within one hour or more.

Inclusive and Convenient

Provide customers with high-quality and convenient express delivery services, so that logistics can benefit the public.

According to the e-commerce platform logistics index, the logistics index ranking of J&T Express in each month from 2022 to 2023 has continued to rise, which is now ranking Top 2 among all express companies with franchise model. The e-commerce platform logistics index is a comprehensive service quality assessment benchmark that objectively reflects the timeliness, service, and information of a courier company.

As of the end of December 2023, the consumer complaints we handled in China are as follows:

Number of complaints received	**8,073**
Completion rate	**100%**
Satisfaction rate	**99.19%**

Note: The source of data is from the Consumer Complaint System of China National Postal Industry.

Building an Excellent Customer Service Team

We are committed to building an excellent customer service team, and promoting the global customer service teams to improve their service quality by continuously improving the training system, empowering franchisees' employees, etc.


Training Site of Shandong Agency Area


Training Site of Fujian Agency Areas

In 2023, we held special training sessions for regions where the indicators continued to fall short of the target values, so as to strengthen the basic business knowledge of customer service staff and improve service quality. We focused on empowerment training on basic business knowledge, postal rules for claims, service red line items, assessment of work orders on platforms and secondary complaint control methods, reduction of customer complaints and improvement of service quality. In 2023, the number of customer service-related training sessions across the agency areas totaled 3,673, covering 405,590 trainees of diverse customer service people.

Number of customer service training sessions	**3,673**
Number of trainees receiving customer service training	**405,590**

Information Security and Privacy Protection

We take the building and overall implementing of global cyber security and privacy protection as an important part of our own development. Through systematic review and research of external privacy protection laws, regulations and related standards, we continuously strengthened our security capabilities and improved our own compliance management system for information security and privacy protection.

Management System

Compared with our business, we attach the same importance to information security and privacy protection. During the Reporting Period, we established and updated such management policies as the Management Measures for Information Security Risk Assessment, the Management Measures for Personal Information Impact Assessment, and the Management Standards for Data Classification and Security, forming a complete system applicable to information security management.

In 2023, our information security management measures were constantly strengthened:

IT asset protection

- We established a defense-in-depth mechanism of "border security-network security-host security" to upgrade the protection of IT assets in an all-round way, including host security, application security, and APP privacy compliance.

Information security exercises and checks

- We regularly carried out information security activities such as offensive and defensive exercises, phishing exercises, and proactively investigated system security risks on a regular basis. In 2023, a total of 26,886 employees participated in phishing exercises.

Security risk monitoring

- We proactively collected risk information, conducted timely "detection-assessment-disposal" of risks, and established a threat sharing mechanism with relevant parties to enhance the proactive response ability in security risks.

We constantly improved network security construction and achieved the defense-in-depth of network security. Our network configuration was protected at multiple levels, using intrusion prevention systems, firewalls, WAF and other security facilities to prevent unauthorized access to assets. In the development of information systems, we established security infrastructure such as single sign on, multi factor authentication, and configuration management systems. In addition, we used sophisticated security protocols for communication among mobile applications, websites and plugins.

We organize at least one internal audit of information security every year, and carry out special actions such as technical vulnerability drills around the continuity of business systems and the core objective of information security, so as to strengthen systematical security defenses. After the internal audit of information security, we form a formal audit report, submit it to the senior management for review, and promote the rectification and supervision of the items to be improved.

In addition, we conduct quarterly system security penetration tests for each agency area in China to ensure that these agency areas maintain a high level of management and technology in terms of information security, thereby providing strong security support for users' personal information.

In 2023, we established a network-wide data security defense by building policies, scanning system vulnerabilities, conducting baseline inspections, performing penetration tests and implementing other management and technical means, and hence obtained a number of external certifications.

Certificate CN23/00002685

The management system of

Jet Express Co., Ltd.

Unified Social Credit Code: 91310118667759488H
Business Registration Address: Room 1003, Building 5, No. 1777 Hualong Road, Huaxin Town, Qingpu district, Shanghai
Business Operation Address: Floor 3/ 9/ 10/ 13/ 14/ 15/ 16, Block A, Building 5, No. 1777 HualongRoad, Huaxin Town, Qingpu district, Shanghai, P.R. China

has been assessed and certified as meeting the requirements of

ISO/IEC 27001:2013

For the following activities

Information Security Management System covers provision of domestic express deliver management services
Assessed in accordance with Statement of Applicability Version 1.0.

This certificate is valid from 23 May 2023 until 31 October 2025 and remains valid subject to satisfactory surveillance audits.
Issue 1. Certified since 23 May 2023
Multiple certificates have been issued for this scope, the main certificate is numbered CN23/00002685
Certified activities performed by additional sites are listed on subsequent pages.

Authorised by
Jonathan Hall
Global Head - Certification Services

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ISO 27001 Information Security Management System Certification

Certificate CN23/00004008

The management system of

Jet Express Co., Ltd.

Floor 3 / 9 /10 / 13 /14/ 15 / 16, Block A, Building 5, No. 1777 Hualong Road, Huaxin Town, Qingpu district, Shanghai, P.R. China

has been assessed and certified as meeting the requirements of

ISO/IEC 27701:2019

For the following activities
The Privacy Information Security Management System covers provision of domestic express delivery management services
The certified entity acts in the capacity of PII controller for process of personal information collected in the service process
Assessed in accordance with Statement of Applicability Version 1.0

The scope and validity of this ISO/IEC 27701:2019 certification is issued in association
With the ISO/IEC 27001:2013 certificate under certificate number CN23/00002685

This certificate is valid from 01 August 2023 until 31 July 2026 and remains valid subject to satisfactory surveillance audits.

Issue 1. Certified since 01 August 2023
Multiple certificates have been issued for this scope, the main certificate is numbered CN23/00004008
Certified activities performed by additional sites are listed on subsequent pages.

Authorised by
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Sr. Director - Knowledge

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ISO 27701 Privacy Information Management System Certification

Enhancement of Employee Information Security Protection Awareness

We continuously promote information security and enhance the awareness of information security among all employees through regular security awareness training and subscription accounts. In 2023, we conducted security awareness training for all employees, and announced posters, promotional articles and news through subscription accounts of Information Security Helper and IT Helper for 21 times, totaling 26,688 clicks. Thus, the security awareness of employees was constantly enhanced.

Security training

To enhance the security awareness of all employees, we regularly carry out different security promotion activities, including but not limited to:

- Security awareness tests
- Orientation training
- Total security awareness training
- Phishing exercises

Subscription accounts

Through subscription accounts of IT Helper and Information Security Helper, we regularly announce:

- Security posters
- News
- R&D security

Customer Privacy Protection

We attach great importance to customer privacy protection. Based on the existing information security management system, we continue to research, analyze and integrate external laws and regulations, relevant standards and excellent industry practices. Following the principles of "legality and legitimacy", "purpose limitation", "data minimization" and "storage minimization", we have developed a compliance management system focusing on "data compliance governance" and "personal information lifecycle protection", formulated and released such regulations and annexes as the Management Standards for Data Classification and Security, the Management Standards for Data Compliance, and the Management Standards for Privacy Impact Assessment, clearly specifying collection, use, external provision and storage and other processing activities of customer privacy, as well as for the rights response process.

We protect personal information in all aspects of its lifecycle, inform users of how we collect and process personal information through our user privacy policy, and protect the security of users' personal information by means of system transmission channel encryption, data interface signature verification, personal information desensitization display, and encryption of personal information in the database. In addition, we strive to ensure the security of express information and properly protect customer privacy by promoting private waybills, optimizing system privilege management, reporting and supervising express information security, and providing employees with information security training.

Express Information Security Events

Express information security awareness training for employees

We sign an Information Security Commitment Agreement with the responsible persons of the agency areas and outlets, conduct special training on express information security for all employees, and release information security articles through subscription accounts. From 2022 to 2023, information security training was conducted for 14,791 executives, covering 56,895 front-line full-time employees in Chinese agency areas.

Rewards for whistle-blowing express information security crimes

We set up special reporting rewards to crack down on illegally taking photos of express waybills. On 31st May 2022, two staff members of a sorting center in China found that two suspects were illegally using mobile phones to take photos in the operating area. The staff successfully controlled the two suspects and cooperated with the police to record the case of "infringing on personal information of citizens". According to the whistle-blowing reward policy, the agency area commended and rewarded two righteous employees for their actions.

Promotion of privacy waybills

We promote the use of privacy waybills and make the options available to all the customers, so as to reduce the risk of information disclosure. As of the end of 2023, the coverage rate of privacy waybills in China had increased from 44% to 85% compared to 2022.

Control of system privileges

We delete redundant computer system accounts, review system login and download permissions, thus control the risk of express information disclosure from the computer system, and reduce the possibility of illegal acquisition of express information from the very beginning.

Punishments on express information crimes

We enhance the punishments on the disclosure of express information and adopt a large amount of supervision resources. In 2023, J&T Express China investigated and dealt with 6 cases of express information disclosure, and there were 9 suspects involved in the cases transferred or filed with the police. Compared with 2022, the number of cases decreased by 93%, and the number of suspects decreased by 89%.

Sustainable Supply Chain

Adhering to responsible procurement, we are committed to building a sustainable supply chain. We are well aware that our procurement activities can also have important impacts on society and the environment. Actively working with suppliers to carry out ESG management actions, we encourage suppliers' participation, ensure business continuity and jointly promote sustainable development.

We strictly abide by the relevant laws and regulations of countries and regions where our business operations and investments are conducted. Meanwhile, we have developed relevant management policies such as the Procurement Management Policy, Supplier Sourcing Management Policy, Quality Control Policy, and Sustainable Procurement Policy. Our suppliers specialize in materials, equipment, vehicles, devices, transport, service, etc., totaling 10 categories. Based on the categories of suppliers, we have established complete supplier management processes.

Supplier Management Processes

Supplier sourcing and auditing

- Data collection and review: new suppliers fill out the Supplier Registration Form to facilitate our understanding of their basic information and legal compliance.
- On-site inspection: we conduct on-site inspections on the production environment and information consistency of suppliers.
- Product testing: we take samples, test or try out relevant products to ensure the product quality.
- Integrity management: new suppliers must sign the Supplier Integrity Commitment Agreement.

Supplier evaluation and assessment

- During the bidding process, the Procurement Dept. collaborates with the department in need, Risk Control & Internal Audit Dept. and the Procurement Committee to ensure fairness and impartiality in the bidding and negotiation meetings.
- We cooperate with the suppliers performing well in occupational health & safety and environmental protection, and prefer environment-friendly products such as recycling boxes and biodegradable tapes for comprehensive operations.
- For information security and privacy protection, we require suppliers to sign the Supplementary Agreement for Supplier Network and Data Security.
- We regularly assess service quality and efficiency of suppliers to ensure their compliance with our procurement requirements.

Supplier exit

- We conduct interviews with the unacceptable suppliers, and blacklist those who refuse to make corrections.

To further support the development of small and medium-sized enterprises, we lowered the eligibility criteria for vehicle carriers in 2023, allowing small and medium-sized carriers to participate in certain business and providing assistance for their development.

Social Management of Suppliers

In 2023, we constantly strengthened the social management of suppliers, formulated the Supplier Blacklist Management Measures and updated the Supplier Integrity Commitment Agreement, clearly specifying honest performance, intellectual property, and integrity of suppliers. By setting clauses such as termination of cooperation and fines, we required suppliers to strictly comply with J&T's management requirements in business ethics and intellectual property. In 2023, 98% of the new suppliers signed Supplier Integrity Commitment Agreements.

In addition, we provide smooth reporting channels. Employees, partners, and others can report supplier corruption and job-related crimes through anti-corruption and compliance hotline, emails, letters, etc. We fully protect the legitimate rights and interests of the reporting organizations or individuals.

Environmental Management of Suppliers

We focus on the industry qualifications of suppliers at the stage of the supplier sourcing and auditing. For large-scale production suppliers, we require them to provide environmental impact assessment reports, as well as certifications related to occupational health and safety, so as to ensure their ability in environmental management and reduce environmental risks of supply chain.

In 2023, we initiated the sourcing work for photovoltaic suppliers and further promoted the sourcing and procurement of new energy vehicles, laying the procurement foundation for our green development.

Employee Development

Employee Rights and Interests and Welfare

We adhere to the "people-oriented" employment philosophy, strictly abide by relevant laws and regulations relating to the employment of employees of the countries and regions where our business operations and investments are conducted, adhere to lawful employment, and protect the rights and interests of employees.

Adhering to the principles of openness, fairness and impartiality, we have formulated the Recruitment Management Regulations and Employee Handbook, which clearly prohibit discrimination in ethnicity, region, gender and religious beliefs in the processes of recruitment and job selection, ensuring the fairness and impartiality of talent introduction. Meanwhile, we firmly oppose the forced labor, strictly prohibit the employment of child labor, and specify in the Recruitment Management Regulations that full-time employees must be aged 18 and above, and part-time employees must be aged 17 and above. Through automatic identification of ID card age, facial recognition and other technologies, we ensure the conformity of candidates with ID card information and avoid the employment of child labor.

Overview of J&T Express Employee Rights and Interests

Recruitment	Working Hours and Holidays	Promotions
Recruitment: we have developed the Recruitment Management Regulations to recruit employees in accordance with the laws and regulations of different operating regions, as well as relevant clauses in labor contracts. **Dismissal:** we have developed the Employee Handbook, Reward and Punishment Management Regulations, so as to standardize resignation and dismissal processes and comprehensively protect the legitimate rights and interests of employees. **Remuneration:** we have developed the Remuneration Management Policy to standardize the remuneration management according to job categories.	**Working hours:** according to relevant laws and regulations, as well as different jobs, a special working hour policy has been approved by the Employees' Congress. Currently, our working hours consist of standard working hours, integrated working hours, and irregular working hours. **Holidays:** we have developed and announced the Attendance and Leave Management Regulations via Intranet.	**Promotion mechanism:** we have designed the standardized promotion mechanism for different employees, defining the process and requirements for promotion. **Promotion channels:** we promote employees in management, profession and technology, and make diverse career choices available to employees. **Training for management trainees:** we have developed the Training Plan for Management Trainees to provide the customized training plans and development opportunities for different management trainees.

Diversified Communication Channels

We strive to create an open and transparent communication mechanism, smooth communication channels for employees, listen to every employee's opinions, aiming to improve employee satisfaction and sense of belonging. We have set up such channels as hotline, email, post bar, online service platform and symposium, established labor union, mediation room and supervision team, and organized the Employees' Congress in order to receive and communicate suggestions, opinions and ideas with employees.

All communication channels for managers and executives are also open to employees, including email, Feishu, hotline, etc. Adhering to the communication philosophy of "desiring to speak, daring to speak, and willing to speak", J&T Express promises to respond within 7 working days while protecting personal information of employees.

Main Communication Channels

Phone
Customer Service Hotline/
Complaint Hotline

Communication Software
Feishu/
Online Service Platform

E-mail
Labor Union/
Supervision

Intranet
J&T BBS

Offline
Symposiums/
Employees' Congress

In Singapore and Indonesia, we conducted employee satisfaction surveys to understand their satisfaction and suggestions regarding department, managers, compensation and benefits, job types, work pressure, and career development, so as to improve employee satisfaction.

Case: J&T Express held the employees' congress to fully protect rights and interests of employees

On 20 June 2023, J&T Express held the first session (enlarged) of the 1st Employees' Congress (Company-wide), with the main venue in Shanghai and branch venues in various provinces and regions in China. 191 employee representatives attended the session online or offline. The session reviewed and approved the Collective Contract of J&T Express China Co., Ltd. (Company-wide) (hereinafter referred to as the "Collective Contract"), and the Implementation Measures for the (Enlarged) Sessions of J&T Express China Co., Ltd. (Company-wide) Employees' Congress (Trial). The Collective Contract specifies labor remuneration and protection, welfare, special protection for female employees, vocational skill training, democratic rights, aiming to protect the rights and interests of employees in accordance with laws and regulations.

Session of Employees' Congress

Employee Diversity

As a global logistics service provider, we are well aware that employee diversity is crucial to our sustainable development and growth. We adhere to the principles of fairness and impartiality, respect employees of different nationalities, races, ages, genders, and physical conditions, safeguard the legitimate rights and interests of female employees, actively provide employment opportunities for eligible disabled individuals, and strive to create a diverse and inclusive work environment.

For caring for female employees, we have signed a Special Collective Contract for Female Employees with the labor union, providing maternity leave, nursing leave, parental leave, marriage leave, prenatal check-up leave, etc. We also provide mommy cabins for female employees, fully protecting their rights and interests.

For caring for disabled employees, there are a total of 62 disabled employees by now in J&T Express direct sales area of China, mainly working at customer service positions and comprehensive committee positions. We provide an accessible work environment, necessary training and support, thus help them adapt to the work environment and requirements.

As of 31 December 2023, we had recruited 149,186 full-time employees in over 13 countries and regions, with female full-time employees accounting for 22.31%. Among our Board members, female members account for 28.6%.

Enrichment of Employee Welfare

We actively implement employee welfare policies. When safeguarding the legitimate rights of employees to obtain labor remuneration and enjoy five-insurance payments and housing fund, we have continuously improved the welfare system and formulated relevant regulations such as the Management Regulations for Employee Welfare Policy to ensure the welfare of employees.

Welfare and subsidies

According to the employee's job position and length of service, we provide subsidies in terms of service, transportation, business trip, full attendance, high temperature, cold protection, etc.

On major festivals, we provide thoughtful benefits for in-service employees.

According to the particularity of jobs, we purchase commercial insurance for employees who frequently work outdoor.

Holidays

Sick leave, annual leave, marriage leave, prenatal check-up leave, maternity leave, paternity leave, nursing leave, funeral leave, work-related injury leave, personal leave, parental leave, and other welfare leave stipulated in J&T Express rules and regulations.

Other welfare

In 2021, 2022 and 2023, three consecutive sessions of "J&T Labor Union Warmth Action" were held to provide assistance for couriers with special difficulties.

In 2022, fellowship activities were carried out to meet the marriage and dating needs of single employees, broaden communication channels, and build a dating platform.

We are also committed to safeguarding the rights and interests of our employees in many of the countries in which we operate globally, providing them with medical insurance, housing subsidies, and training, enhancing their sense of belonging and happiness, and strengthening cohesion and identity.

Egypt	• We purchase accident insurance for all contracted drivers and couriers. • We carry out incentive activities and family visits for monthly outstanding couriers. • On the last Thursday of each month, we hold a birthday party for employees who celebrate their birthdays that month.
Singapore	• We sponsor eligible employees to participate in logistics related courses, such as driver's licenses, SOP, first aid, and skill training (leadership, logic, etc.).
Indonesia	• We provide all employees with endowment insurance, health insurance, pension, death insurance, and work-related injury insurance. • We provide medical services for the family members of employees and reduce their living pressure.
Saudi Arabia	• We purchase medical insurance for all employees and their family members.
The Philippines	• We assist employees in applying for loans from the Social Security System. • We provide assistance to employees with difficulties in the areas of healthcare and education.
Brazil	• We provide health and dental insurance for all employees. • We celebrate carnivals, Easter, Women's Day and Mother's Day for our employees. • We conduct parent-child activities on Children's Day. • We hold birthday parties for employees on the 1st day of each month.

Case: JET CARE Program

In 2017, we initiated the JET CARE Program in Indonesia, aiming to provide financial assistance for employees, help them pay for major medical expenses. In 2023, JET CARE supported 100 employees in Indonesia, mainly for their medical treatment, with a total expenditure of RMB2 million.

In 2022 and 2023, we successively launched the JET CARE program in Vietnam and the Philippines, providing financial support for Vietnamese employees infected with COVID-19 virus and helping eligible employees in Vietnam and the Philippines pay for major medical expenses.

Launch JET CARE Program for Employees in the Philippines

Occupational Health and Safety

Work Safety

We strictly abide by the laws and regulations relating to the work safety of countries and regions where our business operations and investments are conducted. Adhering to the work safety guidelines of "people oriented, safety first, precaution crucial", we continuously improve the construction of safety management system. In 2023, we updated more than 20 safety management policies, methods and operation procedures, including the Work Safety Management Policy, Safety Reward and Punishment Policy, Fire Safety Management Policy, the Collection of Emergency Response Plans, Reward and Punishment Management Measures for Express Safety Incidents regarding Prohibited and Restricted Items. Meanwhile, we also developed the Management Measures for Supplier Construction Safety, so as to further improve safety management of J&T Express and our suppliers.

Work Safety Principle: people oriented, safety first, precaution crucial

Work Safety Management Structure

Work Safety Committee has been established, with the CEO as the director, the Vice President as the deputy director, and department heads as members. We adhere to the principle of "three-management and three-must" for work safety: safety must be achieved in the industry, in business, and in operations.

In addition, we have established a Work Safety Responsibility Policy for all employees, specifying safety responsibilities for each job and implementing the requirement of dual responsibilities for one job. We have also signed Work Safety Responsibility Letter with key employees to ensure that safety management is available to all areas.

Work Safety Risk Management

We have developed the Dual Prevention Guidance Manual for Risk Grading Control and Potential Hazard Governance to clarify the safety risk control mechanism. By conducting safety risk identification, assessing safety risk levels, controlling safety risks, preparing safety risk signs, and improving the potential hazard governance system, we enable risks to be controllable, achieve the priority and long-term effectiveness of dual prevention and safety control mechanism, so as to ensure safe operation.

We conduct risk analysis and assessment on facilities, premises and areas. By using methods such as Work Condition Hazard Analysis (LEC), Risk Matrix (LS), and Safety Checklist (SCL), we classify risks into four levels. We develop and post a four-color risk map, prepare a risk management list, and create risk signs.

Work Safety Actions

We focus on the safety management of key processes throughout the entire chain, implementing safety actions in transport, transfer, outlets and delivery to ensure safe operation.

Transport safety

- We have developed the Carrier Management Policy and the Carrier Vehicle Management Policy, which require carriers to strictly review the qualifications of drivers and provide regular safety & business training for drivers for at least 2 times per month. The drivers of our carriers also need to participate in our safety training to ensure transport safety.

- We have developed a program for Mexico and Brazil to reduce the number of robberies, which includes analysing routes where robberies are common, reducing or replacing the frequency and duration of trips on such routes, formulating measures to deal with emergencies, and providing regular training to drivers on safety precautions against robberies and emergency response.

- Our subsidiary Yunyi mainly undertakes line-haul transport and fully implements transport safety in terms of safety management structure, safety actions, safety training, etc.

  1) Safety management structure: Yunyi establishes a safety team led by the general manager, with department heads participating in safety supervision as team members. Each branch of Yunyi has a dedicated safety clerk responsible for preparing and tracking safety records, as well as tracking the rectification of high safety risks. Each vehicle team has a safety officer responsible for daily safety training and monitoring of safety issues. All safety personnel have obtained the Qualification Certificate for Worker Safety Management Personnel.

  2) Safety action: We equip each vehicle with fire extinguishers, regularly inspect and replace them, inspect vehicles for departure and shift changes. Through the Advanced Driver Assistance System (ADAS), the driver's status is monitored at any time, and telephone intervention is implemented for behaviors such as fatigue driving or dangerous driving.

  3) Safety training: Drivers must complete at least 4 hours of safety training on specific learning platforms every month. We irregularly conduct safety drills, distribute safety posters and videos.

Sorting center safety management

- We have established the Guidelines for the Evaluation Process of Site Changes in Sorting Centers, Safety Management Regulations for Sorting Centers, and Safety Management Regulations for Relevant Parties. These regulations standardize the workflow of projects such as new construction, renovation, and expansion of the sites, ensuring the smooth completion of changes as well as work safety and service quality before and after changes.
- We have fulfilled the action of standardizing safety management and implemented the measures of "having a cover for wheel, a sleeve for shaft, and a railing for platform". Since the implementation of the action, we have installed 40,052 bearing protective covers, 22,709 protective covers at motor drive part, 17,262 square meters of safety nets at the bottom of the belt conveyor, 30,600 belt conveyor transition bars, and rectified 667 sets of pedestrian ladders, effectively reducing accident hazards caused by mechanical injuries.

Outlet safety management

- We have developed the Safety Standard Requirements for Outlets in terms of basic safety requirements, delivery safety, electric vehicle parking and charging, emergency facilities and equipment, electrical safety, evacuation facilities and safety records, in order to reduce and prevent the occurrence of accident hazards.
- We ensure that all outlets carry out work safety activities comprehensively, sign Work Safety Responsibility Letter, strengthen safety training, and implement three-level safety education for new employees.

Express safety

- We strictly implement the three safety regulations for express, and adopt "startup exam" to cover express safety, traffic safety, fire safety, and electrical safety. That is, couriers must complete a safety knowledge exam through a handheld terminal before daily work. We require couriers to set up safety awareness, cultivate correct safety habits, thus reduce risks and potential hazards caused by unsafe human behavior.
- Our self-developed JMS system effectively grasps safety data in the delivery process, enabling timely detection and resolution of issues. The JMS system records the entire lifecycle and chain information of parcels, including receiving, scanning, circulation, and end-to-end delivery, effectively analyzes the real name data, and assists in the source management of express safety. In 2023, we improved the online hazard inspection function in the JMS system. By combining with the client APP, we have implemented an online management mode of capturing, transmitting, and modifying potential hazards at any time, achieving the goal of dynamic, proactive, and timely risk management.

We have formulated regulations such as the Regulations on Work Safety Education Management, the Fire Safety Management Policy, and the Collection of Emergency Response Plans. J&T Express collaborated with multiple departments such as fire safety, public security, and the Red Cross to carry out safety education and training, special safety promotion activities, and emergency drills related to emergency evacuation, fire safety, traffic safety, delivery safety, epidemic prevention and protection, emergency rescue, and emergency response. This has established a safety awareness among all employees, enhanced their safety action capabilities, and laid a solid foundation for practicing corporate safety culture. In addition, we continue to carry out inspections on work safety, fire safety, electrical safety, environmental safety across J&T, identify safety hazards, and follow up the rectification of all potential hazards.

Indicators	Unit	2023
Safety training	sessions	15,200+
Safety training participants	trainees	740,000+
Rectification rate of safety hazards	%	99.57

Case: Collaborating with Thai traffic police to provide traffic safety training for couriers

In December 2023, we organized a training around "Safe Driving" in conjunction with the Thai traffic police, covering knowledge of traffic laws and regulations, driving discipline, the Law on the Protection of Road Accident Victims, etc. Such a training deepened the couriers' understanding of traffic knowledge and helped them comply with traffic rules, improve safety awareness and prevent traffic accidents.

Traffic Safety Training Site

Case: Joint fire drill with Vietnam Fire Public Security Department

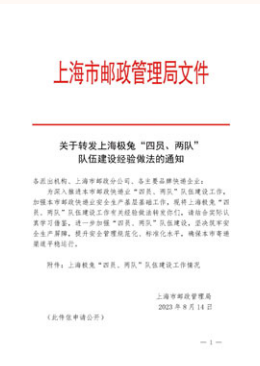
In September 2023, Ho Chi Minh sorting center of Vietnam jointly launched an emergency rescue and fire drill with local fire public security, in-depth learning of theoretical knowledge of fire equipment, injury rescue of staff and fire drill. A total of 128 participated in this drill activity, which effectively enhanced the staff's ability of fire emergency response and injury rescue.


Fire Drill Site

Case: Shanghai Municipal Postal Administration highly commended J&T Express safety management

We vigorously implement relevant safety actions required by industry and government departments such as State Post Bureau of the PRC, provincial and municipal postal administrations. The agency area in Shanghai faithfully implemented the safety action specified in the Implementation Plan for further Strengthening the Construction of “four-member and two-team” in the Postal and Express Industry in Shanghai. The deployment and mobilization promotion were launched in June 2023. On 27 July, 16 outlets directors and 212 safety officers in Shanghai were appointed, with information printed and posted. On 2 and 3 August, we held two safety meetings in Pudong and Puxi, as well as the signing ceremony for the establishment of safety and drug control volunteer teams.

Our implementation of the “four-member and two-team” plan has been highly praised by Shanghai Municipal Postal Administration, and a notice of “learning from J&T’s work experience and practices” has been forwarded throughout the express industry of Shanghai. This also motivates us to continuously improve safety management standardization level so as to ensure the work safety.


上海市邮政管理局文件

关于转发上海极兔“四员、两队”
队伍建设经验做法的通知

各派出机构、上海市邮政分公司、各主要品牌快递企业：

为深入推进本市邮政快递业“四员、两队”队伍建设工作，加强本市邮政快递业安全生产基层基础工作，现将上海极兔“四员、两队”队伍建设工作有关经验做法转发你们，请结合实际认真学习借鉴，进一步加强“四员、两队”队伍建设，坚决筑牢安全生产屏障，提升安全管理规范化、标准化水平，确保本市寄递渠道平稳运行。

附件：上海极兔“四员、两队”队伍建设工作情况

上海市邮政管理局
2023年8月14日

（此件依申请公开）

— 1 —

“Four-Member and Two-Team” Safety Work Recognized Externally

Employee Health

We provide annual health examinations for employees and offer different examination packages to help them identify health hazards and receive timely medical reminders. The coverage rate of health examinations for employees in the Group and China head office in 2021, 2022 and 2023 reached 100%. In addition, we provide diversified support for employee health through irregular health lectures, voluntary clinics, handicrafts, sports competitions and other activities.

Adhering to the concept of combining work with rest, we have established badminton clubs, basketball clubs, football clubs, table tennis clubs, running clubs, etc. Furthermore, we irregularly organize sports meetings to improve the skills and remind employees of health, and balance work and life.

Sports & Activities

Employee Growth and Development

Employee Training

We continuously improve our training system, stimulate employee development, and offer courses covering professional, general, and management categories. For different positions and career development stages, we develop different programs to meet the training needs of employees, agency areas, franchisees and couriers. We encourage and develop internal trainers, strengthen their professional abilities. After the completion of training, we conduct a satisfaction survey on the trainees to continuously improve the quality of courses.

We established a training system for employees of different positions and job levels in the head office and agency areas, continuously optimized the trainer management and master & apprentice management policy, with 1,011 trainers available in the head office and agency areas. The learning platform was updated in 2023. Meanwhile, we encouraged employees to participate in skill competitions and external training to help them develop their potential.

Training Essentials for Various Employees

Major franchisees	We carry out business empowerment training. About 40 training sessions are held online per year, benefiting 300,000 trainees, emphasizing the operational and management capabilities of franchisees and enhancing their service awareness.
Couriers in agency areas	We focus on cultivating the abilities of couriers. By organizing training and exams for new couriers, we aim to enhance their service capabilities, with 150,000 trainees annually. We have developed the J&T Express Master & Apprentice Management Measures, enabling masters to instruct new employees to meet job requirements faster, and providing a standardized process system for courier training.
The management in agency areas	We provide an all-round training support online and offline, including ability training for the sorting center leaders, in-service center supervisors, safety managers, and data managers. The training covers all agency areas and sorting centers in China, enhancing the sense of responsibility and ability of the management staff, fully using the linkage function of the management, and promoting the development of agency areas.
Senior executives in head office	Adhering to the cultivation of core competencies among management personnel, we are committed to building a management team with a broad strategic vision, high professional ethics, strong business capabilities, and better affinity. We carry out HR training for non-HR managers, financial training for non-financial managers, international job evaluation and certification training, so as to improve the level of refined management, business planning ability and management awareness of managers.

We promote J&T Express "TTT" trainer certification training and certification internally to further expand the teaching staff, optimize the trainer team, improve work efficiency, and meet the training needs for various talents. In 2023, we conducted the trainer certification activity for all employees of J&T Express head office of 2023, with 81 participants. We successfully certified 60 outstanding trainers, effectively promoting the optimization of trainer structure. Through this certification training, we improved the comprehensive quality of internal trainers, and constantly cultivated the qualified talents.

In many countries worldwide, we also actively carry out training to promote employee growth and development.

Mexico	• We regularly carry out training activities for new employees in terms of recruitment, communication, legal knowledge, finance, and operations.
The Philippines	• We have launched a program to provide training subsidies for eligible employees.
Brazil	• We provide employees with discounts and subsidies on tuition fees of related schools.

Employee Development

We attach great importance to employee development, continuously optimize the talent development system, broaden employee development channels, achieve job matching, and provide employees with more opportunities to grow and realize personal value.

In terms of employee promotion, in order to further implement corporate strategy and meet the personnel needs of rapid business development, we encourage employees to continuously create value in their work, and achieve common progress between the enterprise and employees. We designed a set of standardized promotion mechanisms for employees at different levels and in different positions, clearly defining the principles and requirements for employee promotion, and giving more resources and growth opportunities to these employees with outstanding abilities and conforming to corporate culture values. Meanwhile, we provided multi-channel development in management, profession and technology, giving employees open and diversified career options and cultivating more excellent composite talents for the enterprise.

In Brazil, we launch a dual-path promotion model at management/expert level, and select a mode suitable for employee development. In 2023, we promoted around 800 employees through internal competition.

In the Philippines, we implement employee development through the HCM performance management team, guided by performance management, employee performance evaluation, and promotion policies. HCM implements the "Future Leader Plan", which trains and assesses employees to become future leaders and backup supervisors.

Case: “Dual General” for Management Trainees

We have developed a system of “Dual General”, specifying the training plans for different types of management trainees. At different stages of the training period, we enable them to quickly master professional knowledge and management skills through systematic theoretical training and on-the-job practice, laying a solid foundation for the supply of talents in rapid development, especially for the reserve of middle and senior management staff.

Training for Management Trainees

KPIs Table

Social Performance

Employee Management		
Indicators	**Unit**	**2023**
Employment		
Number of full-time employees	person	**149,186**
Number of male employees	person	**115,900**
Number of female employees	person	**33,286**
Number of employees aged below 30	person	**84,455**
Number of employees aged between 30 and 50	person	**62,935**
Number of employees aged above 50	person	**1,796**
Number of employees working in Mainland China	person	**8,970**
Number of employees working in Hong Kong, Macau, Taiwan and overseas	person	**140,222**
Employee Turnover		
Employee turnover rate[1]	%	**26.84**
Turnover rate of male employees	%	**26.38**
Turnover rate of female employees	%	**28.41**
Turnover rate of employees aged below 30	%	**28.75**
Turnover rate of employees aged between 30 and 50	%	**24.26**
Turnover rate of employees aged above 50	%	**21.87**
Turnover rate of employees working in Mainland China	%	**26.84**
Turnover rate of employees working in Hong Kong, Macau, Taiwan and overseas	%	**27.27**
Employee Training and Development		
Employee training coverage rate[2]	%	**85.6**
Percentage of male employees trained	%	**76.1**
Percentage of female employees trained	%	**23.9**
Percentage of general employees trained	%	**97.0**
Percentage of middle management employees trained	%	**2.7**
Percentage of senior management employees trained	%	**0.3**
Average training hours completed per employee	hour	**8.4**
Average training hours completed per male employee	hour	**8.5**
Average training hours completed per female employee	hour	**8.1**
Average training hours completed per general employee	hour	**7.9**
Average training hours completed per middle management employee	hour	**25.9**
Average training hours completed per senior management employee	hour	**27.2**

Notes:

1 Employee turnover rate = Number of employees lost / (Number of initial employees + Number of new employees) * 100%.

2 Employee training coverage rate = Total number of employees receiving training / Total number of employees * 100%.

Employee Health and Safety

Indicators	Unit	2021	2022	2023
Number of work-related fatalities	person	8	14	**22**
Rate of work-related fatalities	%	0.0055	0.0111	**0.0147**

Note: The statistical scope covers J&T's global express delivery business and its subsidiaries Yunyi Transportation and Shanghai Jiexiao. Compared to 2022, the figures for 2023 have been up, mainly due to deaths in some countries caused by traffic accidents as suffered by these employees on their commute to and from work, or during their transport and distribution, which accounted for more than 70% of all deaths. We will continue to enhance training on traffic safety to reduce accidents.

Indicator	Unit	2023
Lost days due to work injury	day	**30,974**

Note: The statistical scope covers J&T's global express delivery business and its subsidiaries Yunyi Transportation and Shanghai Jiexiao.

Supplier Management

Indicators	Unit	2023
Total number of suppliers[1]	supplier	**2,838**
Number of suppliers in Mainland China	supplier	**902**
Number of suppliers in Hong Kong, Macau, Taiwan and overseas	supplier	**1,936**
Percentage of new suppliers signing the Integrity Commitment Agreement[2]	%	**98**

Note:

1 The statistical scope covers J&T's global express delivery business and the cooperative suppliers of its subsidiaries Yunyi Transportation and Shanghai Jiexiao in 2023.

2 The statistical scope covers J&T Express China.

Products and Services

Indicators	Unit	2023
Number of products and service related complaints received	complaint	**8,073**
Complaint handling rate	%	**100**
Total number of incidents in violation of laws and regulations in terms of marketing promotion	incident	**0**
Number of incidents in violation of regulations related to customer privacy protection	time	**0**

Note: The statistical scope of the number of complaints and the handling rate of complaints covers J&T's express delivery business in China, and the data is sourced from the Consumer Complaint System of China National Postal Industry.

Environmental Performance

Use of Energy[1]		
Indicators	**Unit**	**2023**
Direct Energy Consumption		
Natural gas (gaseous) consumption[2]	m^3	**56,770.00**
Liquefied petroleum gas consumption[2]	tonnes	**4.70**
Liquefied natural gas consumption[3]	tonnes	**9,930.34**
Diesel consumption	tonnes	**200,022.45**
Gasoline consumption	tonnes	**11,378.93**
Urea consumption	tonnes	**16,089.52**
Indirect Energy Consumption		
Total purchased electricity (China)	MWh	**537,441.91**
Total purchased heat	GJ	**57,938.02**
Energy Consumption by Primary Energy Source		
Fuel consumption	MWh	**2,650,356.64**
Purchased energy consumption (electricity and heat)	MWh	**589,535.81**
Total energy consumption	MWh	**3,239,892.45**
Clean Energy and Renewable Energy Consumption		
Total solar power generation	MWh	**2,503.21**
Clean energy consumption (solar energy and natural gas)	MWh	**145,099.61**
Operational Energy Intensity Use		
Fuel consumption intensity	MWh/USD0'000 revenue	**3.00**
Purchased Energy consumption intensity (electricity and heat)	MWh/USD0'000 revenue	**0.67**

Notes:

1 The scope of the statistics is J&T's global express delivery business, which includes the office areas and sorting centers of operating companies in 13 countries, as well as our subsidiaries, Yunyi Transportation and Shanghai Jiexiao.

2 Natural gas (gaseous) and liquefied petroleum gas are mainly consumed by own canteens in some of the agency areas in China.

3 Liquefied natural gas is mainly consumed for the use of its own LNG (liquefied natural gas) vehicles.

Greenhouse Gas Emissions		
Indicators	**Unit**	**2023**
Scope 1 GHG emissions[1]	ten thousand tonnes CO_2e	**68.97**
Scope 2 GHG emissions (by location)[2]	ten thousand tonnes CO_2e	**30.48**
Total GHG emissions (Scope 1+ Scope 2)	ten thousand tonnes CO_2e	**99.46**
GHG emission intensity (by revenue)	tCO_2e/USD0'000 revenue	**1.12**
Scope 3 total GHG emissions[3]	ten thousand tonnes CO_2e	**64.89**
Category 1: Purchased goods and services (express delivery packaging)[4]	ten thousand tonnes CO_2e	**5.93**
Category 2: Capital goods[5]	ten thousand tonnes CO_2e	**0.23**
Category 3: Fuel and energy-related activities (not included in Scope 1 and Scope 2)[6]	ten thousand tonnes CO_2e	**13.54**
Category 4: Upstream transportation and distribution (with third parties providing the capacity)[7]	ten thousand tonnes CO_2e	**45.08**
Category 6: Business travel[8]	ten thousand tonnes CO_2e	**0.12**

Notes:

1 The statistical scope of GHG emissions in Scope 1 covers J&T's global express delivery business, including its office areas and sorting centers in 13 national operating companies, as well as its subsidiaries Yunyi Transportation and Shanghai Jiexiao. The calculation is mainly based on the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions by Enterprises for Power Generating Facilities" (2022 Revision) promulgated by the Ministry of Ecology and Environment of the People's Republic of China and the "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions by Land Transport Enterprises" (2015) promulgated by the National Development and Reform Commission of the People's Republic of China.

2 The statistical scope of GHG emissions in Scope 2 covers J&T's global express delivery business, including its office areas and sorting centers in 13 national operating companies, as well as its subsidiaries Yunyi Transportation and Shanghai Jiexiao. Among them, the GHG emissions generated by purchased electricity are calculated in China according to the "Notice on Doing a Good Job in 2023-2025 Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises" promulgated by the Ministry of Ecology and Environment of the People's Republic of China, and the grid emission factor is taken 0.5703tCO_2e/MWh; and the emission factors displayed by Low Carbon Power are adopted in the countries beyond China.

3 Due to rounding, the total GHG emissions in Scope 3 is not equal to the sum of the data for various categories. Upon identification and analysis, the GHG emissions in Scope 3 concerning J&T cover Categories 3 and 4.

4 It mainly represents the express packaging required for J&T's express delivery business, the statistical scope covers the express packaging uniformly procured by J&T Express China, and the emission factors are sourced from the China Products Carbon Footprint Factors Database (CPCD).

5 The statistical scope covers J&T Group and its headquarter in China, as well as the fixed assets newly added by its subsidiaries Yunyi Transportation and Shanghai Jiexiao in 2023, and the emission factors are sourced from the China Products Carbon Footprint Factors Database (CPCD).

6 It mainly represents all upstream emissions (from cradle to gate) of fuel (including gasoline and diesel) purchased for J&T's express delivery business, and the statistical scope covers J&T's global express delivery business, including its office areas and sorting centers in 13 national operating companies, as well as its subsidiaries Yunyi Transportation and Shanghai Jiexiao.

7 It mainly represents the GHG emissions generated by the direct energy as consumed by the trunk carriers of J&T's express delivery business using aircrafts and vehicles, and the statistical scope covers J&T's global express delivery business, including its office areas and sorting centers in 13 national operating companies, as well as its subsidiaries Yunyi Transportation and Shanghai Jiexiao.

8 It mainly represents the GHG emissions generated by the employees traveling by plane, and the data is sourced from Ctrip, a third-party business travel service provider; and the statistical scope covers J&T Group and its headquarter in China, as well as its subsidiaries Yunyi Transportation and Shanghai Jiexiao.

Exhaust Gas Emissions[1]		
Indicators	**Unit**	**2023**
Total exhaust gas emissions	tonnes	**4,923.85**
Particulate Matter (PM) emissions[2]	tonnes	**330.00**
Nitrogen Oxides (NO_x) emissions[2]	tonnes	**4,589.79**
Sulphur Oxides (SO_x) emissions[2]	tonnes	**4.06**

Notes:

1 The scope of the statistics is J&T's global express delivery business, which includes the office areas and sorting centers of operating companies in 13 countries, as well as our subsidiaries, Yunyi Transportation and Shanghai Jiexiao.

2 The selection factors and calculation formulae for particulate matter, nitrogen oxides and sulphur oxides emissions mainly refer to the "Environmental Key Performance Indicators Reporting Guide" of the Hong Kong Stock Exchange.

Other Environmental Performance		
Indicators	**Unit**	**2023**
Waste Management[1]		
Total hazardous waste produced[2]	tonnes	**1,970.15**
Total non-hazardous waste produced[3]	tonnes	**1,553.90**
Hazardous waste emission intensity	kg/USD0'000 revenue	**2.23**
Non-hazardous waste emission intensity	kg/USD0'000 revenue	**1.76**
Water Resource Management[1]		
Total water consumption (by source)	m^3	**2,471,015**
Water consumption by source: municipal water	m^3	**2,441,576**
Water consumption by source: groundwater[4]	m^3	**5,043**
Water consumption intensity	m^3/USD0'000 revenue	**2.79**
Packaging Materials Management[5]		
Paper waybills	tonnes	**21,116.64**
Sealing tags	tonnes	**46.26**
Waterproof bags	tonnes	**349.85**
Fully degradable waterproof bags	tonnes	**130.53**
Tapes	tonnes	**425.79**
File envelopes	tonnes	**35.18**

Notes:

1 The scope of the statistics for waste and water resources is J&T's global express delivery business, which includes the office areas of operating companies in 13 countries, as well as our subsidiaries, Yunyi Transportation and Shanghai Jiexiao. We have made efforts to improve our data coverage, and since the management of waste and water resources is not a highly substantive issue for us, we have not required sorting centers to report relevant data, but some of the data reported by our sorting centers on their own have been included.

2 Hazardous waste is mainly generated from operations, including waste lamps, waste oil/grease, waste batteries, and waste from delivery, which is calculated based on the estimation of each operation site.

3 Non-hazardous waste mainly consists of recyclable cartons, food waste and construction waste generated from the operation, which is calculated based on the estimation of each operation site.

4 Part region of Vietnam and Indonesia draws groundwater for operational clean water, which is drawn in accordance with local compliance requirements.

5 The scope of statistics for packaging materials is J&T Express China, and the source of the data is the uniformly recorded quantities in the Company's system.

Corporate Governance Performance

Anti-corruption[1]

Indicators	Unit	2023
Number of Board members	person	**7**
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period[2]	case	**18**
Number of employees participating in anti-corruption related training	person	**58,986**
Total anti-corruption training hours received by employees	hour	**26,499**
Average anti-corruption training hours received by employees	hour	**0.45**
Number of directors participating in anti-corruption related training	person	**7**
Percentage of Board members participating in anti-corruption training	%	**100**
Total anti-corruption training hours received by all directors	hour	**7**
Average anti-corruption training hours completed per director	hour/person	**1**

Notes:

1 The scope of the statistics is J&T's global express delivery business, as well as our subsidiaries, Yunyi Transportation and Shanghai Jiexiao.

2 The 18 corruption litigation cases were all cases of occupational misappropriation with average amount involved of US$3,000.

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Part B: Mandatory Disclosure Provisions

Mandatory Disclosures	Related Sections in the Report
Governance Structure	ESG Statement from the Board
Reporting Principles	Instructions for Preparation of the Report
Reporting Scope	Instructions for Preparation of the Report

Part C: "Comply or Explain" Provisions

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KPI A1.2	KPIs Table
KPI A1.3	KPIs Table
KPI A1.4	KPIs Table
KPI A1.5	Environmental Management System
KPI A1.6	Environmental Management System
Aspect A2. Use of Resources	
General Disclosure A2	Environmental Management System
KPI A2.1	KPIs Table
KPI A2.2	KPIs Table
KPI A2.3	Environmental Management System Energy and Resources Management
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Aspect A3. Environment and Natural Resources	
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Aspect A4. Response to Climate Change	
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General Disclosure B1	Employee Benefits and Welfare
KPI B1.1	KPIs Table
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Aspects, General Disclosures and KPIs	Related Sections
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General Disclosure B3	Employee Growth and Development
KPI B3.1	KPIs Table
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Aspect B6. Product Responsibility	
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KPI B6.1	Company is a logistics service operator and this indicator is not relevant
KPI B6.2	KPIs Table
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Aspect B8. Community Investment	
General Disclosure B8	Topic II: Creating a Better Society Together
KPI B8.1	Topic I: Green and Low-carbon Development Topic II: Creating a Better Society Together
KPI B8.2	Topic II: Creating a Better Society Together

Note: The Group has complied with the "comply or explain" provisions set out in Part C of the ESG reporting guide in Appendix C2 of the Listing Rules.

Instructions for Preparation of the Report

This Report is the first Environmental, Social and Governance (ESG) Report issued by J&T Express, which discloses to investors and other stakeholders the concepts upheld, management methods established, work implemented and results achieved by the Company in addressing sustainability issues during its business operations.

Reporting Scope

By taking into account the main business of the Company and the environmental and social risks of its subsidiaries, we have selected subsidiaries in different business segments, namely Shanghai Jiexiao Information Technology Co., Ltd. and Yunyi Transportation (Chongqing) Co., Ltd. for disclosure purpose in this Report. The key ESG actions and performances of J&T Express and the aforesaid subsidiaries have been included in this Report.

Reporting Period

The Reporting Period of this Report is from 1 January 2023 to 31 December 2023. Unless otherwise specified, the data in this Report are for this period. Some of the action information may go beyond this period, which has been indicated in the corresponding section.

Basis of Preparation

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (Version effective from 1 January 2022) set out by the Hong Kong Stock Exchange.

About the Data

The data and cases in the Report are from official records of the Company's actual operations.

Unless otherwise stated in the report, the financial data are all in RMB. Where the financial data are inconsistent with the Company's annual financial report, the annual financial report shall prevail.

How to Get the Report

This Report is published in electronic form on the information disclosure platform designated by the Hong Kong Stock Exchange, which can also be viewed online or downloaded from the Company's official website.

Reporting Principles

- **Materiality**
  The Company identifies material topics of concern to investors and other stakeholders, and regards them as the focus of this Report. The reporting of material topics in this Report focuses on both the industry characteristics involved in the Company's operations and the regions in which the Company operates. Refer to the "Analysis of Material Topics" Section of this Report for the analysis process and results of material topics.

- **Balance**
  The contents of this Report reflect objective facts and provide unbiased disclosure of both positive and negative information related to the Company.

- **Quantitative and Consistency**
  This is the first year for the Company to disclose the key quantitative performance indicators in the Report, so relevant scope of statistics and calculation methods are fully explained in the notes to facilitate a meaningful analysis by stakeholders.

IX. Independent Auditor's Report

羅兵咸永道

To the Shareholders of J&T Global Express Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of J&T Global Express Limited (the "Company") and its subsidiaries ("the Group"), which are set out on pages 182 to 296, comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

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

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

Independence

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

KEY AUDIT MATTERS

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

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

- Revenue recognition of express delivery services

- Goodwill impairment assessment

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of express delivery services	
Refer to note 5 to the consolidated financial statements. For the year ended 31 December 2023, the Group had revenue amounting to approximately USD 8,849 million, and around 91.4% of the revenue was generated from the Group's express delivery services. The Group provided express delivery services to its customers, including pick-up outlets of network partners, operating entities of regional sponsors, enterprise customers and individual customers. Such revenue was primarily driven by parcel volume, and factors including but not limited to size, weight, routes and distances to destinations. Due to the significant volume and complexity of transactions, the Group used various business systems to process and record its revenue transactions of express delivery services.	Our procedures to address this key audit matter included: We understood, evaluated and tested internal controls over revenue recognition of express delivery services, including information technology general controls related to complex IT environments, IT dependencies including system generated reports, interfaces between business and financial systems and key automated controls related to revenue recognition of express delivery services, with the assistance of our internal information technology specialists. We performed risk based analytical procedures over revenue from express delivery services, at a disaggregated level, to evaluate the overall trend of revenue and gross margin fluctuations. We reconciled express delivery revenue transaction data from business systems to general ledgers to test the completeness of revenue.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of express delivery services (Continued)	
We identified revenue recognition of express delivery services as a key audit matter, as auditing revenue from express delivery services required a significant extent of effort due to the large volume and complexity of transactions and the involvement of the complex information systems.	We understood the Group's accounting policy on recognition of revenue from express delivery services, evaluated and tested revenue from express delivery services on a sample basis by: • Inquiring with main customers and examining customer contracts; • Testing the occurrence and accuracy of revenue from express delivery services by tracing to supporting documents including waybills, routes, applicable effective pricing policies, receipts of customers and relevant settlement records; • Testing whether the revenue transactions were recognized in the appropriate period by tracing to the supporting documents; and • Performing confirmation procedures with main customers for revenue from express delivery services and relevant account balances. We performed data analysis procedures on the operation data, including analysing patterns of the timing of the creation of express delivery orders, with the assistance of our internal information technology specialists and based on our industry knowledge. Based on the procedures performed above, we considered that revenue recognized in relation to express delivery services was supported by the evidence obtained.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment	
Refer to notes 4(d), 17(d) and 43.5 to the consolidated financial statements. At 31 December 2023, the Group had goodwill amounting to approximately USD955 million, against which a provision of approximately USD116 million was recognised in the consolidated financial statements. The Group is required to perform goodwill impairment assessment both annually and whenever there is an indication that a cash-generating unit ("CGU") to which goodwill has been allocated may be impaired. The Group engaged an independent external valuer to assist the preparation of the goodwill impairment assessment. The recoverable amounts of CGUs were determined based on the value-in-use calculations using cash flow projections. The key assumptions used included annual revenue growth rate for the forecast period, gross profit margin rate, terminal revenue growth rate and pre-tax discount rate.	Our procedures to address this key audit matter included: We obtained an understanding of the management's internal control and assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. We evaluated the outcome of prior period assessment of the goodwill to assess the effectiveness of the management's estimation process. We evaluated and tested the management's assessment including impairment indicator evaluation and management's internal controls over the impairment assessment of goodwill. We evaluated the independent valuer's objectivity, competence and capabilities. We assessed the reasonableness of management's identification of CGUs based on the understanding of the Group's business. We assessed the appropriateness of key assumptions adopted by management including annual revenue growth rate for the forecast period and gross profit margin rate by examining the approved business forecast and comparing actual results for the year against forecasts in prior years, taking into consideration of market trends and our industry knowledge.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment (continued)	
We identified goodwill impairment assessment as a key audit matter due to the magnitude of the carrying amount of goodwill and the estimation of recoverable amount is subject to relatively high degree of estimation uncertainty.	We assessed management's sensitivity analysis on the key assumptions to evaluate the potential impact on the recoverable amounts. We tested the accuracy of mathematical calculation applied in the valuation models and the calculation of the impairment assessment. With assistance of our internal valuation experts, we evaluated the appropriateness of the valuation methodologies and certain key assumptions, including terminal revenue growth rate and pre-tax discount rate. We assessed the adequacy of the disclosures related to goodwill impairment in the context of the applicable financial reporting framework. Based on the procedures performed above, we considered that the key assumptions adopted by management in the goodwill impairment assessment were supported by the evidence obtained.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dou Wang, Angel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2024

X. Financial Statements and Notes

For the year ended 31 December 2023

Consolidated Income Statement

For the year ended 31 December 2023

		Year ended 31 December	
	Note	**2023 USD'000**	2022 USD'000
Revenue	*5*	**8,849,251**	7,267,428
Cost of revenue	*9*	**(8,376,453)**	(7,537,666)
Gross profit/(loss)		**472,798**	(270,238)
Selling, general and administrative expenses	*9*	**(2,157,413)**	(1,095,528)
Research and development expenses	*9*	**(46,091)**	(44,483)
Net impairment losses on financial assets	*11*	**(26,928)**	(37,219)
Other income	*6*	**46,263**	98,149
Other losses – net	*7*	**(55,179)**	(40,246)
Operating loss		**(1,766,550)**	(1,389,565)
Finance income	*10*	**24,755**	22,002
Finance costs	*10*	**(105,089)**	(99,499)
Finance costs – net		**(80,334)**	(77,497)
Fair value change of financial assets and liabilities at fair value through profit or loss	*24, 29*	**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	*12*	**(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)
		(1,156,378)	1,572,567
(Losses)/earnings per share for loss attributable to owners of the Company:			
Basic (losses)/earnings per share (USD cent)	*13*	**(26.3)**	54.8
Diluted losses per share (USD cent)	*13*	**(26.3)**	(23.5)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 USD'000	Year ended 31 December 2022 USD'000
(Loss)/profit for the year		**(1,156,378)**	1,572,567
Other comprehensive loss			
Item 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	*27*	**5,645**	9,875
Others		**(1,434)**	1,279
Other comprehensive income/(loss) for the year, net of tax		**18,174**	(240,800)
Total comprehensive (loss)/income for the year		**(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)
		(1,138,204)	1,331,767

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2023

	Note	As at 31 December 2023 USD'000	 2022 USD'000
ASSETS			
Non-current assets			
Investment properties	*14*	**278**	507
Property, plant and equipment	*15*	**1,178,690**	1,052,884
Right-of-use assets	*16*	**503,073**	481,207
Intangible assets	*17*	**974,525**	963,569
Investments accounted for using the equity method		**2,729**	3,590
Deferred income tax assets	*30*	**53,813**	43,107
Other non-current assets	*20*	**25,423**	63,348
Financial assets at fair value through profit or loss	*24*	**725,577**	481,050
		3,464,108	3,089,262
Current assets			
Inventories		**34,756**	29,120
Trade receivables	*21*	**555,978**	513,954
Prepayments, other receivables and other assets	*22*	**971,496**	703,010
Financial assets at fair value through profit or loss	*24*	**49,957**	16,440
Restricted cash	*23*	**41,921**	79,725
Cash and cash equivalents	*23*	**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	*25*	**18**	14
Share premium	*25, 27*	**9,061,736**	603,829
Other reserves	*27*	**(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)

		As at 31 December	
	Note	**2023 USD'000**	2022 USD'000
LIABILITIES			
Non-current liabilities			
Borrowings	*28*	**1,071,313**	1,020,897
Lease liabilities	*16*	**304,316**	341,471
Deferred tax liabilities	*30*	**15,808**	22,407
Employee benefit obligations		**13,082**	7,765
Financial liabilities – redemption liabilities of shares of JNT KSA	*29*	**36,740**	30,583
Financial liabilities at fair value through profit or loss	*29*	**595,782**	7,765,067
		2,037,041	9,188,190
Current liabilities			
Trade payables	*31*	**466,904**	484,215
Advances from customers	*33*	**272,231**	209,925
Accruals and other payables	*32*	**888,942**	776,378
Lease liabilities	*16*	**204,341**	151,195
Current income tax liabilities		**30,601**	32,424
Borrowings	*28*	**211,236**	77,480
Financial liabilities at fair value through profit or loss	*29*	**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

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 182 to 296 were approved by the Board of Directors on 22 March 2024 and were signed on its behalf.

Alice Yu-fen Cheng
Director

Jet Jie Li
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

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

	Note	Attributable to owners of the Company						
		Share capital USD'000	Share premium USD'000	Other reserves USD'000	Accumulated losses USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance as at 1 January 2023		14	603,829	(434,108)	(5,016,768)	(4,847,033)	(137,215)	(4,984,248)
Comprehensive income								
Loss for the year		–	–	–	(1,100,988)	(1,100,988)	(55,390)	(1,156,378)
Other comprehensive loss:								
Items that may be reclassified subsequently to profit or loss								
Currency translation differences		–	–	10,942	–	10,942	3,021	13,963
Item that will not be reclassified subsequently to profit or loss								
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	29	–	–	5,645	–	5,645	–	5,645
Others		–	–	(1,322)	–	(1,322)	(112)	(1,434)
Total comprehensive income		–	–	15,265	(1,100,988)	(1,085,723)	(52,481)	(1,138,204)
Transactions with owners in their capacity as owner:								
Capital injection from non-controlling shareholders		–	–	–	–	–	251	251
Transactions with non-controlling interests	35	–	–	49,450	–	49,450	(54,417)	(4,967)
Dividends of subsidiaries		–	–	–	–	–	(26,221)	(26,221)
Employee benefit expenses – Share-based compensation expenses	26	–	–	45,850	–	45,850	–	45,850
Repurchase of ordinary shares and convertible preferred shares	25, 26, 29	–	(5,573)	(39,982)	–	(45,555)	–	(45,555)
Issuance of convertible preferred shares	25	3	–	(3)	–	–	–	–
Issuance of ordinary shares pursuant to the 2022 Incentive Plan	26	–	12,884	169,212	–	182,096	–	182,096
Net proceeds from Global Offering		1	486,104	–	–	486,105	–	486,105
Conversion of convertible preferred shares upon Global Offering		–	7,964,492	9,043	(9,043)	7,964,492	–	7,964,492
Total transactions with owners in their capacity as owner		4	8,457,907	233,570	(9,043)	8,682,438	(80,387)	8,602,051
Balance as at 31 December 2023		18	9,061,736	(185,273)	(6,126,799)	2,749,682	(270,083)	2,479,599

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

		Year ended 31 December	
	Note	**2023 USD'000**	2022 USD'000
Cash flows generated from/(used in) operating activities			
Cash generated from/(used in) operations	*34*	**399,414**	(470,809)
Interest received		**24,923**	25,224
Income tax paid		**(82,384)**	(74,232)
Net Cash flows generated from/(used in) operating activities		**341,953**	(519,817)
Cash flows used in investing activities			
Purchase of financial assets at fair value through profit or loss		**(569,756)**	(998,355)
Redemption of financial assets at fair value through profit or loss		**284,207**	507,376
Investment in associates		**(282)**	–
Loans to related parties	*36*	**–**	(320,000)
Loans to third parties		**(111,456)**	(38,359)
Collection of loans to related parties and interests received	*36*	**–**	516,024
Repayment of loans by third parties and interests received		**21,834**	18,658
Purchase of property, plant and equipment		**(470,438)**	(573,226)
Proceeds from disposal of long-term assets		**53,130**	32,015
Purchases of intangible assets		**(4,145)**	(7,451)
Acquisition of subsidiaries, net of cash acquired	*17*	**(61,984)**	3,561
Disposals of subsidiaries and associates		**43**	–
Net Cash flows used in investing activities		**(858,847)**	(859,757)

		Year ended 31 December	
	Note	**2023 USD'000**	2022 USD'000
Cash flows generated from financing activities			
Restricted cash placed		**(13,155)**	(218)
Restricted cash withdrawn		**218**	633
Proceeds from borrowings		**363,137**	1,099,253
Repayment of borrowings		**(180,878)**	(105,746)
Interest paid for borrowings		**(63,802)**	(38,792)
Dividends paid		**(25,530)**	(28,558)
Net proceeds from issuance of Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares, Series D Preferred Shares of the Company and other preferred shares	*25, 29*	**200,000**	219,024
Net proceeds from issuance of convertible loan of JNT KSA	*29*	**10,000**	–
Net proceeds received related to the issuance of shares of JNT KSA	*29*	**15,000**	–
Net proceeds from issuance of shares to network partners		**–**	44,579
Cash refund to network partners related to forfeited shares		**(840)**	–
Principal elements of lease payments		**(254,585)**	(262,668)
Interest elements of lease payments		**(29,521)**	(37,318)
Capital injection from non-controlling interests		**173**	520
Repurchase of ordinary shares	*25, 26*	**–**	(15,294)
Listing expenses		**(458)**	(361)
Net proceeds from issuance of ordinary shares in global offering		**486,105**	–
Cash (paid)/received in transactions with non-controlling interests	*35*	**(4,967)**	6,274
Net Cash flows 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

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. GENERAL INFORMATION

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

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

The Company's shares have been listed on The Stock Exchange of Hong Kong Limited ("HKSE") since 27 October 2023.

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 22 March 2024.

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

(a) Contractual agreements with the VIE in the PRC

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

- exercise equity holders' voting rights of the China VIE;
- receive substantially all of the economic interest returns generated by the China VIE in consideration for the business support, technical and consulting services provided by the HK Holding;

1. GENERAL INFORMATION (Continued)

(a) Contractual agreements with the VIE in the PRC (Continued)

- obtain an irrevocable and exclusive right to purchase all of the equity interests in the China VIE from its respective equity holders at a minimum purchase price when it is permitted under laws and regulations in the PRC, and the HK Holding may exercise such options at any time until it has acquired all equity interests of the China VIE; and

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

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

- exercise equity holders' voting rights of the China VIE;

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

- obtain an irrevocable and exclusive right to purchase all of the equity interests in the China VIE from the respective equity holders at a minimum purchase price when it is permitted under laws and regulations in the PRC and the China WFOE may exercise such options at any time until it has acquired all equity interests of the China VIE; and

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

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

1. GENERAL INFORMATION (Continued)

(b) Contractual agreements with the VIE in Indonesia

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

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

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

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

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

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

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

2. BASIS OF PREPARATION AND NEW OR AMENDED STANDARDS OR INTERPRETATIONS

2.1 Basis of preparation

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

The Group incurred net loss of approximately USD1.2 billion and had operating cash inflows of approximately USD399.4 million for the year ended 31 December 2023. As at 31 December 2023, the Group's cash and cash equivalents and net current assets were approximately USD1.5 billion and approximately USD1.1 billion.

Management has prepared a cash flow projection covering a period of not less than 12 months from 31 December 2023, based on which the directors of the Company believe that the Group will have sufficient working capital to fund its operations and to meet its financial obligations as and when they fall due within 12 months from 31 December 2023. Consequently, the consolidated financial statements have been prepared on a going concern basis.

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

2. BASIS OF PREPARATION AND NEW OR AMENDED STANDARDS OR INTERPRETATIONS (Continued)

2.2 New or amended standards or interpretations

A number of new or amended standards became applicable for the current reporting period. The adoption of these new standards and amendments did not have material impact on the Group's financial position or operating result and did not require retrospective adjustment.

		Effective for annual periods beginning on or after
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 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

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2023 and have not been early adopted by the Group. Those new standards, amendments of standards and interpretations are as follows:

		Effective for annual periods beginning on or after
IFRS 10 (Amendment) and IAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 7 (Amendment) and IAS 7 (Amendment)	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 (Amendment)	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.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

For the Group's subsidiaries whose functional currency is RMB, if RMB had strengthened/weakened by 5% against USD with all other variables held constant, the loss before income tax for the years ended 31 December 2023 and 2022, would have been approximately USD4,055,000 higher/lower and USD29,000 lower/higher, respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets/liabilities denominated in USD.

For the Group's subsidiaries whose functional currency is IDR, if IDR had strengthened/weakened by 5% against USD with all other variables held constant, the profit before income tax for the years ended 31 December 2023 and 2022 would have been approximately USD2,185,000 higher/lower and USD1,000 lower/higher respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets/liabilities denominated in USD.

For the Group's subsidiaries whose functional currency is THB, if THB had strengthened/weakened by 5% against USD with all other variables held constant, the loss before income tax for the years ended 31 December 2023 and 2022 would have been approximately USD185,000 higher/lower and USD2,000 higher/lower respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets/liabilities denominated in USD.

For the Group's subsidiaries whose functional currency is VND, if VND had strengthened/weakened by 5% against USD with all other variables held constant, the profit before income tax for the years ended 31 December 2023 would have been approximately USD351,000 higher/lower, as a result of net foreign exchange gains/losses on translation of net monetary assets/liabilities denominated in USD. Relevant impact for years 2022 is minimal.

For the Group's subsidiaries whose functional currency is MYR, if MYR had strengthened/weakened by 5% against USD with all other variables held constant, the loss before income tax for the years ended 31 December 2023 would have been approximately USD451,000 lower/higher as a result of net foreign exchange gains/losses on translation of net monetary assets/liabilities denominated in USD. Relevant impact for year 2022 is minimal.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

For the Group's subsidiaries whose functional currency is SGD, if SGD had strengthened/weakened by 5% against USD with all other variables held constant, the loss before income tax for the years ended 31 December 2023 and 2022 would have been approximately USD35,000 higher/lower and USD5,000 higher/lower respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets/liabilities denominated in USD.

For the Group's subsidiaries whose functional currency is PHP, if PHP had strengthened/weakened by 5% against USD with all other variables held constant, the profit before income tax for the years ended 31 December 2023 and 2022 would have been approximately USD4,454,000 lower/higher and USD2,490,000 lower/higher respectively, as a result of net foreign exchange gains/losses on translation of net monetary assets/liabilities denominated in USD.

(ii) Interest rate risk

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

The Group has limited cash flow interest rate risk as at 31 December 2023 and 2022, as substantially all the borrowings and loans to third parties are carried at fixed interest rates.

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

	Year ended 31 December 2023 USD'000	**% of total loans**	Year ended 31 December 2022 USD'000	% of total loans
Variable rate borrowings	**–**	**–**	–	–
Fixed rate borrowings – repricing or maturity dates:				
Less than one year	**211,236**	**16%**	77,480	7%
1–2 years	**1,008,460**	**79%**	38,493	4%
2–5 years	**28,614**	**2%**	982,404	89%
Over 5 years	**34,239**	**3%**	–	–
	1,282,549	**100%**	1,098,377	100%

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

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

(i) Risk management

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

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

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

(ii) Impairment of financial assets

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

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

- other receivables and other non-current assets

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

Trade receivables

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

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

On that basis, the loss allowance as at 31 December 2023 and 2022 was determined as follows for trade receivables:

China

As at 31 December 2023	Within 3 months USD'000	3–6 months USD'000	6–9 months USD'000	9–12 months USD'000	Above 12 months USD'000	Total USD'000
Expected loss rate						
Reputable customers *(i)*	0.77%	1.92%	N/A	N/A	N/A	
Other customers *(i)*	2.34%	28.74%	49.84%	66.87%	100.00%	
Terminated customers (credit impaired) *(ii)*	N/A	100.00%	N/A	N/A	N/A	
Gross amount						
Reputable customers	31,332	54,258	–	–	–	85,590
Other customers	43,211	2,321	3,112	3,541	2,897	55,082
Terminated customers (credit impaired)	–	15,182	–	–	–	15,182
Total gross amount	74,543	71,761	3,112	3,541	2,897	155,854
Loss allowance						
Reputable customers	240	1,041	–	–	–	1,281
Other customers	1,013	667	1,551	2,368	2,897	8,496
Terminated customers (credit impaired)	–	15,182	–	–	–	15,182
Total loss allowance	1,253	16,890	1,551	2,368	2,897	24,959

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

China (Continued)

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

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

(ii) For the year ended 31 December 2023 and 2022, the Group terminated business relationships with certain customers and the Group assessed the credit loss for such customers separately as the credit risk profile is different from other customers.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

South-East Asia

As at 31 December 2023	Within 3 months USD'000	3–6 months USD'000	6–9 months USD'000	9–12 months USD'000	Above 12 months USD'000	Total USD'000
Expected loss rate	0.84%	18.94%	57.42%	82.31%	100.00%	
Gross amount	283,489	4,473	620	537	683	289,802
Loss allowance	2,381	847	356	442	683	4,709

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

Others

As at 31 December 2023	Within 3 months USD'000	3–6 months USD'000	6–9 months USD'000	9–12 months USD'000	Above 12 months USD'000	Total USD'000
Expected loss rate	1.47%	21.67%	61.56%	100.00%	100.00%	
Gross amount	128,431	16,156	2,045	568	31	147,231
Loss allowance	1,882	3,501	1,259	568	31	7,241

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)
The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

	Trade receivables	
	2023 USD'000	2022 USD'000
Opening loss allowance as at 1 January	**47,212**	44,571
Impairment losses recognized, net of reversal	**21,677**	34,997
Bad debt write-offs	**(31,742)**	(32,166)
Exchange difference	**(238)**	(190)
Closing loss allowance as at 31 December	**36,909**	47,212

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

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

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

Impairment on other receivables and other non-current assets is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables and other non-current assets (Continued)

On that basis, the loss allowance as at 31 December 2023 and 2022 was determined as follows for other receivables and other non-current assets:

Risk rating as at 31 December 2023	**Expected credit loss rate**	**Gross carrying amount at default (stage 1)**	**Gross carrying amount at default (stage 2)**	**Gross carrying amount at default (stage 3)**
Low risk	**1.53%**	**340,170**	**N/A**	**N/A**
Moderate risk	**N/A**	**N/A**	**N/A**	**N/A**
High risk and credit impaired	**N/A**	**N/A**	**N/A**	**N/A**

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

Based on the management's experience and expectation, the deposits were exposed to minimal credit risk as at 31 December 2023 and 2022.

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables and other non-current assets (Continued)

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

	Loans to third parties USD'000	**Receivables of Series C1 Preferred Shares** USD'000	**Others** USD'000	**Total** USD'000
Opening loss allowance as at 1 January 2022	7,825	380	979	9,184
(Decrease)/Increase in the allowance recognized in profit or loss during the year	(6,364)	(369)	8,955	2,222
Write-offs	–	–	(8,942)	(8,942)
Exchange difference	(68)	(11)	(86)	(165)
Closing loss allowance as at 31 December 2022	1,393	–	906	2,299
Increase in the allowance recognized in profit or loss during the year	**1,897**	**–**	**3,354**	**5,251**
Write-offs	**–**	**–**	**(2,327)**	**(2,327)**
Exchange difference	**(13)**	**–**	**(5)**	**(18)**
Closing loss allowance as at 31 December 2023	**3,277**	**–**	**1,928**	**5,205**

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Net impairment losses on financial assets recognized in profit or loss

The following losses were recognized in profit or loss in relation to impaired financial assets for the year ended 31 December 2023 and 2022:

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Impairment losses		
Movement in loss allowance for trade receivables	**21,677**	34,997
Movement in loss allowance for other receivables and other non-current assets	**5,251**	2,222
Impairment losses on financial assets at amortised cost	**26,928**	37,219

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

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

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, except for financial liabilities at fair value through profit or loss that are disclosed at fair value.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

Non-derivatives	**Less than 1 year USD'000**	**Between 1 and 2 years USD'000**	**Between 2 and 5 years USD'000**	**More than 5 years USD'000**	**Total USD'000**
As at 31 December 2023					
Borrowings	**215,852**	**1,032,460**	**33,654**	**34,239**	**1,316,205**
Trade payables	**466,904**	**–**	**–**	**–**	**466,904**
Accrued and other payables (excluding salary and welfare payables and other tax payables)	**622,921**	**–**	**–**	**–**	**622,921**
Advances from customers	**272,231**	**–**	**–**	**–**	**272,231**
Lease liabilities	**208,738**	**125,643**	**105,563**	**79,659**	**519,603**
Financial liabilities at fair value through profit or loss	**10,519**	**–**	**595,782**	**–**	**606,301**
Financial liabilities – redemption liabilities of shares of JNT KSA	**–**	**–**	**60,000**	**–**	**60,000**
Total	**1,797,165**	**1,158,103**	**794,999**	**113,898**	**3,864,165**

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital, share premium and convertible preferred shares on an as-if-converted basis) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is relatively low.

The asset-liability ratios of the Group as at 31 December 2023 and 2022 are as follows:

	As at 31 December	
	2023 **USD'000**	2022 USD'000
Total assets	**6,601,414**	5,935,559
Total liabilities	**4,121,815**	10,919,807
Asset-liability ratio	**62.4%**	184.0%

Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying by 100%. The decrease of asset-liability ratio in 2023 is mainly due to the conversion of convertible preferred shares in connection of the Company's listing.

3.3 Fair value estimation

Fair value hierarchy

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and.

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value on 31 December 2023:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
Assets				
Non-current financial assets at fair value through profit or loss *(Note 24)*	**–**	**–**	**725,577**	**725,577**
Short-term investments measured at fair value through profit or loss *(Note 24)*	**–**	**49,957**	**–**	**49,957**
	–	**49,957**	**725,577**	**775,534**
Liabilities				
Financial liabilities at fair value through profit or loss *(Note 29)*	**–**	**–**	**606,301**	**606,301**

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

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

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

For the years ended 31 December 2023 and 2022, level 2 instruments of the Group's assets mainly include wealth management products offered by banks, classified as financial assets at fair value through profit or loss.

(c) Financial instruments in level 3

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

Specific valuation techniques used to value financial instruments include:

- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and

- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

As at 31 December 2023 and 2022, level 3 instruments of the Group's assets included the Group's investments in Windfall T&L SPC, certain third-party fund, and the convertible bonds of Huisen Global Limited (Note 24), and liabilities mainly included convertible preferred shares (Note 29).

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended 31 December 2023 and 2022.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Consolidation of affiliated entities

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

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

(b) Fair value of financial assets and liabilities at fair value through profit or loss

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Current and deferred income taxes

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

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

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

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

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

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

5. REVENUE AND SEGMENT INFORMATION

(a) Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (the "CEO") that makes strategic decisions.

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

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

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

- Income tax expense

- Finance income/costs – net

- Depreciation and amortisation

- Share-based compensation expenses – employee benefit expenses

- Share-based compensation expenses – related to equity transactions

- Fair value change of financial assets and liabilities at fair value through profit or loss

- Other gains, expenses or losses the Group and the CEO deem to be one-off

During the reporting period, certain expenses, gains and losses incurred at corporate and holding companies' level including the Company, the BVI Holdco and the HK Holding, and the fair value changes of financial assets and financial liabilities of the Group that would not be converted into equity of the Company upon listing, were defined as un-allocated items.

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information

The geographical segment information for the years ended 31 December 2023 and 2022 is as follows:

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

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Adjusted EBITDA		
China	**30,730**	(722,658)
South-East Asia	**375,685**	331,582
Cross-border	**(106,961)**	(95,053)
New Markets	**(81,662)**	(73,736)
Un-allocated	**(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 *(Note 8)*	**(45,850)**	(244,104)
Share-based compensation expense – related to regional sponsors	**(158,442)**	–
Share-based compensation expenses – related to equity transactions *(Note 9)*	**(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 expense	**(17,182)**	(10,763)
(Loss)/Profit for the year	**(1,156,378)**	1,572,567

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

	As at 31 December	
	2023	2022
	USD'000	USD'000
China	**1,623,132**	1,544,461
South-East Asia	**876,097**	830,038
Cross-border	**28,053**	29,985
New Markets	**153,266**	115,563
	2,680,548	2,520,047

5. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

During the year ended 31 December 2023 and 2022, Revenues of the Group derived from single external customers which accounts for over 10% of the Group's revenue are shown in the following table:

	Year ended 31 December			
	2023		2022	
	USD'000	%	USD'000	%
Customer A	**1,113,228**	**13%**	N/A	N/A
Customer B	**912,259**	**10%**	1,231,324	17%

(c) Revenue during the year ended 31 December 2023 and 2022

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Type of revenue:		
Express delivery services	**8,086,778**	6,482,977
Cross-border services	**659,777**	707,773
Rental income	**54,924**	44,391
Sale of accessories	**33,177**	23,730
Others	**14,595**	8,557
	8,849,251	7,267,428
Timing of revenue recognition:		
Overtime	**8,643,018**	7,102,996
At a point in time	**151,309**	120,041
Rental income	**54,924**	44,391
	8,849,251	7,267,428

5. REVENUE AND SEGMENT INFORMATION (Continued)

(d) Accounting policies of revenue recognition

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

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

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

(d) Accounting policies of revenue recognition (Continued)

(1) Express delivery services

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

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

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

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

(ii) Services provided to operating entities of regional sponsors in certain countries

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

(d) Accounting policies of revenue recognition (Continued)

(1) Express delivery services (Continued)

(ii) Services provided to operating entities of regional sponsors in certain countries (Continued)

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

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

(iii) Services provided to enterprise customers/individual customers

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

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

5. REVENUE AND SEGMENT INFORMATION (Continued)

(d) Accounting policies of revenue recognition (Continued)

(1) Express delivery services (Continued)

(iv) Cash on delivery services

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

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

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

(2) Cross-border services

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

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

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

6. OTHER INCOME

	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
	46,263	98,149

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

7. OTHER LOSSES – NET

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Provisions for legal claims	**(1,284)**	(19,330)
Exchange losses – net	**(26,078)**	(17,338)
Net losses on disposal of property, plant and equipment	**(8,822)**	(1,873)
Taxes and surcharges	**(6,781)**	(5,014)
Compensation to network partner	**(7,454)**	–
Others	**(4,760)**	3,309
	(55,179)	(40,246)

8. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Salaries and bonuses	**1,016,510**	939,117
Pension cost – defined contribution plans *(i)*	**48,645**	39,132
Share-based compensation expenses *(Notes 26 (i), (ii), (iii))*	**45,850**	244,104
Other compensation expenses	**–**	5,306
Medical and other benefits	**83,025**	62,670
	1,194,030	1,290,329

(i) The Group's subsidiaries have to make contribution to certain social security plans managed by relevant local government authorities in accordance with the relevant rules and regulations. Contributions to these plans are charged to the consolidated income statement as and when incurred. The Group has no legal or constructive obligations to pay further contributions. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

9. EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Employee benefit expenses *(Note 8)*	**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 *(Note 34 (a))*	**481,455**	505,947
Materials	**107,752**	107,568
Share-based compensation expenses		
– related to regional sponsors *(Notes 26 (vi))*	**158,442**	–
Share-based compensation expenses		
– related to equity transactions *(Notes 26 (iv), (v))*	**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 *(Note 15, Note 17)*	**–**	219,080
Impairment of goodwill *(Note 17)*	**–**	117,502
Others	**326,009**	281,923
	10,579,957	8,677,677

10. FINANCE COSTS – NET

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Finance income		
Interest income from bank deposits	**24,755**	22,002
Finance costs		
Interest expenses on lease liabilities *(Note 16)*	**(29,521)**	(37,318)
Interest expenses on borrowings		
Includes: Interest expense on borrowings from financial institutions	**(66,956)**	(54,902)
Interest expense on borrowings from related parties	**–**	(17)
Interest expense on borrowings from third parties	**(8,612)**	(7,262)
Total finance costs	**(105,089)**	(99,499)
Finance costs – net	**(80,334)**	(77,497)

11. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December	
	2023 USD'000	2022 USD'000
Impairment losses recognized, net of reversal, on:		
– trade receivables	**21,677**	34,997
– other receivables and other non-current assets	**5,251**	2,222
	26,928	37,219

12. INCOME TAX EXPENSE

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

	Year ended 31 December	
	2023 USD'000	2022 USD'000
Current tax on profits for the year	**35,177**	56,183
Deferred income tax *(Note 30)*	**(17,995)**	(45,420)
	17,182	10,763

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

12. INCOME TAX EXPENSE (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

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

(i) Cayman Islands profits tax

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

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

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

(iii) Hong Kong profits tax

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

12. INCOME TAX EXPENSE (Continued)

(b) Deferred income tax (Continued)

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

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

The Group's subsidiary, Shenzhen Yunlu Information Technology Co., Ltd. is qualified as a software enterprise under the relevant laws and regulations in the PRC. Accordingly, applicable profits, may be exempted from PRC CIT for two years since the first profit-making year, followed by a 50% reduction in the PRC CIT tax rate of 25% for the next three years, starting from year 2021.

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

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

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

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

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

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

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

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

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

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

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

The Group's subsidiaries in Philippines are subject to Philippines CIT which is calculated based on the applicable tax rate of 25% on the assessable profits of the subsidiaries in accordance with Philippines tax laws and regulations for the reporting period.

12. INCOME TAX EXPENSE (Continued)

(b) Deferred income tax (Continued)

(x) Withholding income tax

As at 31 December 2023 and 2022, the Group's major business is still in a loss position except for the business in Indonesia and the Philippines.

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

During the years ended 31 December 2023 and 2022, no dividend withholding tax for Indonesia companies was provided as the directors have confirmed that the Group does not expect those subsidiaries to distribute the retained earnings as at 31 December 2023 and 2022 in the foreseeable future. Unremitted earnings that deferred income tax liabilities have not been recognized totalled USD242,761,000 and USD213,917,000 as at 31 December 2023 and 2022, respectively.

According to the Philippine CIT Law, withholding tax will be levied on the immediate holding companies established outside the Philippines when their Philippine subsidiaries declare dividends out of their profits. The withholding tax rates is 15% or 25% for the years ended 31 December 2023 and 2022.

During the years ended 31 December 2023 and 2022, no dividend withholding tax for the Philippine companies was provided as the directors have confirmed that the Group does not expect those subsidiaries to distribute the retained earnings as at 31 December 2023 and 2022 in the foreseeable future. Unremitted earnings that deferred income tax liabilities have not been recognized totalled USD122,301,000 and USD113,742,000 as at 31 December 2023 and 2022, respectively.

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

	Year ended 31 December	
	2023 USD'000	2022 USD'000
(Loss)/profit before income tax	**(1,139,196)**	1,583,330
Income tax expenses calculated at applicable tax rates	**(105,391)**	(254,488)
Additional deduction of research and development expense	**(5,841)**	(403)
Costs, expenses and losses not deductible for tax purposes	**23,221**	16,019
Previously unrecognized tax losses and deductible temporary differences utilised	**(30,349)**	(63,153)
Previously unrecognized tax losses and deductible temporary differences recognized as deferred tax assets	**(42,072)**	(27,404)
Deductible temporary differences for which no deferred tax asset was recognized	**4,874**	3,907
Tax losses for which no deferred tax asset was recognized	**172,740**	336,285
	17,182	10,763

12. INCOME TAX EXPENSE (Continued)

(b) Deferred income tax (Continued)

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Vietnam, one of the jurisdictions in which the Group has operations, and came into effect from 1 January 2024.

Since the Pillar Two legislation was not effective as at 31 December 2023, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal ('GloBE') effective tax rate for each jurisdiction and the 15% minimum rate. Considering that (1) Vietnam corporate income tax rate is 20%, which is higher than 15%, and (2) the Group's business in Vietnam is still in loss position, the Group might not be exposed to paying Pillar Two income taxes in relation to Vietnam.

Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The entity is currently engaged with tax specialists to assist them with applying the legislation.

13. (LOSSES)/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 ordinary shares outstanding during the financial year, excluding relevant treasury shares if applicable.

	Year ended 31 December	
	2023	2022
Net (loss)/profit attributable to owners of the Company (USD'000)	**(1,100,988)**	1,656,168
Weighted average number of ordinary 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 December 31, 2023 and 2022 for the purpose of calculating the basic and diluted (losses)/earnings per share had been adjusted to account for the effect of the share subdivision of the capital of the Company (Note 25).

13. (LOSSES)/EARNINGS PER SHARE (Continued)

(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.

For the years ended 31 December 2023, the Group has six categories of potential ordinary shares, namely convertible preferred shares of the Company, Series A Preferred Shares of JET Global (Note 29), Redeemable Shares of JNT KSA (Note 29), Redeemable Shares of JNT KSA to be issued (Note 29), convertible loans of JNT KSA (Note 29) and ordinary shares with vesting schedule granted to network partners (Note 26).

For the years ended 31 December 2022, the Group has four categories of potential ordinary shares, namely convertible preferred shares of the Company, Series A Preferred Shares of JET Global (Note 29), Redeemable Shares of JNT KSA (Note 29) and ordinary shares with vesting schedule granted to network partners (Note 26).

Convertible preferred shares were anti-dilutive for the year ended 31 December 2023, and were dilutive for the year ended 31 December 2022.

Series A Preferred Shares of JET Global, Redeemable Shares of JNT KSA and ordinary shares with vesting schedule granted to network partners were anti-dilutive for the years ended 31 December 2023 and 2022.

Redeemable Shares of JNT KSA to be issued and convertible loans of JNT KSA were anti-dilutive for the year ended 31 December 2023.

	Year ended 31 December	
	2023	2022
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)/profit 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 losses per share (USD cent)	**(26.3)**	(23.5)

14. INVESTMENT PROPERTIES

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

	As at 31 December	
	2023 USD'000	2022 USD'000
Investment properties		
Opening balance	**507**	718
Addition	**–**	–
Transferred to property, plant and equipment *(Note 15)*	**(182)**	–
Depreciation	**(53)**	(154)
Exchange differences	**6**	(57)
Closing balance	**278**	507
Cost	**425**	881
Accumulated depreciation	**(147)**	(374)
Net book amount	**278**	507

Investment properties mainly represent buildings and warehouses held by the Group in Indonesia erected on freehold land and include the cost of land, buildings and warehouses. The fair values as at 31 December 2023 and 2022 were determined by management's self-assessment using discounted cash flow projection based on significant unobservable inputs.

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

	As at 31 December	
	2023 USD'000	2022 USD'000
Fair value	**452**	876

(i) Leasing arrangements

The investment properties are leased to tenants (substantially operating entities of regional sponsors) under operating leases with rentals payable monthly, generally with fixed monthly payments and the lease term of around one year. As at 31 December 2023, the remaining leasing arrangements have lease terms less than 6 years.

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

The minimum lease receivable on leases of investment properties is USD215,000 and USD284,000 as at 31 December 2023 and 2022, respectively.

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

Lease income amounting to approximately USD42,000 and USD57,000 for the years ended 31 December 2023 and 2022, respectively, were related to the lease of investment properties.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and warehouses USD'000	Logistic equipment USD'000	Vehicles USD'000	Leasehold improvements USD'000	Office equipment USD'000	Land USD'000	Others USD'000	Construction in progress USD'000	Total USD'000
Cost									
As at 1 January 2022	45,533	619,000	365,815	95,290	85,388	31,456	1,022	267,843	1,511,347
Acquisition of subsidiaries	59	1,367	1,791	–	544	–	–	–	3,761
Transfer upon completion	9,302	289,106	4,872	23,101	6,594	–	–	(332,975)	–
Transfer to Intangible assets	–	–	–	–	–	–	–	(235)	(235)
Other additions	18,810	137,038	87,642	17,681	33,762	30,035	1,501	218,737	545,206
Other disposals	(327)	(107,535)	(8,882)	(34,418)	(5,689)	(1,051)	(284)	(8,434)	(166,620)
Exchange differences	(7,755)	(95,746)	(29,594)	(11,801)	(8,664)	(1,496)	4	(13,647)	(168,699)
As at 31 December 2022	65,622	843,230	421,644	89,853	111,935	58,944	2,243	131,289	1,724,760
Acquisition of subsidiaries	–	953	–	–	2,909	–	–	–	3,862
Transfer from investment properties	467	–	–	–	–	–	–	–	467
Transfer upon completion	888	130,130	33,511	26,177	1,754	–	–	(192,460)	–
Other additions	379	85,323	48,840	15,674	33,760	32,732	147	218,998	435,853
Disposal of subsidiaries	–	(33)	(9)	–	(3)	–	–	–	(45)
Other disposals	–	(159,915)	(32,072)	(26,478)	(10,438)	–	(1,992)	(16,984)	(247,879)
Exchange differences	1,762	(14,864)	(5,946)	(2,155)	126	(429)	611	(333)	(21,228)
As at 31 December 2023	69,118	884,824	465,968	103,071	140,043	91,247	1,009	140,510	1,895,790
Depreciation									
As at 1 January 2022	(7,157)	(22,944)	(73,394)	(21,215)	(28,616)	–	(165)	–	(153,491)
Charge for the year	(3,694)	(92,333)	(78,935)	(28,338)	(24,228)	–	(382)	–	(227,910)
Other disposals	87	5,740	3,779	8,943	3,005	–	19	–	21,573
Exchange differences	775	17,921	7,496	6,419	3,885	–	(3)	–	36,493
As at 31 December 2022	(9,989)	(91,616)	(141,054)	(34,191)	(45,954)	–	(531)	–	(323,335)
Transfer from investment properties	(285)	–	–	–	–	–	–	–	(285)
Charge for the year	(4,336)	(80,853)	(88,638)	(19,244)	(26,093)	–	(342)	–	(219,506)
Disposal of subsidiaries	–	6	9	–	7	–	–	–	22
Other disposals	–	21,445	14,702	3,690	4,987	–	422	–	45,246
Exchange differences	(235)	3,878	2,718	1,176	274	–	(48)	–	7,763
As at 31 December 2023	(14,845)	(147,140)	(212,263)	(48,569)	(66,779)	–	(499)	–	(490,095)
Impairment									
As at 1 January 2022	(766)	(170,480)	(251)	(16,309)	(3,100)	–	–	(59,386)	(250,292)
Charge for the year	(587)	(171,466)	(192)	(10,128)	(2,375)	–	–	(30,748)	(215,496)
Transfer upon completion	–	(38,975)	–	–	–	–	–	38,975	–
Other disposals	–	81,164	118	5,350	408	–	–	5,577	92,617
Currency translation differences	–	19,649	105	1,233	471	–	–	3,172	24,630
As at 31 December 2022	(1,353)	(280,108)	(220)	(19,854)	(4,596)	–	–	(42,410)	(348,541)
Transfer upon completion	–	(9,093)	–	–	–	–	–	9,093	–
Other disposals	–	111,234	92	4,390	684	–	–	939	117,339
Currency translation differences	–	3,690	1	157	198	–	–	151	4,197
As at 31 December 2023	(1,353)	(174,277)	(127)	(15,307)	(3,714)	–	–	(32,227)	(227,005)
Net book amount									
As at 31 December 2023	52,920	563,407	253,578	39,195	69,550	91,247	510	108,283	1,178,690
As at 31 December 2022	54,280	471,506	280,370	35,808	61,385	58,944	1,712	88,879	1,052,884

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

In 2022, subsequent to integration of the express delivery network acquired from Best Inc., the Group further planned to optimize its China domestic express delivery network to achieve higher efficiency and quality. As a result, the Group further identified certain redundant sorting centers, and assessed the recoverable amounts of the relevant assets based on the higher of value in use with reference to discounted cash flow projections and fair value less costs of disposal. Accordingly, impairment provisions amounting to USD 167,080,000 were made against the relevant assets of property, plant and equipment during the year ended 31 December 2022.

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

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

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives as follows:

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

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

	Year ended 31 December	
	2023 USD'000	2022 USD'000
Cost of revenue	**197,208**	208,104
Selling, general and administrative expenses	**21,960**	19,511
Research and development expenses	**338**	295
	219,506	227,910

As at 31 December 2023 and 2022, property, plant and equipment with carrying amount of USD112,799,000 and USD71,592,000 were pledged as securities for the Group's borrowings from financial institutions (Note 28), respectively.

16. LEASES

(i) Amounts recognized in the consolidated balance sheet

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

	As at 31 December	
	2023	2022
	USD'000	USD'000
Right-of-use assets		
Buildings and warehouses	**428,385**	460,258
Vehicles	**7,570**	11,320
Land	**60,958**	2,471
Equipment and others	**6,160**	7,158
	503,073	481,207
Lease liabilities		
Current lease liabilities	**204,341**	151,195
Non-current lease liabilities	**304,316**	341,471
	508,657	492,666

Additions to the right-of-use assets during the financial years ended 31 December 2023 and 2022 were USD297,729,000 and USD269,678,000 respectively.

(ii) Amounts recognized in the consolidated income statement

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

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Depreciation charge of right-of-use assets		
Buildings and warehouses	**218,823**	245,899
Vehicles	**7,120**	5,694
Land	**1,575**	437
Equipment and others	**8,884**	5,146
	236,402	257,176
Interest expense *(Note 10)*	**29,521**	37,318
Expense relating to short-term leases (included in cost of revenue, selling, general and administrative expenses, research, and development expenses)	**86,377**	124,377

16. LEASES (Continued)

(ii) Amounts recognized in the consolidated income statements (Continued)

For the year ended 31 December 2023, around USD1,089,000 of the depreciation charge of right-of-use assets was included in property, plant and equipment. (2022: nil)

The total cash outflows for leases payments for the years ended 31 December 2023 and 2022 were USD406,771,000 and USD417,516,000 respectively. For the years ended 31 December 2023 and 2022, among the cash outflow for lease payments, cash outflow for the principal elements of lease payments were USD254,585,000 and USD262,668,000 respectively, which is presented in cash flows from financing activities. The lease payments related to short-term leases were USD122,665,000 and USD117,530,000 for the years ended 31 December 2023 and 2022, which are presented in cash flows from operating activities.

As at 31 December 2023, right-of-use assets with carrying amount of USD8,459,000 was pledged as securities for the Group's borrowings from financial institutions (Note 28).

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

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

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

(iv) Variable lease payments

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

(v) Extension and termination options

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

(vi) Residual value guarantees

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

17. INTANGIBLE ASSETS

	Software	Goodwill	Customer relationship	Trademark	License and others	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost						
As at 1 January 2022	10,064	945,829	173,841	1,213	1,899	1,132,846
Acquisition of subsidiaries *(b)*	151	51,829	–	–	–	51,980
Other additions	7,531	–	–	154	–	7,685
Other disposals	(54)	–	–	–	–	(54)
Exchange differences	(861)	(76,718)	(6,564)	–	(180)	(84,323)
As at 31 December 2022	**16,831**	**920,940**	**167,277**	**1,367**	**1,719**	**1,108,134**
Acquisition of subsidiaries *(b)*	**4,230**	**33,629**	**–**	**–**	**–**	**37,859**
Other additions	**4,049**	**–**	**–**	**–**	**96**	**4,145**
Other disposals	**(7,436)**	**–**	**–**	**–**	**–**	**(7,436)**
Exchange differences	**1,331**	**608**	**(1,321)**	**(17)**	**(24)**	**577**
As at 31 December 2023	**19,005**	**955,177**	**165,956**	**1,350**	**1,791**	**1,143,279**
Amortization						
As at 1 January 2022	(2,230)	–	(777)	(155)	(490)	(3,652)
Additions	(2,898)	–	(17,528)	(180)	(101)	(20,707)
Other disposals	32	–	–	–	–	32
Exchange differences	415	–	356	–	77	848
As at 31 December 2022	**(4,681)**	**–**	**(17,949)**	**(335)**	**(514)**	**(23,479)**
Additions	**(9,317)**	**–**	**(16,508)**	**(271)**	**(487)**	**(26,583)**
Other disposals	**172**	**–**	**–**	**–**	**–**	**172**
Exchange differences	**(49)**	**–**	**197**	**4**	**15**	**167**
As at 31 December 2023	**(13,875)**	**–**	**(34,260)**	**(602)**	**(986)**	**(49,723)**
Impairment						
As at 1 January 2022	–	–	–	–	–	–
Additions	–	(117,502)	(3,584)	–	–	(121,086)
Exchange differences	–	–	–	–	–	–
As at 31 December 2022	**–**	**(117,502)**	**(3,584)**	**–**	**–**	**(121,086)**
Exchange differences	**–**	**1,959**	**96**	**–**	**–**	**2,055**
As at 31 December 2023	**–**	**(115,543)**	**(3,488)**	**–**	**–**	**(119,031)**
Carrying values						
As at 31 December 2023	**5,130**	**839,634**	**128,208**	**748**	**805**	**974,525**
As at 31 December 2022	12,150	803,438	145,744	1,032	1,205	963,569

17. INTANGIBLE ASSETS (Continued)

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

Goodwill is measured as described in Note 43.2 Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated life. The Group's customer relationships were mainly related to several business combinations, representing the customers acquired including network partners of Best Inc.'s express business in China. Because the annual churn rate of such customers was around 9% historically prior to relevant business combinations, the same assumptions were applied for the Company (i.e., customers would keep exiting the network at a rate of 9% each year), which means it will take around 10–12 years for such customers to exit completely.

(a) During the year ended 31 December 2023 and 2022, no development costs were capitalised as intangible assets.

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

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

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

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
Cost of revenue	**603**	8,139
Selling, general and administrative expenses	**25,980**	12,568
	26,583	20,707

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

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

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

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

17. INTANGIBLE ASSETS (Continued)

(c) Acquisition of Shenzhen Fengwang Information Technology Company Limited ("Fengwang Information")

In June 2023, the Group acquired Fengwang Information, a subsidiary of S.F. Holding Co., Ltd., with a total cash payment of approximately USD63,789,000.

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 USD33,629,000 was recognised.

(d) Impairment test for goodwill

A cash-generating unit (CGU) is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets.

Goodwill is allocated to cash-generating units or groups of CGUs for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

Goodwill is allocated to the Group's CGUs or groups of CGUs identified according to the territories in which the Group operates:

	As at 31 December	
	2023	2022
	USD'000	USD'000
China (included in China segment)	**485,859**	459,428
Indonesia (included in South-East Asia segment)	**202,695**	199,012
Thailand (included in South-East Asia segment)	**92,058**	90,937
Brazil (included in Others segment)	**56,569**	51,829
Others	**2,453**	2,232
	839,634	803,438

The movement of carrying amount of goodwill for each respective CGUs is set out below:

	China	**Indonesia**	**Thailand**	**Brazil**
	USD'000	USD'000	USD'000	USD'000
As at 31 December 2021	630,676	216,407	96,293	–
Acquisition of subsidiaries	–	–	–	51,829
Impairment of goodwill	(117,502)	–	–	–
Exchange differences	(53,746)	(17,395)	(5,356)	–
As at 31 December 2022	459,428	199,012	90,937	51,829
Acquisition of subsidiaries	**33,629**	**–**	**–**	**–**
Impairment of goodwill	**–**	**–**	**–**	**–**
Exchange differences	**(7,198)**	**3,683**	**1,121**	**4,740**
As at 31 December 2023	**485,859**	**202,695**	**92,058**	**56,569**

17. INTANGIBLE ASSETS (Continued)

(d) Impairment test for goodwill (Continued)

The recoverable amount of a CGU or a group of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on certain assumptions made by management covering a five-year period (the "Period"). The key assumptions used for value-in-use calculations for the reporting period (if applicable) are as follows:

2023

	China	Indonesia	Thailand	Brazil
Annual growth rate within the Period	**6.1%–29.4%**	**13.1%–32.7%**	**17.6%–35.8%**	**29.4%–46.1%**
Growth rate to extrapolate cash flows beyond the Period	**2.2%**	**1.6%**	**2.0%**	**3.0%**
Gross margin	**5.7%–7.6%**	**17.2%–22.7%**	**-2.9%–23.3%**	**14.9%–21.7%**
Pre-tax discount rate	**17.06%**	**18.02%**	**19.75%**	**27.91%**
Excess of recoverable amount over carrying value (USD'000)	**51,758**	**2,024,808**	**299,123**	**8,536**

2022

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

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

17. INTANGIBLE ASSETS (Continued)

(d) Impairment test for goodwill (Continued)

The recoverable amount of the following CGUs would equal its carrying amount if the key assumptions were to change relatively as follows:

	As at 31 December 2023			
	China	**Indonesia**	**Thailand**	**Brazil *(i)***
Decrease in annual growth rate within the Period	**(2%)**	**(173%)**	**(71%)**	**(3%)**
Decrease in growth rate to extrapolate cash flows beyond the Period	**(18%)**	**N/A*(ii)***	**N/A*(ii)***	**(34%)**
Decrease in gross margin	**(1%)**	**(59%)**	**(30%)**	**(2%)**
Increase in pre-tax discount rate	**3%**	**253%**	**48%**	**2%**

	As at 31 December 2022			
	China	Indonesia	Thailand	Brazil *(i)*
Decrease in annual growth rate within the Period	N/A	(155%)	(88%)	N/A
Decrease in growth rate to extrapolate cash flows beyond the Period	N/A*(ii)*	N/A*(ii)*	N/A*(ii)*	N/A*(ii)*
Decrease in gross margin	N/A	(54%)	(48%)	N/A
Increase in pre-tax discount rate	N/A	279%	68%	N/A

(i) For the groups of CGUs in Brazil, management has assessed the risk of impairment of goodwill and concluded that no impairment charge would be required. However, as the Brazil related acquisition was closed in late 2022 and the relevant key assumptions used in the valuation as at the acquisition date approximated those used as at 31 December, 2022, any adverse changes in key assumptions would lead to impairment.

(ii) As per relevant assessment, the headroom would not decrease to zero even if growth rate in extrapolate cash flows beyond the Period dropped to minus 10%.

As at 31 December 2022, it is unlikely that any reasonable possible changes in key assumptions would lead to impairment for the goodwill in Indonesia and Thailand. For the groups of CGUs in China, according to management's impairment test performed with the assistance of an independent valuer, the carrying amount exceeded relevant recoverable amount. As a result, impairment charges of goodwill amounting to approximately USD117,502,000 were recognised.

As at 31 December 2023, it is unlikely that any reasonable possible changes in key assumptions would lead to impairment for the goodwill of the Group.

18. MAJOR SUBSIDIARIES AND CONTROLLED ENTITIES

The Company's investments in subsidiaries are as follows:

	As at 31 December	
	2023	2022
	USD'000	USD'000
Investment in Onwing Global Limited *(i)*	**1,048,704**	882,972
Investment in J&T International Logistics Limited	**124,506**	124,506
	1,173,210	1,007,478

(i) Through 2021 to 2023, the Company issued certain ordinary shares as considerations of certain transactions (Note 26), which were accounted for as its investment in Onwing Global Limited, a subsidiary directly held by the Company.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Controlled entities of the Group

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

18. MAJOR SUBSIDIARIES AND CONTROLLED ENTITIES (Continued)

Controlled entities of the Group (Continued)

As at 31 December 2023 and 2022, and as at the date of this report, the Company had the following major subsidiaries (including controlled structured entities):

Name of entity	Type of legal entity	Country/Place of operation and date of incorporation	Paid-in capital As at 31 December 2023	Paid-in capital As at 31 December 2022	Percentage of Attributable equity interest to the Company As at 31 December 2023	Percentage of Attributable equity interest to the Company As at 31 December 2022	Principal activities
Indirectly held:							
J&T International Logistics Limited *(Note 26 (iii)) (Note 2)*	Limited Liability Company	The PRC, 10 January 2018	**CNY200,020,000**	CNY200,020,000	**76.94%**	76.94%	Cross-border services
Thuan Phong Express Company Limited	Limited Liability Company	Vietnam, 13 January 2016	**VND112,500,000,000**	VND112,500,000,000	**100%**	100%	Express delivery services
PH Global Jet Express Inc. doing business under the name and style of J&T Express (PH GJE) *(Note 3)*	Limited Liability Company	The Philippines, 14 September 2018	**PHP39,375,000**	PHP2,500,000	**99%**	40%	Express delivery services
J&T Express (Malaysia) Sdn.Bhd.	Limited Liability Company	Malaysia, 10 January 2018	**MYR3,878,075**	MYR3,878,075	**100%**	100%	Express delivery services
Global Jet Express (Thailand) Co., Ltd.	Limited Liability Company	Thailand, 17 August 2018	**THB123,507,750**	THB123,507,750	***Note 1***		Express delivery services
Controlled entities:							
J&T Express China Co., Ltd. *(Note 2)*	Limited Liability Company	The PRC, 29 September 2007	**CNY10,000,000**	CNY10,000,000	**100%**	100%	Courier and warehousing services
J&T Express (Jinhua) Supply Chain Co., Ltd. *(Note 2)*	Limited Liability Company	The PRC, 28 October 2019	**CNY10,000,000**	CNY10,000,000	**100%**	100%	Courier and warehousing services
J&T Express (Hebei) Acme Supply Chain Management Co., Ltd. *(Note 2)*	Limited Liability Company	The PRC, 13 November 2019	**CNY10,000,000**	CNY10,000,000	**85%**	85%	Courier and warehousing services
J&T Express (Shandong) Supply Chain Co., Ltd. *(Note 2)*	Limited Liability Company	The PRC, 31 October 2019	**CNY10,000,000**	CNY10,000,000	**85%**	85%	Courier and warehousing services
J&T Express (Henan) Acme Supply Chain Co., Ltd. *(Note 2)*	Limited Liability Company	The PRC, 1 November 2019	**CNY10,000,000**	CNY10,000,000	**85%**	85%	Courier and warehousing services
J&T Express (Jieyang) Supply Chain Management Co., Ltd. *(Note 2)*	Limited Liability Company	The PRC, 5 November 2019	**CNY6,600,000**	CNY6,600,000	**85%**	85%	Courier and warehousing services
J&T Express (Guangzhou) Supply Chain Co., Ltd. *(Note 2)*	Limited Liability Company	The PRC, 18 October 2019	**CNY10,000,000**	CNY10,000,000	**100%**	100%	Courier and warehousing services
J&T Express (Fujian) Supply Chain Management Co., Ltd. *(Note 2)*	Limited Liability Company	The PRC, 7 November 2019	**CNY10,000,000**	CNY10,000,000	**85%**	85%	Courier and warehousing services
Pt. Global Jet Express	Limited Liability Company	Indonesia, 20 December 2006	**IDR3,000,000,000**	IDR3,000,000,000	**100%**	100%	Express delivery services

18. MAJOR SUBSIDIARIES AND CONTROLLED ENTITIES (Continued)

Controlled entities of the Group (Continued)

Notes:

(1) As at 31 December 2020, the Company indirectly owns 48% shareholding of Global Jet Express (Thailand) Co., Ltd., while according to relevant investment agreements, the Company indirectly enjoys around 98% of the dividend interests of Global Jet Express (Thailand) Co., Ltd. As at 31 December 2022 and 2023, the Company indirectly owns around 74% shareholding of Global Jet Express (Thailand) Co., Ltd, and according to relevant investment agreements, the Company indirectly enjoys substantially 100% of the dividend interests of Global Jet Express (Thailand) Co., Ltd..

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

(3) Although the Company indirectly owns only 40% equity interests in PH GJE, through certain agreements and arrangements, PH GJE's major business activities are carried out under the Company's discretion, the Company has rights to exercise power over PH GJE, receives variable returns from its involvement in PH GJE, has the ability to affect those returns through its power over PH GJE. As a result, the Company is considered, from an accounting perspective, to have control over PH GJE. Till 10 April 2023, the Group acquired an additional 59.0% of the equity interests of PH GJE by making additional capital injection of approximately USD10,864,000 into it. After the transaction, the Group holds 99% of the equity interests of PH GJE (Note 35).

19. FINANCIAL INSTRUMENTS BY CATEGORY

		As at 31 December	
Financial Assets	*Note*	**2023 USD'000**	2022 USD'000
Financial assets at amortised cost			
Trade receivables	*21*	**555,978**	513,954
Other receivables and other assets (excluding prepayments)	*22*	**330,795**	144,088
Other non-current assets (excluding prepayments)	*20*	**4,170**	43,570
Restricted cash	*23*	**41,921**	79,725
Cash and cash equivalents	*23*	**1,483,198**	1,504,048
Financial assets at fair value through profit or loss	*24*	**775,534**	497,490
		3,191,596	2,782,875

19. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial Liabilities	Note	As at 31 December 2023 USD'000	2022 USD'000
Financial Liabilities at amortised cost			
Trade payables	31	**466,904**	484,215
Accruals and other payables (excluding salary and welfare payables, tax payables and other non-financial liabilities)	32	**622,921**	533,856
Advances from customers	33	**272,231**	209,925
Borrowings	28	**1,282,549**	1,098,377
Lease liabilities	16	**508,657**	492,666
Financial liabilities – redemption liabilities of shares of JNT KSA	29	**36,740**	30,583
Financial liabilities at fair value through profit or loss	29	**606,301**	7,765,067
		3,796,303	10,614,689

20. OTHER NON-CURRENT ASSETS

	As at 31 December 2023 USD'000	2022 USD'000
Loans to third parties – non-current portion	**–**	37,428
Prepayments for constructions	**21,253**	19,778
Deposits	**4,016**	7,363
Others	**154**	39
Less: allowance for credit losses	**–**	(1,260)
	25,423	63,348

Terms for loans to related parties and third parties were negotiated on a case-by-case basis. In 2022, generally the Group entered into loan agreements with third parties with terms ranging from 8 months to 3 years, with annual interest rates from 4% to 7%. At the end of each reporting period, such loans due over 12 months were included in other non-current assets.

21. TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	USD'000	USD'000
Trade receivables	**592,887**	561,166
Less: provision for impairment	**(36,909)**	(47,212)
	555,978	513,954

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

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

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

	As at 31 December	
	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

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

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

22. PREPAYMENTS, OTHER RECEIVABLES, AND OTHER ASSETS

	As at 31 December	
	2023	2022
	USD'000	USD'000
Loans to third parties	**133,034**	1,674
Prepaid VAT and other taxes	**555,361**	482,667
Deposits	**81,640**	77,151
Prepaid expenses	**85,340**	76,255
Others	**121,326**	66,302
Less: allowance for credit losses	**(5,205)**	(1,039)
	971,496	703,010

As at 31 December 2023 and 2022, loans to third parties due within 1 year were included in current assets, and those due over 1 year would be included in non-current assets (Note 20).

Terms for loans to third parties were negotiated on a case-by-case basis and during the reporting period, the Group and the Company entered into loan agreements with third parties with terms ranging from 11 months to 3 years, with annual interest rates from 1% to 9% per annum and unsecured.

23. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	As at 31 December	
	2023	2022
	USD'000	USD'000
Restricted cash		
Cash at banks	**41,921**	79,725
Cash and cash equivalents		
Cash on hand and at banks	**1,483,198**	1,504,048
Total	**1,525,119**	1,583,773

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

As at 31 December 2023 and 2022, restricted cash with a total amount of USD13,155,000 and USD218,000, respectively were pledged as collaterals for the Group's borrowings (Note 28).

As at 31 December 2023 and 2022, restricted cash with a total amount of USD12,948,000 and USD41,497,000, respectively, were placed as securities of the Group's certain guarantees and commitments.

As at 31 December 2023 and 2022, restricted cash with a total amount of USD6,500,000 and USD nil, respectively, were pledged as collateral for the Group's bank acceptance notes.

As at 31 December 2023 and 2022 restricted cash with a total amount of USD9,318,000 and USD38,010,000 was placed under restriction, due to a number of on-going legal claims, for which management has made relevant provisions (Note 32).

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2023 USD'000	2022 USD'000
Current		
Bank wealth management products *(i)*	**49,957**	16,440
Non-current		
Investments in the convertible bonds of Huisen Global Limited *(ii)*	**483,487**	428,678
Investments in Windfall T&L SPC *(iii)*	**159,054**	52,372
Investments in private equity fund *(iv)*	**83,036**	–
	725,577	481,050
	775,534	497,490

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

(ii) The Group invested around USD457,000,000 in 2022 and further invested around USD58,000,000 in May 2023 in the convertible bonds issued by Huisen Global Limited, a related party, engaged in the industry of freight less-than truckload delivery business, which was accounted for as financial assets at fair value through profit or loss.

The bond matures in seven years after its issuance and may be extended at the holder's discretion, the interest of which is 1.5% per annum. At the discretion of the holder, the entire principal amount may be converted into preferred shares to be issued by the Huisen Global Limited in the event of any of its future equity financing transaction, with the conversion price as 80% of the price at its latest equity financing immediately prior to it.

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

	Year ended 31 December 2023 USD'000
Carrying amount at the beginning of the year	**428,678**
Purchase the convertible bonds of Huisen Global Limited	**58,000**
Changes in fair value – profit or loss	**(3,191)**
Carrying amount at the end of the year	**483,487**

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	Year ended 31 December 2022 USD'000
Carrying amount at the beginning of the year	–
Purchase the convertible bonds of Huisen Global Limited	457,000
Changes in fair value – profit or loss	(28,322)
Carrying amount at the end of the year	428,678

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

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

	As at 31 December		Relationship of unobservable inputs to fair value
	2023	2022	
Discount rate	**15.0%**	17.0%	The higher the discount rate, the lower the fair value
Discount of lack of marketability ("DLOM")	**25.0%**	26.0%	The higher the DLOM, the lower the fair value
Expected volatility	**46.8%**	47.6%	The higher the expected volatility, the lower the fair value

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

The estimated carrying amount of relevant convertible bonds as at 31 December 2023 and 2022 would have been USD12,213,000 lower/USD14,782,000 higher and USD10,288,000 lower/USD12,875,000 higher, respectively, should the discount rate used in discounted cash flow analysis be higher/lower by 100 basis points from management's estimates.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(iii) Through January to March 2022, the Group invested around USD60,000,000 in a private equity fund focusing on investing in industries such as logistics and its upstream and downstream industry chains, under significant influence of Mr. Jet Li.

Through November to December 2023, the Group further invested around USD112,917,000 in this private equity fund. The contractual term of investment is between 3-5 years, which may be further extended with the consent of the majority of investors.

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

	2023 **USD'000**
Carrying amount at the beginning of the year	**52,372**
Investment in Windfall T&L SPC	**112,917**
Changes in fair value – profit or loss	**(6,235)**
Carrying amount at the end of the year	**159,054**

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

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

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

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

		Relationship of unobservable inputs to fair value
Discount rate	Not observable	The higher the discount rate, the lower the fair value
Discount of lack of marketability ("DLOM")	Not observable	The higher the DLOM, the lower the fair value
Expected volatility	Not observable	The higher the expected volatility, the lower the fair value

(iv) Through September to December in 2023, the Group invested around USD103,000,000 in a private equity fund focusing on investing in various industries.

The movements of investments in this private equity fund are set out below:

	2023 USD'000
Carrying amount at the beginning of the year	–
Investments made	**103,000**
Redemption of investments	**(20,000)**
Changes in fair value – profit or loss	**36**
Carrying amount at the end of the year	**83,036**

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

		Relationship of unobservable inputs to fair value
Discount rate	Not observable	The higher the discount rate, the lower the fair value
Discount of lack of marketability ("DLOM")	Not observable	The higher the DLOM, the lower the fair value
Expected volatility	Not observable	The higher the expected volatility, the lower the fair value

25. SHARE CAPITAL

Authorised

	Ordinary shares								Preferred shares																
	Number of Class A Ordinary Shares ('000)	Nominal value of Class A Ordinary Shares USD'000	Number of Class B Ordinary Shares ('000)	Nominal value of Class B Ordinary Shares USD'000	Number of Class A Shares ('000)	Nominal value of Class A Shares USD'000	Number of Class B Shares ('000)	Nominal value of Class B Shares USD'000	Number of Series Pre-A1 Preferred Shares ('000)	Nominal value of Series Pre-A1 Preferred Shares USD'000	Number of Series Pre-A2 Preferred Shares ('000)	Nominal value of Series Pre-A2 Preferred Shares USD'000	Number of Series A Preferred Shares ('000)	Nominal value of Series A Preferred Shares USD'000	Number of Series B Preferred Shares ('000)	Nominal value of Series B Preferred Shares USD'000	Number of Series B+ Preferred Shares ('000)	Nominal value of Series B+ Preferred Shares USD'000	Number of Series C1 Preferred Shares ('000)	Nominal value of Series C1 Preferred Shares USD'000	Number of Series C2 Preferred Shares ('000)	Nominal value of Series C2 Preferred Shares USD'000	Number of Series D Preferred Shares ('000)	Nominal value of Series D Preferred Shares USD'000	Total number of shares ('000)
As at 1 January 2022 and 31 December 2022	3,852,854	38	184,950	2	-	-	-	-	74,667	1	54,267	1	269,921	3	22,462	-	255,864	3	212,765	2	72,250	1	-	-	5,000,000
Reclassification and re-designation upon issuance of the Class B Ordinary Shares[1]	(10,917)	-	10,917	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification and re-designation upon issuance of the Series C1 Preference Shares[1]	(53,408)	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,408	1	-	-	-	-	-
Reclassification and re-designation upon issuance of the Series C2 Preference Shares[1]	(43,082)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,082	-	-	-	-
Reclassification and re-designation upon issuance of the Series D Preference Shares[1]	(26,144)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,144	-	-
Reclassification and re-designation in connection of the Company's listing[2]	(3,719,303)	(37)	(195,867)	(2)	195,867	2	4,804,133	48	(74,667)	(1)	(54,267)	(1)	(269,921)	(3)	(22,462)	-	(255,864)	(3)	(266,173)	(3)	(115,332)	(1)	(26,144)	-	-
Share subdivision in connection of the Company's listing[2]	-	-	-	-	783,466	-	19,216,534	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000,000
As at 31 December 2023	-	-	-	-	979,333	2	24,020,667	48	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000,000

(1) In May 2023, the Company redesignated and reclassified 10,916,682 Class A Ordinary Shares from its authorized ordinary shares into Class B Ordinary Shares, 53,408,460 Class A Ordinary Shares from its authorized ordinary shares into Series C1 Preferred Shares, 43,082,204 Class A Ordinary Shares from its authorized ordinary shares into Series C2 Preferred Shares and 26,143,791 Class A Ordinary Shares from its authorized ordinary shares into Series D Preferred Shares.

(2) In October 2023, in connection with the Company's listing, the Company underwent a Reclassification, Redesignation and Share Subdivision pursuant to the resolutions in writing of all shareholders, whereby the Company's authorized share capital of USD50,000 was amended from 3,852,853,461 Class A Ordinary Shares, 184,950,000 Class B Ordinary Shares, 74,666,665 Series Pre-A1 Preferred Shares, 54,266,667 Series Pre-A2 Preferred Shares, 269,921,165 Series A Preferred Shares, 22,462,293 Series B Preferred Shares, 255,864,131 Series B+ Preferred Shares, 212,765,236 Series C1 Preferred Shares and 72,250,382 Series C2 Preferred Shares of par value of USD0.00001 each, into 979,333,410 Class A Shares and 24,020,666,590 Class B Shares of a par value of US$0.000002 each. Class A Shares and Class B shares are having the same dividend rights but different voting rights. The holders of Class A Shares and Class B Shares shall at all times vote together as one class on all resolutions, and each Class A Share shall entitle its holder to ten votes and each Class B Share shall entitle its holder to one vote

25. SHARE CAPITAL (Continued)

Issued

	Number of Class A Ordinary Shares ('000)	Nominal value of Class A Ordinary Shares USD'000	Number of Class B Ordinary Shares ('000)	Nominal value of Class B Ordinary Shares USD'000	Number of Class A Shares ('000)	Nominal value of Class A Shares USD'000	Number of Class B Shares ('000)	Nominal value of Class B Shares USD'000	Number of Series Pre-A1 Preferred Shares ('000)	Nominal value of Series Pre-A1 Preferred Shares USD'000	Number of Series Pre-A2 Preferred Shares ('000)	Nominal value of Series Pre-A2 Preferred Shares USD'000	Number of Series A Preferred Shares ('000)	Nominal value of Series A Preferred Shares USD'000	Number of Series B Preferred Shares ('000)	Nominal value of Series B Preferred Shares USD'000	Number of Series B+ Preferred Shares ('000)	Nominal value of Series B+ Preferred Shares USD'000	Number of Series C1 Preferred Shares ('000)	Nominal value of Series C1 Preferred Shares USD'000	Number of Series C2 Preferred Shares ('000)	Nominal value of Series C2 Preferred Shares USD'000	Number of Series D Preferred Shares ('000)	Nominal value of Series D Preferred Shares USD'000
As at 1 January 2022	434,446	4	156,329	2	-	-	-	-	72,924	1	53,000	-	263,621	3	21,938	-	249,892	3	134,051	1	24,441	-	-	-
Issuance of Series C1 Preferred Shares[1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,377	-	-	-	-	-
Issuance of Series C2 Preferred Shares[2,4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,087	-	-	-
Repurchase of ordinary shares and preferred shares[3,4]	(6,230)	-	(4,752)	-	-	-	-	-	(2,217)	-	(1,611)	-	(8,014)	-	(667)	-	(7,596)	-	-	-	-	-	-	-
Share-based compensation for employees[5,6]	1,474	-	22,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Class A Ordinary Shares to network partners in China[7]	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repurchase of Class A Ordinary Shares from one shareholder[8]	(1,450)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2022	466,240	4	173,865	2	-	-	-	-	70,707	1	51,389	-	255,607	3	21,271	-	242,296	3	147,428	1	55,528	-	-	-
As at 1 January 2023	466,240	4	173,865	2	-	-	-	-	70,707	1	51,389	-	255,607	3	21,271	-	242,296	3	147,428	1	55,528	-	-	-
Repurchase of ordinary shares and preferred shares[9]	(3,351)	-	(2,556)	-	-	-	-	-	(1,192)	-	(867)	-	(4,311)	-	(359)	-	(4,086)	-	-	-	-	-	-	-
Issuance of Series D Preferred Shares[10]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,144	-
Share-based compensation for employees[11,12]	261	-	24,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Series C1 Preferred Shares[13]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,746	2	-	-	-	-
Issuance of Series C2 Preferred Shares[9,13]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59,804	1	-	-
Reclassification and re-designation in connection of the Company's listing[14]	(463,150)	(4)	(195,867)	(2)	195,866	2	1,501,256	15	(69,515)	(1)	(50,522)	-	(251,296)	(3)	(20,912)	-	(238,210)	(3)	(266,174)	(3)	(115,332)	(1)	(26,144)	-
Share subdivision in connection of the Company's listing[14]	-	-	-	-	783,467	-	6,005,026	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of shares by Global Offering[15]	-	-	-	-	-	-	326,550	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2023	-	-	-	-	979,333	2	7,832,832	16	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

25. SHARE CAPITAL (Continued)

Issued (Continued)

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

(2) Through January to March 2022, pursuant to the relevant agreements entered into in 2021, the Company issued 24,167,038 shares of Series C2 Preferred Shares to certain third-party investors.

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

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

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

(6) Through October 2021 to March 2022, the Company granted 22,287,975 Class A Ordinary Shares to Mr. Jet Li at par value and the shares granted were fully vested on relevant grant dates. The shares were registered in March 2022 and redesignated as Class B Ordinary Shares on the same date (Note 26 (i)).

(7) In September 2022, the Company issued 38,000,000 Class A Ordinary Shares for the purpose to carry out its 2022 Incentive Plan (Note 26(vi)). As at 31 December 2023, 22,078,350 Class B Shares remains as treasure shares along with the Reclassification, Redesignation and Share Subdivision in October 2023 (2022: 29,502,660 Class A Ordinary Shares as treasury shares, before the Reclassification, Redesignation and Share Subdivision).

(8) In September 2022, the Company repurchased 1,449,568 Class A Ordinary Shares at fair market value from certain Class A Ordinary Shareholders, with total consideration of USD15,294,000. (Note 26(iii)).

(9) In May 2023, the Company further entered into agreements with certain personals and third-party investors to repurchase 3,351,470 Class A Ordinary Shares, 2,556,199 Class B Ordinary Shares, 1,192,408 Series Pre-A1 Preferred Shares, 866,626 Series Pre-A2 Preferred Shares, 4,310,571 Series A Preferred Shares, 358,716 Series B Preferred Shares and 4,086,085 Series B+ Preferred Shares, and issued 16,722,075 Series C2 Preferred Shares as the consideration (Note 26 (iv)).

(10) In May 2023, the Company entered into share purchase agreements with the Series D Preferred Shares investor and pursuant to which, the Company issued 26,143,791 shares of Series D Preferred Shares with the total consideration of USD200,000,000, recognized as financial liabilities at fair value through profit or loss. (Note 29).

(11) In May 2023, the Company granted 261,438 Class A Ordinary Shares to employees of the Group at par value, and the shares granted were fully vested on the grant date (Note 26 (i)).

(12) In May 2023, the Company granted 24,557,934 Class B Ordinary Shares to Mr. Jet Li at par value and the shares granted were to vest within the four year period commencing on the date of initial public filing of the Company (Note 26 (i)).

(13) In May 2023, the Company entered into agreements with the existing Series C1 and C2 Preferred Share holders to further issue 118,745,672 Series C1 Preferred Shares and 43,082,204 Series C2 Preferred Shares respectively at par value (Note 26 (v)).

(14) In October 2023, in connection with the Company's listing, the Company underwent a Reclassification, Redesignation and Share Subdivision pursuant to the resolutions in writing of all shareholders, whereby the Company (i) reclassed and redesignated 195,866,682 Class B Ordinary Shares into Class A Shares and subdivided each such Class A Shares of a par value of US$0.00001 each into five Class A Shares of a par value of US$0.000002 each; (ii) reclassed and redesignated all of the Class A Ordinary Shares and convertible preferred shares of the Company into Class B Shares of a par value of US$0.00001 each and subdivided each such Class B Shares of a par value of US$0.00001 each into five Class B Shares of a par value of US$0.000002 each. All the convertible preferred shares of the Company were converted into ordinary shares at offering price HK$12.0 per share upon the completion of Global Offering. The difference between HK$12.0 and the par value of each share were capitalized as share premium. In addition, the cumulative fair value changes due to credit risk related to the convertible preferred shares were transferred from other reserve to accumulated losses on the same date.

(15) In connection with the Company's listing, 326,550,400 Class B Shares of the Company at US$0.000002 par value each were issued at HK$12.0 per share for a total cash consideration of HK$3,918,605,000 (equivalent to USD501,219,000) in October 2023. Netting off underwriting commissions and other issuance costs through equity with the amount of USD15,114,000, the Group received USD486,105,000. Excluding the par value, the amount was recorded as share premium.

26. SHARE-BASED COMPENSATION

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

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

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

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

	Year ended 31 December	
	2023 **USD'000**	2022 USD'000
Share-based compensation – related to employee benefit expenses *(Note 8)*:		
Employee benefit expenses – shares granted to employees under "J&T Global Express Limited 2020 Share Incentive Plan" ("2020 Plan") *(i)*	**45,850**	239,521
Equity interests transferred to management team of the cross-border business *(ii)*	**–**	4,583
	45,850	244,104
Share-based compensation – related to equity transactions *(Note 9)*:		
Repurchase of Class A and Class B Ordinary Shares *(iii)*	**–**	4,292
Ordinary shares and preferred shares repurchased accompanying Series C2 Preferred Shares issuance *(iv)*	**22,960**	16,480
Issuance of preferred shares *(v)*	**1,235,171**	16,490
	1,258,131	37,262
Issuance of ordinary shares to network partners and regional sponsors under "J&T Global Express Limited Equity Incentive Plan" ("2022 Incentive Plan") *(vi)*		
– deducting revenue	**2,177**	65,193
– recognising in administrative expenses	**158,442**	–
	1,464,600	346,559

26. SHARE-BASED COMPENSATION (Continued)

(i) Shares granted to employees under 2020 Plan

In December 2020, the board of directors of the Company approved the establishment of 2020 Plan with the purpose of attracting, motivating, retaining, and rewarding certain members of management and employees. The awards that may be awarded or granted under 2020 plan include options, RSUs, restricted shares, dividend equivalents, deferred shares, share payments, share appreciation rights and other awards. Pursuant to the Second Amended and Restated Shareholder Agreement signed on 30 December 2020, the maximum number of shares that may be issued under 2020 Plan shall be 101,088,653 Class A Ordinary Shares, which was further expanded in February 2021 accompanying the closing of Series B+ financing, and during October 2021 to March 2022 accompanying the closing of Series C1 financing, and in May 2023 accompanying the closing of Series D financing, and certain extraordinary general meetings of the shareholders of the Company.

Through January to March 2022, the Company further granted 20,947,465 Class A Ordinary Shares to Mr. Jet Li at par value. These shares granted were fully vested on relevant grant dates, then registered in March 2022 and redesignated as Class B Ordinary Shares on the same date (Note 25).

On 8 April 2022 and 17 May 2023, the Company granted 1,474,280 and 261,438 Class A Ordinary Shares, respectively, to employees of the Group at par value, and the shares granted were fully vested on the grant date. The shares were registered in April 2022 and May 2023 respectively (Note 25).

On 17 May 2023, the Company granted 24,557,934 Class B Ordinary Shares to Mr. Jet Li at par value. Pursuant to relevant award agreements, the vesting schedule is as follows, on the condition that Mr. Jet Li will remain in service as the chairman of the board of the Company, or as the chief executive officer or such other position equivalent ("Executive Position") within the four year period commencing on the date of initial public filing of the Company ("Listing Date") (Note 25).

Vesting date	Percentage of shares vested
the 1st anniversary of the Listing Date	25%
the 2nd anniversary of the Listing Date	25%
the 3rd anniversary of the Listing Date	25%
the 4th anniversary of the Listing Date	25%

Upon the termination of service as Executive Position, Mr. Jet Li shall return the unvested portion of ordinary shares to the Company at par value.

26. SHARE-BASED COMPENSATION (Continued)

(i) Shares granted to employees under 2020 Plan (Continued)

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

	Number of ordinary shares	Weighted average fair value per share in USD
Granted during year 2022	22,421,745	10.68
Granted during year 2023	24,819,372	6.94

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

The total expenses recognized in the consolidated income statement with a corresponding increase in share-based compensation reserve for the abovementioned share-based awards granted were USD45,850,000 and USD239,521,000 for the years ended 31 December 2023 and 2022, respectively. Except for the abovementioned 24,557,934 Class B Ordinary Shares granted to Mr. Jet Li, all shares were vested upon the grant date without any outstanding unvested shares as at 31 December 2023 and 2022.

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

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

26. SHARE-BASED COMPENSATION (Continued)

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

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

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

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

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

26. SHARE-BASED COMPENSATION (Continued)

(iv) Repurchase of ordinary shares and preferred shares in relation to Series C2 Preferred shares issuance (Continued)

In May 2023, the Company further entered into agreements with certain personals and third-party investors to repurchase 3,351,470 Class A Ordinary Shares, 2,556,199 Class B Ordinary Shares, 1,192,408 Series Pre-A1 Preferred Shares, 866,626 Series Pre-A2 Preferred Shares, 4,310,571 Series A Preferred Shares, 358,716 Series B Preferred Shares and 4,086,085 Series B+ Preferred Shares, and issued 16,722,075 Series C2 Preferred Shares as the consideration. The difference between such consideration and the fair value of the repurchased shares amounted to USD22,960,000, which was recognized as share-based compensation expenses during the year ended 31 December 2023.

	Fair value as at the repurchase date USD'000	Number of shares	Repurchase consideration USD'000	Share-based compensation expenses USD'000
Class A Ordinary Shares	**25,843**	**3,351,470**	**31,166**	**5,323**
Class B Ordinary Shares	**19,712**	**2,556,199**	**23,771**	**4,059**
Series Pre-A1 Preferred Shares	**9,359**	**1,192,408**	**11,089**	**1,730**
Series Pre-A2 Preferred Shares	**6,802**	**866,626**	**8,059**	**1,257**
Series A Preferred Shares	**34,309**	**4,310,571**	**40,086**	**5,777**
Series B Preferred Shares	**2,882**	**358,716**	**3,336**	**454**
Series B+ Preferred Shares	**33,638**	**4,086,085**	**37,998**	**4,360**
	132,545	**16,722,075**	**155,505**	**22,960**

(v) Issuance of preferred shares

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

In May 2023, accompanying Series D financing, the Company entered into agreements with the existing Series C1 and C2 Preferred Share holders to further issue 118,745,672 Series C1 Preferred Shares and 43,082,204 Series C2 Preferred Shares respectively at par value, representing both the exercise of relevant anti-dilution arrangements included in the Company's shareholder agreement and an additional compensation to such shareholders, accordingly share-based compensation expenses with an amount of USD1,235,171,000 were recognized, representing the fair value of the additional shares issued as compensation.

26. SHARE-BASED COMPENSATION (Continued)

(vi) Issuance of ordinary shares to network partners and regional sponsors under 2022 Incentive Plan

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

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

Shares granted to network partners

Ordinary shares granted to network partners with vesting schedule

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

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

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

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

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

	Year ended 31 December 2023		Year ended 31 December 2022	
	Number of ordinary shares	**Weighted average grant-date fair value USD per share**	Number of ordinary shares	Weighted average grant-date fair value USD per share
At beginning of the period	**6,330,100**	**7.59**	–	–
Granted	**–**	**–**	6,330,100	7.59
Vested	**(1,892,430)**	**–**	–	–
Forfeited	**(232,000)**	**7.59**	–	–
At end of the period	**4,205,670**	**7.59**	6,330,100	7.59

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

26. SHARE-BASED COMPENSATION (Continued)

(vi) Issuance of ordinary shares to network partners and regional sponsors under 2022 Incentive Plan (Continued)

Shares granted to network partners (Continued)

Ordinary shares granted to network partners with "fast-track" vesting schedule

On 28 September 2022, the Company granted certain network partners 90,000 ordinary shares at nil consideration, the fair value of which was USD683,000. Pursuant to the relevant award agreements, these ordinary shares would fully vest on 28 September 2023 on the condition that the network partners remained in service. Upon the termination of service, the unvested portion of ordinary shares shall be returned to the Company. Pursuant to the relevant agreements, the unvested portion of the ordinary shares are not entitled to any voting power or dividends.

On 28 September 2023, the abovementioned ordinary shares fully vested.

Ordinary shares granted to network partners with no vesting schedule

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

As the shares granted to network partners in 2022 under the 2022 Incentive Plan were not linked to distinct goods or services, such shares granted were considered as payments to customers. Revenue with a total amount of approximately USD2,177,000 and USD65,193,000 was reduced for the year ended 31 December 2023 and 2022 respectively, representing the difference between the total consideration received and the fair value of the abovementioned vested shares at the grant date, with a corresponding increase in share-based compensation reserve.

Shares granted to regional sponsors

Ordinary shares granted to regional sponsors with no vesting schedule

On 27 June 2023, the Company granted certain regional sponsors 23,104,560 ordinary shares at nil consideration. Pursuant to the relevant award agreements, these shares granted immediately vest upon the grant date, with a fair value amount of USD158,442,000 and fully charged to share-based compensation expenses during the year ended 31 December 2023.

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

27. SHARE PREMIUM AND OTHER RESERVES

(a) Share premium

	Total USD'000
As at 1 January 2022	607,734
Repurchase of ordinary shares *(Notes 25, 26 and 29)*	(3,905)
As at 31 December 2022	603,829
As at 1 January 2023	**603,829**
Repurchase of ordinary shares *(Notes 25, 26 and 29)*	**(5,573)**
Conversion of preferred shares upon global offering	**7,964,492**
Issuance of ordinary shares pursuant to the 2022 Incentive Plan	**12,884**
Net proceeds from Global Offering	**486,104**
As at 31 December 2023	**9,061,736**

(b) Other reserves

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

27. SHARE PREMIUM AND OTHER RESERVES (Continued)

(b) Other reserves (Continued)

	Share-based compensation reserve USD'000	Translation reserve USD'000	Others USD'000	Total USD'000
As at 1 January 2023	770,631	(273,444)	(931,295)	(434,108)
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	–	–	5,645	5,645
Share-based compensation *(Note 26)*	45,850	–	–	45,850
Transaction with non-controlling interests *(Note 35)*	–	–	49,450	49,450
Repurchase of ordinary shares and convertible preferred shares *(Notes 25 and 26)*	–	–	(39,982)	(39,982)
Issuance of ordinary shares pursuant to the 2022 Incentive Plan	–	–	169,212	169,212
Issuance of convertible preferred shares	–	–	(3)	(3)
Conversion of preferred shares upon global offering	–	–	9,043	9,043
Currency translation differences	–	10,942	–	10,942
Others	–	–	(1,322)	(1,322)
At 31 December 2023	816,481	(262,502)	(739,252)	(185,273)

In January, March, August and September 2022 and May 2023, the Company repurchased certain number of ordinary shares and preferred shares. For those repurchased ordinary shares, the differences between the carrying values (historical cost) and the fair values of such repurchased shares as at repurchase date were substantially recorded in other reserves, while the differences between the fair values of such repurchased shares as at repurchase date and the relevant repurchase considerations of such shares were substantially recorded as share-based compensation expenses. For those repurchased preferred shares which were already carried at fair value and recognised as financial liabilities at fair value through profit or loss, the difference between the carrying values (fair values) as at repurchase date and relevant repurchase considerations of such shares were substantially recorded as share-based compensation expenses.

28. BORROWINGS

	As at 31 December	
	2023	2022
	USD'000	USD'000
Non-current		
Borrowings from financial institutions *(i)*	**1,071,313**	1,020,897
Current		
Borrowings from financial institutions *(i)*	**203,636**	74,480
Borrowings from third parties *(ii)*	**7,600**	3,000
	211,236	77,480
Total borrowings	**1,282,549**	1,098,377

(i) As at 31 December 2023, borrowings from financial institutions of USD1,274,949,000 (2022: USD1,095,377,000), were substantially secured by the pledges of bank deposits (Note 23), property, plant and equipment (Note 15), right-of-use assets (Note 16), and debentures over the items including but not limited to the shares the Company holds in certain subsidiaries, certain receivables, material intellectual property and other assets of the Group, and supported by guarantees from certain regional sponsors. The Group was in compliance with the relevant borrowing covenants during the reporting period.

(ii) As at 31 December 2023 and 2022, the borrowings from third parties were generally due within 1 year, and the borrowings from related parties and third parties were not secured. The weighted average interest rates per annum as at 31 December 2023 and 2022 were 6.12% and 6.29% respectively.

(iii) At 31 December 2023 and 2022, the Group's borrowings were repayable as follows:

	As at 31 December	
	2023	2022
	USD'000	USD'000
Within 1 year	**211,236**	77,480
Between 1 and 2 years	**1,008,460**	38,493
Between 2 and 5 years	**28,614**	982,404
Over 5 years	**34,239**	–
	1,282,549	1,098,377

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

29. FINANCIAL LIABILITIES

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

	As at 31 December	
	2023	2022
	USD'000	USD'000
Convertible preferred shares of the Company		
– Series Pre-A1 Preferred Shares	**–**	537,970
– Series Pre-A2 Preferred Shares	**–**	391,012
– Series A Preferred Shares	**–**	1,998,989
– Series B Preferred Shares	**–**	169,395
– Series B+ Preferred Shares	**–**	2,045,614
– Series C1 Preferred Shares	**–**	1,503,377
– Series C2 Preferred Shares	**–**	566,576
– Series D Preferred Shares	**–**	–
Liabilities of the Company's subsidiaries		
– Series A Preferred Shares of JET Global Express Limited ("JET Global")	**580,782**	552,134
– Redeemable Shares of JNT Express KSA LLC ("JNT KSA") to be issued *(Note 29 (b))*	**15,000**	–
– Convertible loans of JNT KSA	**10,519**	–
	606,301	7,765,067

29. FINANCIAL LIABILITIES (Continued)

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

Convertible preferred shares of the Company

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

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

In May 2023, the Company further entered into agreements with certain personals and third-party investors to repurchase 3,351,470 Class A Ordinary Shares, 2,556,199 Class B Ordinary Shares, 1,192,408 Series Pre-A1 Preferred Shares, 866,626 Series Pre-A2 Preferred Shares, 4,310,571 Series A Preferred Shares, 358,716 Series B Preferred Shares and 4,086,085 Series B+ Preferred Shares, and issued 16,722,075 Series C2 Preferred Shares as the consideration. The difference between such consideration and the fair value of the repurchased shares amounted to USD22,960,000, which was recognized as share-based compensation expenses during the year ended 31 December 2023. (Note 26 (iv)).

In May 2023, the Company entered into agreements with a third-party investor to raise Series D financing, with total consideration of USD200,000,000 by issuance of 26,143,791 Series D Preferred Shares. The fair value of Series D Preferred Shares at issuance was the same as the consideration.

All the convertible preferred shares of the Company were converted to ordinary shares upon the completion of Global Offering in accordance with the agreed terms.

29. FINANCIAL LIABILITIES (Continued)

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

Liabilities of the Company's subsidiaries

Series A Preferred Shares of JET Global

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

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

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

Dividend rights

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

Voting rights

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

Liquidation preference

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

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

29. FINANCIAL LIABILITIES (Continued)

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

Liabilities of the Company's subsidiaries (Continued)

Series A Preferred Shares of JET Global (Continued)

Conversion rights

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

The conversion ratio for the preferred shares to the ordinary shares is 1:1 if no adjustments to conversion price have occurred. As at 31 December 2023, each convertible preferred share is convertible into one ordinary share of JET Global.

Exit right

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

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

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

Convertible loans of JNT KSA

In April 2023, JNT KSA entered into agreements with its third-party shareholder to obtain a convertible loan with the amount of USD10,000,000, which approximated relevant fair value as at transaction date and was accounted for as financial liabilities at fair value through profit or loss.

The convertible loan matures in 12 months after its issuance, the interest of which is 8% per annum, and the term may be adjusted under certain circumstance. Typically, the entire principal amount may be converted into the shares of JNT KSA upon the maturity date, with the conversion price as 80% of the fair market price per share of JNT KSA as determined per relevant agreements.

29. FINANCIAL LIABILITIES (Continued)

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

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

	As at 31 December	
	2023	2022
	USD'000	USD'000
Carrying amount at the beginning of the year	**7,765,067**	10,487,306
Issuance of Series C1 Preferred Shares	**898,649**	205,514
Issuance of Series C2 Preferred Shares	**492,027**	442,944
Issuance of Series D Preferred Shares	**200,000**	–
Repurchase of Series Pre-A1 Preferred Shares *(Note 26 (v))*	**(9,359)**	(21,685)
Repurchase of Series Pre-A2 Preferred Shares *(Note 26(v))*	**(6,802)**	(15,754)
Repurchase of Series A Preferred Shares *(Note 26(v))*	**(34,309)**	(81,522)
Repurchase of Series B Preferred Shares *(Note 26(v))*	**(2,882)**	(6,981)
Repurchase of Series B+ Preferred Shares *(Note 26(v))*	**(33,638)**	(85,330)
Redeemable shares of JNT KSA to be issued	**15,000**	–
Issuance of convertible loans of JNT KSA	**10,000**	–
Derivative – commitment to repurchase preferred shares *(i)*	**–**	(62,897)
Conversion of Preferred Shares to Common shares upon Global Offering	**(7,964,492)**	–
Changes in fair value – profit or loss	**(717,315)**	(3,086,653)
Changes in fair value – other comprehensive loss	**(5,645)**	(9,875)
Carrying amount at the end of the year	**606,301**	7,765,067

(i) The derivative related to the commitment made in 2021 to repurchase preferred shares. The relevant preferred shares were repurchased in early 2022 (Note 25).

All the convertible preferred shares of the Company were converted to ordinary shares upon the completion of Global Offering. The difference between the fair value of these convertible preferred shares as at 31 December 2022 and offer price of HK$12.0 per share of the Global Offering is accounted for as fair value gain for the year ended 31 December 2023. The fair value gain of financial instruments is a non-cash item, and there will be no further gains or losses on fair value changes from these financial instruments after the automatic conversion from convertible preferred shares to ordinary shares upon the closing of the Global Offering.

29. FINANCIAL LIABILITIES (Continued)

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

Determination of fair value

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

	As at 31 December		Relationship of unobservable inputs to fair value
	2023	2022	
Discount rate	**20.0%**	20.0%	The higher the discount rate, the lower the fair value
Discount of lack of marketability ("DLOM")	**30.0%**	30.0%	The higher the DLOM, the lower the fair value
Expected volatility	**50.0%**	50.0%	The higher the expected volatility, the lower the fair value

Discount rate was estimated by weighted average cost of capital as at each valuation date. The DLOM was estimated based on the option-pricing method. Under the option pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Expected volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies for the period before respective valuation date and with similar span as time to expiration. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of the preferred shares on each valuation date.

The estimated carrying amount of relevant preferred shares as at 31 December 2023 would have been USD35,900,000 lower/USD40,350,000 higher, respectively, should the discount rate used in discounted cash flow analysis be higher/lower by 100 basis points from management's estimates. (2022: USD37,057,000 lower/USD41,831,000 higher).

29. FINANCIAL LIABILITIES (Continued)

(b) Financial liabilities – redemption liabilities of shares of JNT KSA

	As at 31 December	
	2023 **USD'000**	2022 USD'000
Financial liabilities – redemption liabilities of shares of JNT KSA	**36,740**	30,583

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

Exit right

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

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

The Company accounted such shares and exit right as a redemption liability at initial recognition. As at 31 December 2023, the carrying amount of such redemption liability was USD36,740,000 (As at 31 December 2022: USD30,583,000).

In April 2023, JNT KSA further entered into agreements with the abovementioned third-party shareholder to issue a number of its shares with similar exit right, with total consideration of USD15,000,000. The fair value of such shares to be issued approximates the abovementioned consideration, and as at 31 December 2023, such consideration had been received and was accounted for as financial liabilities at fair value through profit or loss, as the shares were still not issued.

30. DEFERRED INCOME TAX

(i) Deferred income tax assets

	As at 31 December	
	2023	2022
	USD'000	USD'000
The balance comprises temporary differences attributable to:		
Deductible tax losses	**75,556**	58,788
Lease liabilities	**132,117**	129,047
Provision and other temporary difference	**6,917**	6,643
Total deferred tax assets	**214,590**	194,478
Net-off with deferred tax liabilities	**(160,777)**	(151,371)
Net deferred tax assets	**53,813**	43,107

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

	As at 31 December	
	2023	2022
	USD'000	USD'000
Deferred income tax assets		
– to be recovered after 12 months	**95,384**	39,617
– to be recovered within 12 months	**119,206**	154,861
	214,590	194,478

30. DEFERRED INCOME TAX (Continued)

(i) Deferred income tax assets (Continued)

The gross movements in deferred income tax assets before offsetting during the reporting period are as follows:

	Deductible tax losses USD'000	Lease liabilities USD'000	Provision and other temporary difference USD'000	Total USD'000
As at 1 January 2022	23,080	140,636	4,104	167,820
Credit/(debit) to consolidated income statement	37,378	(8,479)	1,580	30,479
Exchange differences	(1,670)	(3,110)	959	(3,821)
As at 31 December 2022 and 1 January 2023	58,788	129,047	6,643	194,478
Credit/(debit) to consolidated income statement	**17,686**	**2,319**	**224**	**20,229**
Exchange differences	**(918)**	**751**	**50**	**(117)**
As at 31 December 2023	**75,556**	**132,117**	**6,917**	**214,590**

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

	As at 31 December	
	2023 USD'000	2022 USD'000
Tax losses	**3,736,953**	3,130,790
Deductible temporary differences	**248,963**	357,289
	3,985,916	3,488,079

30. DEFERRED INCOME TAX (Continued)

(i) Deferred income tax assets (Continued)

As at 31 December 2023 and 2022, the unrecognized tax losses primarily arise from the Company's subsidiaries in the PRC and other South-East Asia countries.

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

	As at 31 December	
	2023	2022
	USD'000	USD'000
2023	**–**	18,611
2024	**83,442**	84,407
2025	**379,172**	444,786
2026	**907,497**	949,673
2027	**1,484,823**	1,552,579
2028	**692,611**	–
2031	**3,358**	3,358
2032	**5,889**	5,895
2033	**15,342**	–
no expiry date	**164,819**	71,481
	3,736,953	3,130,790

(ii) Deferred income tax liabilities

	As at 31 December	
	2023	2022
	USD'000	USD'000
The balance comprises temporary differences attributable to:		
Right-of-use assets	**140,933**	130,805
Depreciation and other temporary difference	**35,652**	42,973
Total deferred tax liabilities	**176,585**	173,778
Net-off of deferred tax assets	**(160,777)**	(151,371)
Net deferred tax liabilities	**15,808**	22,407

30. DEFERRED INCOME TAX (Continued)

(ii) Deferred income tax liabilities (Continued)

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

	As at 31 December	
	2023 USD'000	2022 USD'000
Deferred income tax liabilities		
– to be settled after 12 months	**89,968**	57,947
– to be settled within 12 months	**86,617**	115,831
	176,585	173,778

The gross movements in deferred income tax liabilities before offsetting during the reporting period are as follows:

	Right-of-use assets USD'000	**Depreciation and other temporary difference** USD'000	**Total** USD'000
As at 1 January 2022	143,189	47,867	191,056
Credit to consolidated income statement	(9,574)	(5,367)	(14,941)
Exchange differences	(2,810)	473	(2,337)
As at 31 December 2022 and 1 January 2023	130,805	42,973	173,778
Credit to consolidated income statement	**9,855**	**(7,621)**	**2,234**
Exchange differences	**273**	**300**	**573**
As at 31 December 2023	**140,933**	**35,652**	**176,585**

31. TRADE PAYABLES

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

	As at 31 December	
	2023 **USD'000**	2022 USD'000
Within 3 months	**433,167**	434,660
3 to 6 months	**18,311**	26,512
6 to 9 months	**8,596**	14,360
9 to 12 months	**3,117**	5,103
Above 12 months	**3,713**	3,580
	466,904	484,215

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

32. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2023 **USD'000**	2022 USD'000
Cash on delivery related payables	**323,660**	156,666
Salary and welfare payables	**207,973**	163,637
Deposits	**159,995**	175,229
Payables for purchase of long-term assets	**55,438**	88,587
Tax payables (excluding Corporate Income Tax)	**42,517**	40,999
Consideration received pursuant to 2022 Incentive Plan *(Note 26(vi))*	**15,531**	37,886
Others	**83,828**	113,374
	888,942	776,378

33. ADVANCES FROM CUSTOMERS

	As at 31 December	
	2023	2022
	USD'000	USD'000
Advances from customers for express delivery services	**272,231**	209,925

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

As at 31 December 2023 and 2022, the outstanding express delivery service orders would generally be completed within ten days, while other types of orders generally within one month.

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

34. CASH FLOW INFORMATION

(a) Cash generated (used in)/generated from operations

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

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
(Loss)/profit for the year	**(1,156,378)**	1,572,567
Adjustments for:		
Income tax expense	**17,182**	10,763
Depreciation of property, plant and equipment	**219,506**	227,910
Depreciation of right-of-use assets	**236,402**	257,176
Depreciation of investment properties	**53**	154
Amortization of intangible assets	**26,583**	20,707
Impairment losses on financial assets	**26,928**	37,219
Accrual of inventory provisions	**292**	103
Impairment losses on long-term assets	**–**	219,080
Impairment losses on goodwill	**–**	117,502
Finance income	**(24,755)**	(22,002)
Finance costs	**105,089**	99,499
Other income	**(46,263)**	(98,149)
Other gains – net	**(1,576)**	(1,263)
Share-based compensation	**1,464,600**	346,559
Net loss on disposal of property, plant and equipment	**8,822**	1,873
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
Foreign exchange losses – net	**26,078**	17,338
Movements in working capital		
Decrease in inventories	**(5,826)**	127
Increase in trade receivables	**(54,971)**	(191,126)
Increase in prepayments, other receivables, and other assets	**(39,528)**	(42,182)
Decrease in trade payables	**(17,524)**	(84,661)
Increase in accruals and other payables	**215,499**	118,202
Increase/(decrease) in advances from customers	**56,148**	(73,643)
Return of restricted cash	**50,741**	45,830
Cash generated from/(used in) operations	**399,414**	(470,809)

34. CASH FLOW INFORMATION (Continued)

(b) Net debt reconciliation

Net debt

	As at 31 December	
	2023	2022
	USD'000	USD'000
Cash and cash equivalents	**1,483,198**	1,504,048
Restricted cash	**41,921**	79,725
Financial assets at fair value through profit or loss	**775,534**	497,490
Borrowings	**(1,282,549)**	(1,098,377)
Lease liabilities	**(508,657)**	(492,666)
Financial liabilities at fair value through profit or loss	**(606,301)**	(7,765,067)
Financial liabilities – redemption liabilities of shares of JNT KSA	**(36,740)**	(30,583)
Net debt	**(133,594)**	(7,305,430)
Cash and financial assets at fair value through profit or loss	**2,300,653**	2,081,263
Gross debt – liabilities from financing activities	**(2,434,247)**	(9,386,693)
Net debt	**(133,594)**	(7,305,430)

34. CASH FLOW INFORMATION (Continued)

(b) Net debt reconciliation (Continued)

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

	Liabilities from financing activities					Other assets			
	Borrowings	Lease liabilities	Financial liabilities at FVTPL	Financial liabilities – redemption liabilities of shares of JNT KSA	Financial liabilities at FVTPL – ordinary share redemption liabilities	Cash and cash equivalents	Restricted cash	Financial assets FVTPL	Total
As at 1 January 2022	(89,027)	(598,722)	(10,487,306)	(25,458)	(133,749)	2,102,448	125,970	41,581	(9,064,263)
Cash flows	(954,715)	299,986	(219,024)	–	–	(498,246)	(46,245)	490,979	(927,265)
New leases entered	–	(269,678)	–	–	–	–	–	–	(269,678)
Interest expenses	(57,056)	(37,318)	–	(5,125)	–	–	–	–	(99,499)
Lease modification	–	116,546	–	–	–	–	–	–	116,546
Settlement of receivable of Series C2 Preferred Share consideration	–	–	30,000	–	–	–	–	–	30,000
Repurchase of preferred shares *(Note 29)*	–	–	211,272	–	–	–	–	–	211,272
Share-based compensation expense	–	–	(16,490)	–	–	–	–	–	(16,490)
Non-cash payment for Series C2 Preferred Shares	–	–	(442,944)	–	–	–	–	–	(442,944)
Fulfilment of commitment to repurchase preferred shares	–	–	62,897	–	–	–	–	–	62,897
Fair Value Change	–	–	3,086,653	–	–	–	–	–	3,086,653
Fair Value Change – other comprehensive loss	–	–	9,875	–	–	–	–	(35,970)	(26,095)
Repurchase of ordinary shares *(Note 29)*	–	–	–	–	133,749	–	–	–	133,749
Acquisition of subsidiaries	–	(8,981)	–	–	–	–	–	–	(8,981)
Foreign exchange adjustments	2,421	5,501	–	–	–	(100,154)	–	900	(91,332)
As at 31 December 2022 and 1 January 2023	(1,098,377)	(492,666)	(7,765,067)	(30,583)	–	1,504,048	79,725	497,490	(7,305,430)
Cash flows	**(118,457)**	**284,106**	**(225,000)**	**–**	**–**	**5,701**	**(37,804)**	**285,549**	**194,095**
New leases entered	**–**	**(297,729)**	**–**	**–**	**–**	**–**	**–**	**–**	**(297,729)**
Interest expenses	**(69,411)**	**(29,521)**	**–**	**(6,157)**	**–**	**–**	**–**	**–**	**(105,089)**
Lease modification	**–**	**27,986**	**–**	**–**	**–**	**–**	**–**	**–**	**27,986**
Repurchase of the preferred shares *(Note 29)*	**–**	**–**	**86,990**	**–**	**–**	**–**	**–**	**–**	**86,990**
Share-based compensation expense	**–**	**–**	**(1,235,171)**	**–**	**–**	**–**	**–**	**–**	**(1,235,171)**
Non-cash payment for Series C2 Preferred Shares	**–**	**–**	**(155,505)**	**–**	**–**	**–**	**–**	**–**	**(155,505)**
Fair Value Change	**–**	**–**	**717,315**	**–**	**–**	**–**	**–**	**(9,390)**	**707,925**
Fair Value Change – other comprehensive loss	**–**	**–**	**5,645**	**–**	**–**	**–**	**–**	**–**	**5,645**
Conversion of convertible preferred shares upon Global Offering	**–**	**–**	**7,964,492**	**–**	**–**	**–**	**–**	**–**	**7,964,492**
Acquisition of subsidiaries	**–**	**(667)**	**–**	**–**	**–**	**(21,698)**	**–**	**–**	**(22,365)**
Foreign exchange adjustments	**3,696**	**(166)**	**–**	**–**	**–**	**(4,853)**	**–**	**1,885**	**562**
As at 31 December 2023	**(1,282,549)**	**(508,657)**	**(606,301)**	**(36,740)**	**–**	**1,483,198**	**41,921**	**775,534**	**(133,594)**

35. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The material transactions with non-controlling interests during the reporting period are as follows:

Acquisition of non-controlling interests of the Philippines subsidiary

Till 10 April 2023, the Group acquired an additional 59.0% of the equity interests of the Group's main operating entity in the Philippines by making additional capital injection of approximately USD10,864,000 into such entity. After the transaction, the Group holds 99% of the equity interests of the above mentioned entity in the Philippines.

Immediately prior to the transaction, the carrying amount of the 59.0% non-controlling interest in the Philippines subsidiary was around USD62,485,000. The Group recognized an decrease in non-controlling interests by USD62,378,000 and an increase in equity attributable to owners of the Company by USD62,378,000.

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

2023	**Acquisition of NCI of the Philippines subsidiary USD'000**	**Other immaterial transactions USD'000**	**Total USD'000**
Carrying amount of non-controlling interests debited/(credited)	**62,378**	**(7,961)**	**54,417**
Consideration paid to non-controlling interests in cash	**–**	**(4,967)**	**(4,967)**
(Increase)/decrease in other reserve	**(62,378)**	**12,928**	**(49,450)**

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

36. RELATED PARTY TRANSACTIONS

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

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

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

(a) Names and relationships with related parties

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

Name of related party	Relationship with the Group
Galaxy Brilliant Inc.	Controlled by Mr. Jet Li
Jet Commerce Group	Controlled by Mr. Jet Li
Jie Business Sdn Bhd	Controlled by Mr. Jet Li
J&T Courier Service Sdn Bhd	Under significant influence of Mr. Jet Li
Honour Victory Holdings Limited	Under significant influence of Mr. Jet Li (before the end of appointment as director of this entity)
Shanghai Huisen Zhilian Express Co., Ltd	Under significant influence of Mr. Jet Li
Huisen Global Limited	Under significant influence of Mr. Jet Li
Jumbo Link Holdings Limited	Under significant influence of Mr. Jet Li (before the end of appointment as director of this entity)
Windfall T&L SPC	Under significant influence of Mr. Jet Li

36. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

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

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
(i) Borrowings received from related parties		
Honour Victory Holdings Limited	**600**	–
(ii) Repayment of borrowings from related parties		
Honour Victory Holdings Limited	**600**	5,651
Jumbo Link Holdings Limited	**–**	4,659
Others	**–**	3,843
	600	14,153
(iii) Loans to related parties		
Huisen Global Limited	**–**	320,000
(iv) Collection of loans to related parties		
Huisen Global Limited	**–**	344,200
Shanghai Huisen Zhilian Express Co., Ltd	**–**	135,424
Galaxy Brilliant Inc.	**–**	15,400
Others	**–**	8,777
	–	503,801
(v) Interest expenses on borrowings from related parties		
Honour Victory Holdings Limited	**1**	6
Others	**–**	11
	1	17
(vi) Interest income on loans to related parties		
Shanghai Huisen Zhilian Express Co., Ltd	**–**	8,552
Others	**–**	1,623
	–	10,175
(vii) Rendering of services		
Jie Business Sdn Bhd	**4,954**	2,450
Jet Commerce Group	**7**	1,655
Others	**694**	2,820
	5,655	6,925

36. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

	Year ended 31 December	
	2023	2022
	USD'000	USD'000
(viii) Receiving of services		
Jie Business Sdn Bhd	**310**	1
J&T Courier Service Sdn Bhd	**238**	4,790
Others	**399**	187
	947	4,978
(ix) Investment in related parties		
Windfall T&L SPC	**112,917**	60,000

(c) Balance with related parties

	As at 31 December	
	2023	2022
	USD'000	USD'000
(i) Bond receivables		
– Non-trade		
Huisen Global Limited *(Note 24)*	**483,487**	428,678
(ii) Receivables from related parties		
Trade receivables		
Others	**–**	589
Subtotal	**–**	589
Less: allowance for credit losses	**–**	(20)
	–	569
Other receivables		
– Non-trade		
Others	**–**	319
Subtotal	**–**	319
Less: allowance for credit losses	**–**	(5)
	–	314

36. RELATED PARTY TRANSACTIONS (Continued)

(c) Balance with related parties (Continued)

	As at 31 December	
	2023	2022
	USD'000	USD'000
(iii) Payables to related parties		
Trade payables		
Others	**–**	115
Other payables		
– Non-trade		
Jie Business Sdn Bhd	**–**	3
J&T Courier Service Sdn Bhd	**–**	2,461
Honour Victory Holdings Limited	**–**	6,605
Others	**–**	4
	–	9,073

Except for the abovementioned bond receivables, the remaining outstanding non-trade balances with related parties were subsequently settled by the date of this report.

(d) Key management compensation

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

	As at 31 December	
	2023	2022
	USD'000	USD'000
Salaries, bonuses and fees	**7,531**	11,040
Pension cost – defined contribution plans	**65**	45
Share-based compensation	**44,057**	223,773
	51,653	234,858

37. COMMITMENT

(a) Capital commitments

Capital expenditure contracted for as at 31 December 2023 and 2022 but not yet incurred is 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**	–
	134,946	11,659

(b) Short-term lease commitments

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

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

	As at 31 December	
	2023	2022
	USD'000	USD'000
Within one year	**47,097**	41,733

38. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration paid or payable to the directors of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) during the years ended 31 December 2023 and 2022 was as follows.

	Year ended 31 December 2023				
Name	Fees USD'000	Salaries and bonuses USD'000	Pension cost – defined contribution plans USD'000	Share-based compensation USD'000	Total USD'000
Executive Director:					
Mr. Jet Jie Li *(i)*	–	3,534	16	44,057	47,607
Non-executive Directors:					
Ms. Alice Yu-fen Cheng *(ii)*	12	17	–	–	29
Mr. Yuan Zhang *(ii)*	12	–	–	–	12
Ms. Qinghua Liao *(ii)*	12	–	–	–	12
Independent Non-executive Directors:					
Mr. Erh Fei Liu *(iii)*	12	–	–	–	12
Mr. Peng Shen *(iii)*	12	–	–	–	12
Mr. Charles Zhaoxuan Yang *(iii)*	12	–	–	–	12
	72	3,551	16	44,057	47,696

38. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

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

Notes:

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

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

(iii) The appointment of Mr. Erh Fei Liu, Mr. Peng Shen and Mr. Charles Zhaoxuan Yang as our independent non-executive Directors took effect on the Listing Date in October 2023.

38. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(b) Directors' retirement and termination benefits

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

No payment was made to the directors as compensation for early termination of appointment during the reporting period.

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

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

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

Save as disclosed in the Note 36, there were no loans, quasi-loans, and other dealings in favour of directors, their controlled bodies corporate and connected entities at the end of each reporting period or at any time during the reporting period.

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

Save as disclosed in the Note 36, no significant transactions, arrangements, and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of each reporting period or at any time during the reporting period.

39. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees include one director whose remuneration is set out in Note 38 for each of the years ended 31 December 2023 and 2022. All of these individuals including that director have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the reporting period. None of the directors, the CEO and employees waived or agreed to waive any emoluments during the reporting period. The emoluments payable to the remaining four individuals, who are neither a director nor chief executive of the Company, during the reporting period, are as follows:

	Year ended 31 December	
	2023 USD'000	2022 USD'000
Salaries, bonuses and fees	**8,285**	7,958
Pension cost – defined contribution plans	**48**	43
Welfare, medical and other benefits	**7**	32
Share-based compensation	**–**	15,748
	8,340	23,781

39. FIVE HIGHEST PAID EMPLOYEES (Continued)

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

	Year ended 31 December	
	2023	2022
Emolument bands (in HK dollar)		
HK$9,000,001 to HK$9,500,000	**1**	–
HK$12,000,001 to HK$12,500,000	**1**	–
HK$14,500,001 to HK$15,000,000	**1**	–
HK$17,000,001 to HK$17,500,000	**–**	1
HK$21,500,001 to HK$22,000,000	**–**	1
HK$29,000,001 to HK$29,500,000	**1**	–
HK$69,500,001 to HK$70,000,000	**–**	1
HK$76,000,001 to HK$76,500,000	**–**	1
	4	4

40. DIVIDENDS

No dividend has been paid or declared by the Company in the years ended 31 December 2022 and 2023.

41. CONTINGENT LIABILITIES

There are no significant contingent liabilities as at 31 December 2023 and 2022.

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December 2023 USD'000	 2022 USD'000
ASSETS			
Non-current assets			
Loans to subsidiaries *(i)*		**4,811,566**	4,379,799
Financial assets at fair value through profit or loss – non current		**642,576**	481,050
Investments in subsidiaries	*18*	**1,173,210**	1,007,478
		6,627,352	5,868,327
Current assets			
Prepayments, other receivables, and other assets		**668**	307
Cash and cash equivalents		**90,787**	3,347
		91,455	3,654
Total assets		**6,718,807**	5,871,981
EQUITY			
Equity attributable to owners of the Company			
Share capital		**18**	14
Share premium *(ii)*		**9,063,062**	605,155
Other reserves *(iii)*		**484,043**	294,508
Accumulated losses		**(2,833,947)**	(2,246,756)
Total deficits		**6,713,176**	(1,347,079)
LIABILITIES			
Non-current liability			
Financial liabilities at fair value through profit or loss		**–**	7,212,933
		–	7,212,933
Current liabilities			
Accruals and other payables		**5,631**	6,127
		5,631	6,127
Total liabilities		**5,631**	7,219,060
Total equity and liabilities		**6,718,807**	5,871,981

The balance sheet of the Company was approved by the Board of Directors on 22 March 2024 and was signed on its behalf.

Alice Yu-fen Cheng
Director

Jet Jie Li
Director

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(i) Loans to subsidiaries of the Company

During the reporting period, loans to subsidiaries were interest free and repayable on demand, without securities. The Company classified such loans as non-current assets as the management does not expect to retrieve the loans within twelve months as at 31 December 2023 and 2022.

(ii) Share premium movement of the Company

	Total USD'000
As at 1 January 2022	609,060
Repurchase of ordinary shares *(Notes 25, 26 and 29)*	(3,905)
As at 31 December 2022	605,155
As at 1 January 2023	**605,155**
Repurchase of ordinary shares *(Notes 25, 26 and 29)*	**(5,573)**
Conversion of preferred shares upon global offering	**7,964,492**
Issuance of ordinary shares pursuant to the 2022 Incentive Plan	**12,884**
Net proceeds from Global Offering	**486,104**
As at 31 December 2023	**9,063,062**

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(iii) Other reserve movement of the Company

	Share-based compensation reserve USD'000	Others USD'000	Total USD'000
As at 1 January 2022	515,730	(517,296)	(1,566)
Share-based compensation *(Note 26)*	239,521	–	239,521
Repurchase of ordinary shares and preferred shares *(Notes 25 and 26)*	–	(25,654)	(25,654)
Issuance of ordinary shares pursuant to the 2022 *Incentive Plan (Note 26)*	–	71,886	71,886
Other comprehensive loss – resulted from change of credit risk of financial liabilities measured at fair value	–	10,321	10,321
As at 31 December 2022	755,251	(460,743)	294,508
As at 1 January 2023	**755,251**	**(460,743)**	**294,508**
Share-based compensation *(Note 26)*	**45,850**	**–**	**45,850**
Repurchase of ordinary shares and preferred shares *(Notes 25 and 26)*	**–**	**(39,982)**	**(39,982)**
Issuance of ordinary shares pursuant to the 2022 Incentive Plan *(Note 26)*	**–**	**169,212**	**169,212**
Conversion of preferred shares upon global offering	**–**	**9,043**	**9,043**
Issuance of convertible preferred shares	**–**	**(3)**	**(3)**
Other comprehensive income – resulted from change of credit risk of financial liabilities measured at fair value	**–**	**5,415**	**5,415**
As at 31 December 2023	**801,101**	**(317,058)**	**484,043**

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

43.1 Principles of consolidation

43.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 43.2).

Inter-company transactions, balances, and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

43.1.2 Changes in ownership interests

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

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

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

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

43.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

43.3 Foreign currency translation

(a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(b) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

43.3 Foreign currency translation (Continued)

(c) Disposal of foreign operation and partial disposal

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

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

43.4 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

43.5 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

43.6 Trade receivables

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

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

43.7 Trade payables

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

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

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

43.8 Financial liabilities at fair value through profit or loss

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

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

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

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

43.9 Financial liabilities – share redemption liabilities

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

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

43. SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

43.10 Borrowings

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

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

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

43.11 Borrowing costs

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

43.12 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

XI. Definitions

"agency area(s)"	the designated geographical areas to be operated with the assistance of the Group's regional sponsors
"Articles" or "Articles of Association"	the Articles of Association of our Company effective on the Listing Date
"Audit Committee"	the audit committee of the Board
"BEST Express China"	Hangzhou BEST Network Technologies Co., Ltd., together with its subsidiaries
"Class A Shares"	class A shares of the Company with a par value of US$0.000002 each, following the Reclassification, Redesignation and Share Subdivision, conferring weighted voting rights in the Company such that each Class A Share shall entitle its holder to ten votes on each resolution subject to a vote at the Company's general meetings, save for resolutions with respect to any Reserved Matters, in which case each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting
"Class B Shares"	Class B shares of the Company with a par value of US$0.000002 each, following the Reclassification, Redesignation and Share Subdivision, such that each Class B Share shall entitle its holder to one vote on each resolution subject to a vote at the Company's general meetings
"COD"	cash on delivery, when a recipient pays for the goods at the time of delivery
"Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Company", "our Company"	J&T Global Express Limited (極兔速遞環球有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 24 October 2019
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities" or "consolidated affiliated entities"	the entities we control through the Contractual Arrangements, namely the PRC Holdco and Indonesian Holdco and their respective subsidiaries. For further details of these entities, see the section headed "Directors' Report – Contractual Arrangements" of this annual report
"Contractual Arrangements"	the series of contractual agreements entered into by the PRC and Indonesian WFOE, the PRC Holdco, the Indonesian Holdco, the PRC Registered Shareholders and the Individual and Corporate Registered Shareholders of our Indonesian Holdco, please refer to the section headed "Directors' Report – Contractual Arrangements" in this annual report

"Corporate Governance Code" or "CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Corporate Governance Committee"	the corporate governance committee of the Board
"CPI"	Consumer Price Index
"Director(s)"	the director(s) of the Company
"ESG"	environmental, social and governance
"Fengwang Information"	Shenzhen Fengwang Information Technology Company Limited (深圳市豐網信息技術有限公司)
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "the Group", "J&T Express", "Company", "the Company" "we", "us", or "our"	our Company, its subsidiaries and consolidated affiliated entities, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries and consolidated affiliated entities, the subsidiaries and consolidated affiliated entities as if they were the subsidiaries and consolidated affiliated entities of our Company at the time
"HK$", "Hong Kong dollars" or "HK dollars"	the lawful currency of Hong Kong
"HKEX", "Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Huisen Global"	Huisen Global Limited, an exempted company incorporated in the Cayman Islands with limited liability on 16 April 2021
"IDR"	the lawful currency of Indonesia
"IFRS"	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board
"Indonesian Opco"	PT Global Jet Express, a limited liability company incorporated under the laws of Indonesia, which obtained its legal entity status on 21 May 2015 and a consolidated affiliated entity of our Company
"Indonesian WFOE"	PT. Cahaya Global Berjaya, a limited liability company incorporated under the laws of the Republic of Indonesia on 11 June 2021 and our wholly-owned subsidiary

"JMS system"	J&T Information Management System
"J&T Express China"	J&T Express China Co., Ltd. (極兔速遞有限公司), a limited liability company incorporated under the laws of the PRC on 29 September 2007 and a consolidated affiliated entity of our Company
"Latest Practicable Date"	20 April 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
"Listing"	the listing of our Class B Shares on the Main Board of the Stock Exchange
"Listing Date"	27 October 2023
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"MYR"	the lawful currency of Malaysia
"New Markets"	Saudi Arabia, UAE, Mexico, Brazil and Egypt
"Nomination Committee"	the nomination committee of the Board
"PHP"	the lawful currency of the Philippines
"PRC" or "China"	the People's Republic of China, but for the purposes of this annual report only (unless otherwise indicated) excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"PRC Holdco" or "Shanghai Yishangshiye"	Shanghai Yishangshiye Co., Ltd. (上海邑商實業有限公司), a limited liability company incorporated under the laws of the PRC on 8 April 2014 and a holding company of certain PRC subsidiaries
"PRC WFOE" or "Chongqing Yunqing"	Chongqing Yunqing Supply Chain Management Co., Ltd. (重慶紜慶供應鏈管理有限公司), a limited liability company incorporated under the laws of the PRC on 22 April 2020 and our wholly-owned subsidiary
"Pre-IPO Share Incentive Plan"	the Network Partners Equity Incentive Plan, as adopted by our Shareholders on 26 February 2022 and amended by way of Directors' resolutions dated 31 May 2023

"prospectus"	the prospectus being issued in connection with the Hong Kong Public Offering
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	for the year ended 31 December 2023
"Reserved Matters"	those matters with respect to which each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company's auditors, or (iv) the voluntary liquidation or winding-up of the Company
"RMB" or "Renminbi"	the lawful currency of the PRC
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Jiexiao" or "Technology Company"	Shanghai Jiexiao Information Technology Co., Ltd. (上海捷曉信息技術有限公司), a limited liability company incorporated under the laws of the PRC on 10 September 2019 and a subsidiary of our Company
"Share(s)"	the Class A Shares and/or Class B Shares in the share capital of the Company
"Shareholder(s)"	holder(s) of our Shares
"THB"	the lawful currency of Thailand
"US$", "USD" or "U.S. dollars"	the lawful currency of the United States
"WVR" or "weighted voting rights"	has the meaning ascribed to it under the Listing Rules
"WVR Beneficiary"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Jet Jie Li, being the beneficial owner of the Class A Shares, entitling him to weighted voting rights
"WVR Structure"	has the meaning ascribed to it under the Listing Rules
"Yunyi Transportation" or "Transportation Company"	Yunyi Transportation (Chongqing) Co., Ltd. (紜毅運輸(重慶)有限公司), a limited liability company incorporated under the laws of the PRC on 31 December 2019 and a subsidiary of our Company

J&T EXPRESS