順豐控股股份有限公司
S.F. Holding Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 6936

GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

(in alphabetical order)

Goldman Sachs 高盛 | 华泰国际 HUATAI INTERNATIONAL | J.P.Morgan

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Financial Advisers

(in alphabetical order)

CICC 中金公司 | UBS 瑞銀集團

Joint Bookrunners and Joint Lead Managers

(in alphabetical order)

農銀國際 ABC INTERNATIONAL | 中銀國際 BOCI | 招银国际 CMB INTERNATIONAL | DBS | 廣發証券(香港) GF SECURITIES (HONG KONG) | ICBC 工银国际

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain professional independent advice.

S.F. Holding Co., Ltd.
順豐控股股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Global Offering

Number of Offer Shares under the Global Offering	:	**170,000,000 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**16,150,000 H Shares (subject to reallocation)**
Number of International Offer Shares	:	**153,850,000 H Shares (subject to reallocation, and the Over-allotment Option)**
Maximum Offer Price	:	**HK$36.30 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
Stock code	:	**6936**

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix V — Documents Delivered to the Registrar of Companies and Available on Display" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Overall Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Monday, November 25, 2024 (Hong Kong time) and, in any event, not later than 12:00 noon Monday, November 25, 2024 (Hong Kong time). The Offer Price will not be more than HK$36.30 per Offer Share and is currently expected to be not less than HK$32.30 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by 12:00 noon Monday, November 25, 2024 (Hong Kong time) between the Overall Coordinators (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Overall Coordinators, on behalf of the Underwriters, may, where considered appropriate and with the consent of our Company, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (being HK$32.30 per Offer Share to HK$36.30 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of our Company at **www.sf-express.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. For further details, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (on behalf of the Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. For details, see "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold, pledged or otherwise transferred within the United States, except pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The Offer Shares may only be offered and sold (a) in the United States to QIBs in reliance on Rule 144A or another available exemption from registration requirements under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S. No public offering of the Offer Shares will be made in the United States.

November 19, 2024

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of the Prospectus in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.sf-express.com. You may download and print from these website addresses if you want a printed copy of the Prospectus.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of the Prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that the Prospectus is available online at the website addresses stated above.

Your application through the **HK eIPO White Form** service or the HKSCC EIPO channel must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares. If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		HK$		HK$		HK$
200	7,333.22	4,000	146,664.34	60,000	2,199,965.14	800,000	29,332,868.40
400	14,666.43	5,000	183,330.42	70,000	2,566,625.99	900,000	32,999,476.96
600	21,999.65	6,000	219,996.52	80,000	2,933,286.85	1,000,000	36,666,085.50
800	29,332.86	7,000	256,662.60	90,000	3,299,947.70	2,000,000	73,332,171.00
1,000	36,666.08	8,000	293,328.69	100,000	3,666,608.56	3,000,000	109,998,256.50
1,200	43,999.31	9,000	329,994.77	200,000	7,333,217.10	4,000,000	146,664,342.00
1,400	51,332.52	10,000	366,660.85	300,000	10,999,825.66	5,000,000	183,330,427.50
1,600	58,665.74	20,000	733,321.71	400,000	14,666,434.20	6,000,000	219,996,513.00
1,800	65,998.95	30,000	1,099,982.56	500,000	18,333,042.76	7,000,000	256,662,598.50
2,000	73,332.17	40,000	1,466,643.42	600,000	21,999,651.30	8,075,000(1)	296,078,640.41
3,000	109,998.25	50,000	1,833,304.28	700,000	25,666,259.86		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

*If there is any change to the expected timetable of the Hong Kong Public Offering, we will issue an announcement on the respective websites of the Company at **www.sf-express.com** and the Stock Exchange at **www.hkexnews.hk**.*

The Hong Kong Public Offering commences	9:00 a.m. on Tuesday, November 19, 2024
Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2]	11:30 a.m. on Friday, November 22, 2024
Application lists open[3]	11:45 a.m. on Friday, November 22, 2024
Latest time to (a) complete payment for **HK eIPO White Form** applications by effecting Internet banking transfer(s) or PPS payment transfer(s) and (b) to give **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, November 22, 2024
Application lists close[3]	12:00 noon on Friday, November 22, 2024
Expected Price Determination Date	Monday, November 25, 2024
Announcement of the Offer Price	11:00 p.m. on Tuesday, November 26, 2024
Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of the Company at **www.sf-express.com** on or before	11:00 p.m. on Tuesday, November 26, 2024

Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" from . . . . Tuesday, November 26, 2024

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[5] . . . . Tuesday, November 26, 2024

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before[6] . . . . Wednesday, November 27, 2024

Dealings in the H Shares on the Stock Exchange expected to commence at . . . . .9:00 a.m. on Wednesday, November 27, 2024

Notes:

(1) All times and dates refer to Hong Kong local times and dates unless otherwise stated.

(2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or prior to 11:30 a.m., you will be permitted to continue the application process by completing payment of application money until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, November 22, 2024, the application lists will not open or close on that day. For further information, please refer to the section headed "How to Apply for Hong Kong Offer Shares — E. Bad Weather Arrangements" in this prospectus.

(4) If you instruct your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you should contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

(5) H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be on or around Wednesday, November 27, 2024, provided that the Global Offering becomes unconditional in all respects on or before then. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid do so entirely at their own risks.

(6) e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering if the final Offer Price is less than the maximum Offer Price payable per Offer Share on application. Part of the applicant's identification document numbers, or, if the application is made by joint applicants, part of the identification document numbers of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's identification document numbers before encashment of the refund checks. Inaccurate completion of an applicant's identification document numbers may invalidate or delay encashment of the refund checks.

The above expected timetable is a summary only. For details of the structure of the Global Offering, and the conditions and procedures for applications for Hong Kong Offer Shares, please read "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" carefully.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorized by us, any of the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

Page

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Scale

Largest in Asia

4th Largest Globally

Integrated logistics service provider[1]

Leadership[1]

No. 1 in Asia

Express, LTL Freight, Intra-city On-demand[2], International[3]

No. 1 in China

Express, LTL Freight, Cold Chain, Intra-city On-demand[2], Supply Chain[4]

Global Coverage

202

Countries and regions covered

99 aircraft

Largest air cargo fleet in Asia

186k vehicles

Largest ground delivery fleet in the world

Brand

No. 1

Customer satisfaction for express services in China as published by the State Post Bureau

15 years

in a row

Growth

11.7%

Revenue CAGR, 2021-2023

31.9%

Net Profit Attributable to Owners of Our Company CAGR, 2021-2023

16.3%

EBITDA[5] CAGR, 2021-2023

Profitability

RMB8.2bn

Net Profit Attributable to Owners of Our Company in 2023

RMB29.4bn

EBITDA[5] in 2023

Notes:

1 *According to Frost & Sullivan, in terms of revenue in 2023, with a market share of 0.7% globally*
2 *Among third-party intra-city on-demand delivery service providers*
3 *Among Asia integrated logistics players*
4 *Among non-state-owned independent third-party supply chain solutions providers*
5 *For details, see "Financial Information — Non-IFRS Measures" in this document*

We are a leading global integrated logistics service provider (i.e. logistics service provider that offers a full spectrum of domestic and international logistics services, including but not limited to, express delivery services, freight delivery services, cold chain logistics services, intra-city on-demand delivery services, supply chain services and international logistics services, and provide one-stop solutions to multinationals, large corporations, small and medium enterprises and retail customers), the largest player in China and Asia, and the fourth largest player globally, in terms of revenue in 2023, according to Frost & Sullivan. We are a Fortune Global 500 company with market leadership in five logistics sub-segments in China and four in Asia, offering a complete range of logistics services including express, freight, cold chain, intra-city on-demand, supply chain solutions and international logistics services.

We have a premium brand that is widely recognized for top-notch services (i.e. superior and leading service quality) and is a commonly used verb in Chinese, with *"Let me SF this to you"* having become synonymous with *"Let me express mail this to you."* We were the only logistics company recognized as one of the Top Five Most Admired Chinese Companies by Fortune Magazine in 2024. As of June 30, 2024, we had an extensive global delivery network covering 202 countries and regions, supported by 99 aircraft and over 186,000 vehicles, the largest air and ground delivery fleet in Asia, according to Frost & Sullivan. We are also a technology-driven company with 4,199 patents and patent applications as of June 30, 2024, and we continuously leverage proprietary technologies to deliver innovative solutions and execution excellence. We had approximately 2.2 million customers with active credit accounts and approximately 699 million retail customers as of June 30, 2024, both of which were the highest among all logistics service providers in Asia, according to Frost & Sullivan.

Our business model has three key attributes: direct operations, integrated capabilities, and third-party independence. First, we directly operate the entire end-to-end delivery process from first-mile pickup to last-mile delivery. This enables strong operational control, high network visibility and agile resource allocation to support industry-leading speed, cost and reliability. Second, our integrated capabilities enable us to offer a full-spectrum of services, standardized or customized, to address a full range of customers' logistics needs, capture greater wallet share, and achieve above-industry growth. Third, we are the only integrated logistics service provider of scale in China that is independent of major e-commerce platforms*, allowing us to serve our customer base impartially, capture new emerging opportunities, and build long-term sustainable relationships.

	China Express Logistics	Invest in the Future	Global Integrated Logistics
Time Period	1993 - 2012	2012 - 2023	2023 - Future
Geography	China	China and Asia	China, Asia and Global
Strategic Focus	Country Leadership Build a strong foundation Establish market leadership Build our brand	Building Capabilities Incubate new products Invest in infrastructure Gain market share	Global Expansion Harvest prior investment Enhance profitability Strengthen cost discipline

We have dedicated over three decades to building our logistics network and investing in logistics infrastructure, which has given us a unique position today in Asia as an industry-defining player. Our flagship product is time-definite express, in which we commanded a market share of 63.9% in China in 2023, according to Frost & Sullivan. Leveraging our time-definite capabilities, we employed a "1-to-n" growth strategy (our growth and expansion strategy that leverages our time-definite express delivery service as the bedrock to incubate new service offerings, enter adjacent logistics segments, and further complement our integrated capabilities) to enter into adjacent products and geographies in a strategic and cost-effective manner. Following this strategy, our capabilities and product offerings are becoming

Note:

* *According to Frost & Sullivan, in 2023, we were the only integrated logistics service provider in China that is independent of major e-commerce platform, which recorded revenue exceeding RMB200 billion.*

increasingly comprehensive and sophisticated each day, expanding from time-definite to economy express, from small light-weight items to large heavy parcels, from standard delivery to specialized services with temperature or humidity precision, from China to Asia and then to the world. Today, most of our service offerings have reached scale and market leadership, achieved profitability, and are poised for growth.

As a leading global integrated logistics service provider, we have always had a vision to become the leader in global logistics, expanding our reach in our home market Asia and broadening our presence globally. Global logistics represents an enormous market opportunity, with an estimated US$11.1 trillion spent on logistics in 2023, of which Asia is the largest regional market accounting for US$5.1 trillion in logistics spend in 2023, according to Frost & Sullivan. The logistics industry is going through several paradigm shifts which presents us with multiple opportunities. As the logistics needs of businesses become increasingly complex and diverse, customer demand is shifting towards logistics players that provide a full spectrum of service offerings, high-quality services and global reach. In our home market of Asia, the logistics industry as a whole and most of its sub-sectors remains highly fragmented. As single-market single-product players become increasingly disadvantaged due to lack of capabilities, strategic consolidation opportunities continue to emerge for leading integrated players. We started our international business in 2010, primarily serving Chinese customers' outbound logistics needs. Today, as Chinese enterprises expand globally, the international supply chain has significant opportunities for transformation. In 2021, our acquisition of Kerry Logistics further strengthened our domestic and cross-border express operations in Southeast Asia, international supply chain and freight forwarding capabilities. Successful integration of Kerry Logistics into our existing international operations further solidified our global integrated logistics capabilities and customer base, empowering our global expansion strategy and vision. In 2023, we had the largest international operations among all Asia-based integrated logistics service providers in terms of international revenue, according to Frost & Sullivan. Together with the commencement of operations of the logistics complex in the Ezhou cargo hub, we believe we are able to consolidate the market and capture opportunities both domestically and internationally, with our extensive product portfolio, integrated global capabilities, experience in merger and acquisitions, operational excellence and strong cost discipline. We are well-positioned to capture a greater proportion of future logistics demand due to our years of prior investment and the capabilities we have built, which cannot be easily replicated.

Looking ahead, we aim to become the leader in global logistics and connect Asia with the world. We will reinforce our market leadership in China, expand our reach in Asia, and broaden our presence globally. In Asia, we will replicate our success in China and expand in selected high-growth markets. In markets outside of Asia, we aim to achieve high-quality growth by leveraging our highly recognized brand, leadership in cost efficiency and integrated capabilities to provide one-stop services. We strive to become the go-to-logistics partner of businesses and individuals worldwide, offering market-leading logistics services that empower their success.

Our Journey

In our 31 years of development, we always strive to make our service offerings increasingly more sophisticated, accommodating customers' diverse requirements in time, weight, frequency, distance, condition, and geography. As we develop new features for existing service offerings, we are also constantly accumulating capabilities to enter adjacent segments and establish market leadership quickly.

We were founded in Shunde, Guangdong Province in 1993. Three decades later, we have become a global integrated logistics player with market leadership across multiple logistics segments in China and Asia.

We have achieved strong growth over the past decade through both organic development and strategic initiatives. Today, a majority of our business customers use more than one of our services.

Our management team has pioneered many innovations that have transformed China's logistics industry and have become the industry standard:

- In the late 1990s, according to Frost & Sullivan, we pioneered the courier incentive model that tied courier compensation to parcel volume, aligning the interest of couriers with company performance. This incentive model was later adopted across the entire logistics industry in China.

- In 2003, according to Frost & Sullivan, we revolutionized the logistics industry in China by adopting handheld terminals, which boosted our operational efficiency and facilitated the collection and tracking of express delivery routing information for the first time in China.

- In 2009, we became the first private logistics service provider in China to establish our own cargo airline, SF Airlines.

- In 2012, according to Frost & Sullivan, we were the first to use e-waybill in China, which enhanced automation and real-time tracking of parcels.

Our Global Network

Our logistics network is vast and comprehensive. As of June 30, 2024, we covered all cities and 98.1% counties in China, and 202 countries and regions globally. As of June 30, 2024, we were the largest shipper of air cargo in China with a fleet of 99 all-cargo aircraft, and accounted for 32.0% of the air cargo volume in China in the first half of 2024, according to Frost & Sullivan. As of the same date, our ground network was enabled by the largest ground fleet in Asia, according to Frost & Sullivan, consisting of over 86,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally. The Ezhou cargo hub is expected to enable us to further increase the differentiation versus our competitors in terms of delivery speed and global network coverage.

Our Proprietary Technology

Technology lies at the core of everything we do. Our proprietary "SF Smart Brain", a data-driven middle platform system, has enabled effective management of our highly complex operations across a vast network, leading to operational efficiencies and optimized costs. Our couriers are equipped with a set of proprietary and comprehensive technology tools to optimize delivery efficiency and ensure exceptional services. We also harness technology to push the boundaries of our services capabilities and incubate new offerings. Our technology capabilities and continuing research and development efforts ensure we remain at the forefront of smart logistics.

Our Value Proposition

We pride ourselves on providing top-notch services to our customers. We believe the following distinctive value proposition set us apart from competitors and enable us to uphold premium pricing:

- *Fast.* We provide fast and time-definite delivery for our customers. Our time-definite express product is what we are best known for and the foundation of our integrated logistics services.

- *Reliable*. Our services are consistently reliable. Our directly operated business model ensures full control over our operations and resource allocation.

- *Customer-centric.* We put our customers' interests first and believe in shared growth. We can only succeed if our customers succeed. Our couriers promote a customer-centric culture and strive to form personal connections with our customers, providing warm services.

Our Scale, Growth, and Profitability

We have achieved significant scale, growth and profitability. Our revenue increased from RMB207.2 billion in 2021 to RMB258.4 billion in 2023, representing a CAGR of 11.7%; our revenue also increased by 8.1% from RMB124.4 billion for the six months ended June 30, 2023 to RMB134.4 billion for the same period in 2024. Our profit for the year attributable to owners of our Company was RMB4.7 billion, RMB6.2 billion and RMB8.2 billion in 2021, 2022 and 2023, respectively, representing a CAGR of 31.9% from 2021; our profit for the period attributable to owners of our Company also increased by 15.1% from RMB4.2 billion for the six months ended June 30, 2023 to RMB4.8 billion for the same period in 2024. Our EBITDA (non-IFRS measure) increased from RMB21.8 billion in 2021 to RMB29.4 billion in 2023, representing a CAGR of 16.3%; our EBITDA (non-IFRS measure) also increased by 8.2% from RMB14.7 billion for the six months ended June 30, 2023 to RMB15.9 billion for the same period in 2024.

We also have a strong emphasis on shareholder return, having declared annual dividends every year since we became a public company. Our dividend payout ratio increased from 20% (from 2017 to 2022) to 35% in 2023, and we aim to steadily increase this over the next five years.

We believe we are at an inflection point today for high-quality and sustainable growth. The period of heavy capital expenditure has now passed and we have implemented many operational efficiency initiatives that are bearing fruit. We have also achieved a number of breakthroughs in our businesses, including the following:

- Market share gains as our broader portfolio of logistics services and industry-specific packaged solutions enable us to serve a more diverse customer base across different industries and capture greater customer wallet share;

- Enhanced profitability as our newer logistics services have grown in scale and achieved breakeven, any further growth will be accretive to our bottom line;

- Improved cost efficiency as integration of our aviation, ground and information networks and resource sharing lead to increased cost synergies; and

- Accelerated global expansion as we ramp up the operations of the Ezhou cargo hub to improve connectivity between China and Asia, within Asia, and Asia with the world.

Our Commitment to ESG

We are deeply committed to building a green and sustainable world as well as bringing positive impact to our people, community, and stakeholders. Our longstanding ESG commitment is widely accredited. We have been named on Fortune Magazine's China ESG Influential List for three consecutive years since 2022, and are the only express logistics company on the list. We were also named among the World's Best Employers by Forbes in 2022.

Our Culture and Social Responsibility

The logistics industry plays a vital role in the overall economy and serves various industrial and consumer sectors, facilitating manufacturing upgrade and improving everyone's day-to-day life.

As the leading player in the logistics industry, our development has been closely linked to our commitment to social responsibility. Our couriers, who are fondly referred as "Yige (一哥)/Yijie (一姐)", not only fulfill their daily duties, but also always extend help to communities in times of need. They foster a genuine sense of warmth and care, and are returned with deep trust. During major emergencies such as earthquakes or floods, we are always at the forefront to shoulder social responsibilities, saving lives and facilitating rapid resumption of normal production. In addition, through our various logistics services, we empower rural revitalization and agricultural digitalization to help farmers diversify sales channels and generate additional income, fostering shared growth.

Our strong corporate culture sets us apart from our peers and serves as the backbone of our success. We value and are genuinely thankful to our people's contributions and dedications. Our culture embodies the principles and fundamental beliefs that we uphold. It serves as our compass, guiding our efforts towards realizing our vision.

OUR STRENGTHS

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

- Asia's largest integrated logistics service provider;
- Winning business model – directly operated, integrated and independent;
- Global gateway connecting Asia and the world;
- Go-to brand for differentiated and premium services;

- Technology and innovation driven operations; and

- Visionary management promoting a people-centric culture.

OUR STRATEGIES

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

- Further strengthen and optimize our network and service offerings;

- Continue to enhance efficiency and productivity;

- Continue to invest in technology to build a smart logistics network and offer pioneering solutions;

- Expand our international and cross-border capabilities; and

- Grow business and consumer mindshare as "*the One in Asia.*"

OUR BUSINESS MODEL

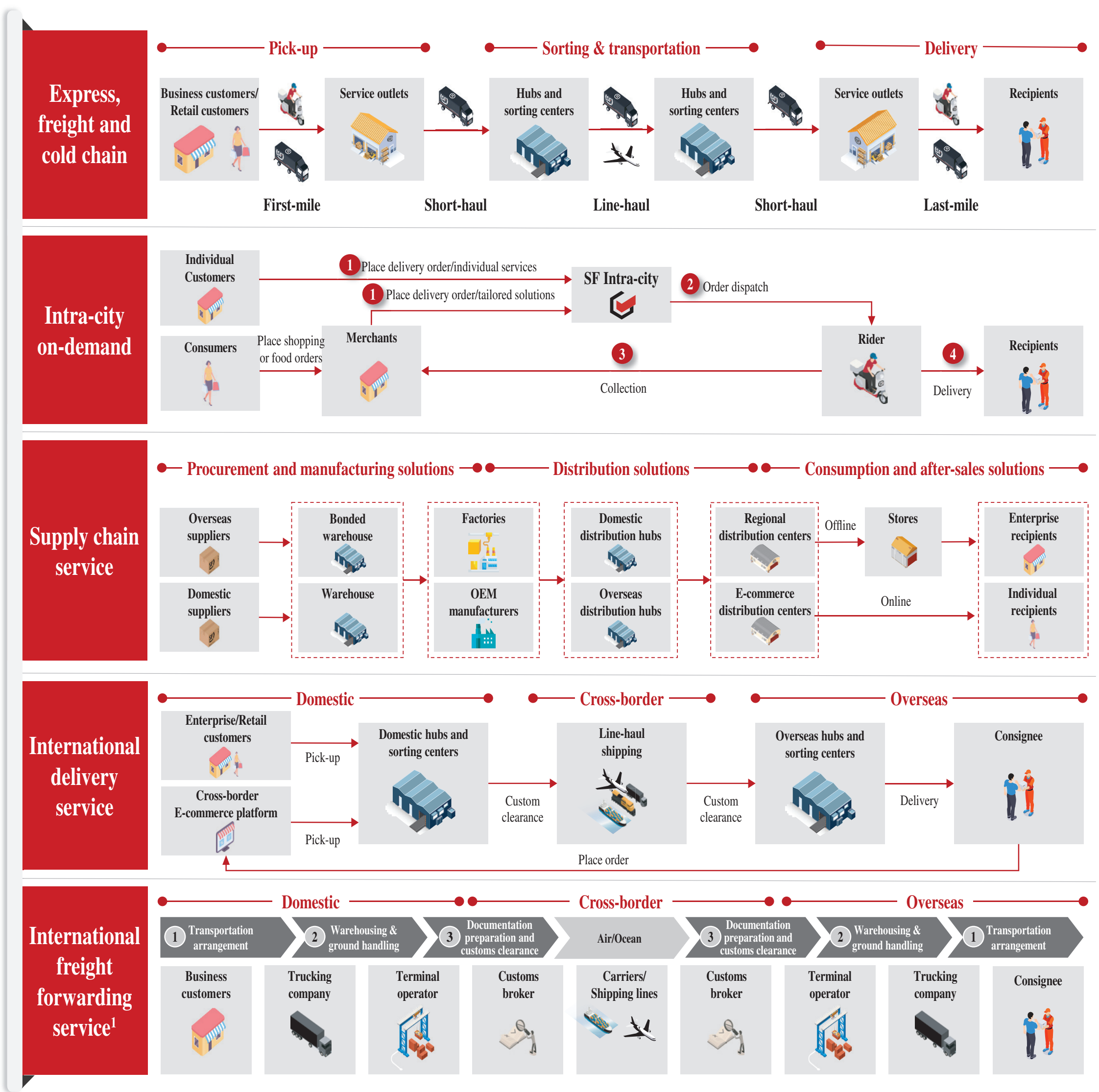
Our business model combines direct operations, integrated capabilities, and third-party independence, enabling us to maintain control and autonomy over our operations, offer a wide portfolio of service offerings, and serve customers impartially.

Directly Operated Model

Our operations pivot around a directly operated model, integrating aviation, ground, and information networks under one unified command. We directly operate the entire delivery process from first-mile pickup to last-mile delivery with minimum reliance on franchisees. This model ensures strong operational control and high visibility over our entire logistics network and infrastructure, including service outlets, sorting centers, warehouses, and line-haul transport, empowering us to effectively allocate resources and deliver speedy and reliable services. For example, we fully integrate resources across our aviation and ground network with our data network to efficiently serve our entire portfolio of services. In addition, with direct operations, we are able to ensure business resilience and sustain service quality throughout changing business environments and market conditions.

Integrated Capabilities

Anchored by our directly operated model, we deliver a comprehensive portfolio of logistics and supply chain solutions to a diverse customer base globally. Leveraging our time-definite capabilities as a foundation, we have expanded strategically into economy express, freight delivery, cold chain logistics, intra-city on-demand delivery, and supply chain and international services, catering to the evolving and diverse logistics needs of our customers across industry verticals. We have been building our capabilities in a strategic, meticulous, and cost-effective way, leveraging our established competitive strengths and networks to enter adjacent products. This approach unlocks network synergies and optimizes resource allocation, simultaneously reinforcing the foundation of our time-definite delivery and fostering the growth of our other businesses. The following diagram illustrates the full cycle of our integrated service offerings:



Note:

Our international services in general adopt an asset-appropriate approach. In particular, our international freight forwarding service is asset-light, whereby a majority of transportation needs are provided by external carriers, and customs clearance is partly outsourced to external customs brokers.

With a comprehensive portfolio of logistics and supply chain solutions, we can select and combine our capabilities, which are operationally standardized to us, to provide differentiated and tailored solutions to address the specific logistics needs of our customers across various industries. As a result, the number of our customers with active credit accounts amounted to approximately 2.2 million as of June 30, 2024, the highest among all logistics service providers in Asia, according to Frost & Sullivan.

Independent Third-Party Logistics Service Provider

The express delivery industry in China has grown rapidly due to the rise of e-commerce platforms. As various e-commerce platforms and merchants continue to emerge and develop, they generally prefer logistics partners that are not affiliated with incumbent e-commerce players to form long-term trusted relationships free of potential conflicts of interest, perceived or otherwise. Unlike the majority of our domestic Chinese peers, we are positioned in the industry as an independent third-party logistics service provider neutral to platforms and merchants. We are not affiliated with any e-commerce platform, which enables us to provide impartial services to all our customers. We aim to provide unbiased, inclusive, high-quality services to all our partners and empower their success.

Our business model, combining direct operations, integrated services capabilities, and third-party independence, has enabled us to achieve today's success as an industry frontrunner and will further empower us to capture evolving customer needs and continue our expansion.

COMPETITIVE LANDSCAPE

Global logistics represents an enormous market opportunity, with an estimated US$11.1 trillion spent on logistics in 2023, according to Frost & Sullivan. Outsourcing logistics requirements to third-party providers is a secular trend across the world, resulting in sustainable growth in global logistics spending and emergence of leading third-party logistics service providers. Nevertheless, the overall logistics market remains highly fragmented, with a majority of third-party logistics service providers small in scale and either focused on a particular sub-sector or a particular region or country. Globally, there are only around ten integrated logistics service providers that are able to provide a full spectrum of logistics services including express, freight, cold chain logistics, intra-city on-demand delivery services, supply chain solutions, and international logistics services, among others. Among the global leading integrated logistics service providers, a vast majority operate on a directly operated model with high ownership and control of all processes across end-to-end supply chain. The directly operated model allows integrated logistics service providers to achieve superior service quality, provide customized and integrated solutions for customers' evolving logistics needs, and maximize cost efficiencies through integrating multiple networks.

We were Asia's largest and the world's fourth largest integrated logistics service provider in terms of revenue in 2023, according to Frost & Sullivan. According to the same source, we were also the fastest growing integrated logistics service provider among the global top four integrated logistics service providers, in terms of revenue growth from 2021 to 2023. In China, we operate in a number of sub-sectors, including express, LTL freight, cold chain logistics, intra-city on-demand, and end-to-end supply chain solutions, and command leading positions with a market share of 11.7%, 1.7%, 2.2%, 13.8% and 3.2%, respectively, in each of these sub-sectors, in terms of revenue in 2023, according to Frost & Sullivan. Across various services and geographies, we primarily compete with three major types of logistics service providers, namely, leading global integrated logistics service providers, China-based integrated logistics service providers, and single-product logistics service providers. For details regarding our industry and competitive landscape, see "Industry Overview" in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

We have fostered an extensive customer base covering various industries around the world. We adopt a tiered approach for both business customers and retail customers. We serve a wide range of blue-chip business customers across various industries, including many of the Top 500 Enterprises in China. In 2023, 476 of these enterprises were our customers, and they spread across all industry verticals. We have the highest coverage for blue-chip customers among integrated logistics service providers in Asia, which reflects our commitment to providing high-quality services.

We take pride in having a diverse customer base, which means we do not depend on a single customer and thus have low concentration risk. Our top five customers for each year/period during the Track Record Period accounted for 5.6%, 5.0%, 9.2% and 9.1% of our total revenue for the respective period, respectively.

Our Procurement and Suppliers

We mainly adopt a centralized procurement approach, which includes screening, tendering and bidding, and procuring various assets, consumables, and services used in our business, including but not limited to, sorting equipment, vehicles, waybills, barcode scanners and uniforms.

Our top five suppliers for each year/period during the Track Record Period accounted for 13.6%, 16.8%, 22.0% and 21.5% of our total purchases for the respective period, respectively.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Revenue	207,186,647	100.0	267,490,414	100.0	258,409,403	100.0	124,365,598	100.0	134,409,720	100.0
Cost of revenue	(181,409,103)	(87.6)	(234,478,008)	(87.7)	(225,775,678)	(87.4)	(107,767,733)	(86.7)	(116,096,281)	(86.4)
Gross profit	**25,777,544**	**12.4**	**33,012,406**	**12.3**	**32,633,725**	**12.6**	**16,597,865**	**13.3**	**18,313,439**	**13.6**
Selling and marketing expenses	(2,837,899)	(1.4)	(2,784,114)	(1.0)	(2,991,589)	(1.2)	(1,392,755)	(1.1)	(1,470,892)	(1.1)
General and administrative expenses	(15,115,275)	(7.3)	(17,694,719)	(6.6)	(17,766,049)	(6.9)	(8,999,978)	(7.2)	(9,049,272)	(6.7)
Research and development expenses	(2,154,839)	(1.0)	(2,222,865)	(0.8)	(2,285,314)	(0.9)	(1,174,970)	(0.9)	(1,301,455)	(1.0)
Net (impairment losses)/reversal on financial assets and contract assets	(579,851)	(0.3)	(825,170)	(0.3)	33,480	0.0	66,022	0.1	(159,872)	(0.1)
Other income	2,089,534	1.0	2,494,659	0.9	2,281,202	0.9	880,404	0.7	572,750	0.4
Other gains, net	1,956,535	1.0	831,262	0.3	408,474	0.3	257,072	0.2	293,793	0.2
Operating profit	**9,135,749**	**4.4**	**12,811,459**	**4.8**	**12,313,929**	**4.8**	**6,233,660**	**5.1**	**7,198,491**	**5.3**
Finance income	187,794	0.1	345,662	0.1	633,373	0.2	292,849	0.2	415,064	0.3
Finance costs	(1,562,963)	(0.8)	(2,054,360)	(0.8)	(2,269,700)	(0.9)	(1,092,673)	(0.9)	(1,230,918)	(1.0)
Share of profit/(loss) of associates and joint ventures, net	42,660	0.0	7,549	0.0	(67,190)	(0.0)	(13,486)	(0.0)	(62,580)	(0.0)
Impairment provision for investments in associates and joint ventures	(52,384)	(0.0)	(72,474)	(0.0)	(123,907)	(0.0)	–	–	–	–
Profit before income tax	**7,750,856**	**3.7**	**11,037,836**	**4.1**	**10,486,505**	**4.1**	**5,420,350**	**4.4**	**6,320,057**	**4.7**
Income tax expense	(3,368,762)	(1.6)	(3,980,922)	(1.5)	(2,574,896)	(1.0)	(1,526,110)	(1.3)	(1,559,135)	(1.2)
Profit for the year/period	**4,382,094**	**2.1**	**7,056,914**	**2.6**	**7,911,609**	**3.1**	**3,894,240**	**3.1**	**4,760,922**	**3.5**
Attributable to:										
Owners of our Company	4,731,979	2.3	6,227,058	2.3	8,234,493	3.2	4,176,282	3.4	4,806,714	3.6
Non-controlling interests	(349,885)	(0.2)	829,856	0.3	(322,884)	(0.1)	(282,042)	(0.3)	(45,792)	(0.1)
	4,382,094	**2.1**	**7,056,914**	**2.6**	**7,911,609**	**3.1**	**3,894,240**	**3.1**	**4,760,922**	**3.5**

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely, EBITDA (non-IFRS measure) and EBITDA margin (non-IFRS measure), as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS.

We believe that these non-IFRS measures facilitate comparisons of our operating performance by eliminating potential impacts of certain items listed below. We also believe that such non-IFRS measures present useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles EBITDA (non-IFRS measure) to our profit for the year/period, presented in accordance with IFRS, for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Profit for the year/period	**4,382,094**	**7,056,914**	**7,911,609**	**3,894,240**	**4,760,922**
Add:					
Depreciation and amortization*	12,654,902	16,241,432	17,319,107	8,498,107	8,789,650
Finance costs, net	1,375,169	1,708,698	1,636,327	799,824	815,854
Income tax expense	3,368,762	3,980,922	2,574,896	1,526,110	1,559,135
EBITDA (non-IFRS measure)	**21,780,927**	**28,987,966**	**29,441,939**	**14,718,281**	**15,925,561**

Note:

* Depreciation and amortization equals the sum of depreciation of right-of-use assets and depreciation and amortization (excluding right-of-use assets).

EBITDA margin (non-IFRS measure) represents our EBITDA (non-IFRS measure) for a relevant year divided by revenue for the same year, expressed as a percentage. Our EBITDA margin (non-IFRS measure) was 10.5%, 10.8%, 11.4%, 11.8% and 11.9% in the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively.

Revenue

During the Track Record Period, we generated revenue primarily from our (i) express and freight delivery segment, (ii) intra-city on-demand delivery segment, and (iii) supply chain and international segment. The following table sets forth a by-segment breakdown of our revenue, in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Express and freight delivery segment[1]	**160,675,510**	**77.6**	**169,764,860**	**63.5**	**186,890,137**	**72.4**	**90,058,986**	**72.5**	**96,820,175**	**72.1**
Time-definite express services	98,961,735	47.8	105,696,512	39.5	115,456,067	44.7	56,069,720	45.1	59,185,770	44.0
Economy express services	25,428,003	12.3	25,551,306	9.6	25,051,548	9.7	12,129,430	9.8	13,254,012	9.9
Freight delivery services	27,290,961	13.2	27,917,012	10.4	33,078,821	12.8	15,120,722	12.2	17,554,101	13.1
Cold chain and pharmaceutical logistics services	7,802,610	3.8	8,612,665	3.2	10,312,988	4.0	5,338,545	4.3	5,062,524	3.8
Others[2]	1,192,201	0.5	1,987,365	0.8	2,990,713	1.2	1,400,569	1.1	1,763,768	1.3
Intra-city on-demand delivery segment	**5,117,905**	**2.5**	**6,567,057**	**2.4**	**7,371,250**	**2.8**	**3,406,837**	**2.8**	**4,022,952**	**2.9**
Intra-city on-demand delivery services	5,003,156	2.4	6,436,102	2.4	7,249,500	2.8	3,339,291	2.7	3,956,020	2.9
Others[2]	114,749	0.1	130,955	0.0	121,750	0.0	67,546	0.1	66,932	0.0
Supply chain and international segment	**39,979,632**	**19.3**	**89,916,599**	**33.6**	**62,859,302**	**24.3**	**30,283,063**	**24.3**	**32,914,104**	**24.5**
Supply chain and international services	39,203,772	18.9	87,866,143	32.8	59,978,741	23.2	28,857,391	23.2	31,195,538	23.2
Others[2]	775,860	0.4	2,050,456	0.8	2,880,561	1.1	1,425,672	1.1	1,718,566	1.3
Undistributed units[3]	**1,413,600**	**0.6**	**1,241,898**	**0.5**	**1,288,714**	**0.5**	**616,712**	**0.4**	**652,489**	**0.5**
Total	**207,186,647**	**100.0**	**267,490,414**	**100.0**	**258,409,403**	**100.0**	**124,365,598**	**100.0**	**134,409,720**	**100.0**

Notes:

(1) We adjusted our reportable segments in 2023 by merging two segments, previously named as "express delivery segment" and "freight delivery segment," into "express and freight delivery segment." As a result, our segment information for the years ended December 31, 2021 and 2022 has been restated, see Note 5 to the Accountant's Report in Appendix I to this prospectus.

(2) Others primarily represents our ancillary non-logistics services, such as sales of goods, provided under the banner of the relevant segment. Primarily incidental to our comprehensive supply chain solutions, we at times provided, as per our key accounts' requests, certain raw materials and machineries.

(3) Undistributed units primarily include our non-principal businesses, such as leasing and provision of technology services.

We acquired and consolidated Kerry Logistics in September 2021, and accordingly recorded revenue contribution by Kerry Logistics of RMB20.3 billion, RMB74.3 billion, RMB45.9 billion, RMB22.5 billion and RMB24.0 billion, representing 9.8%, 27.8%, 17.8%, 18.1% and 17.8%, of the total revenue of our Group in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. Revenue contribution by Kerry Logistics decreased in 2023, as the international sea and air freight market experienced a slowdown, primarily due to the softening demand, and the de-stocking in certain countries, as the global supply chain continued to normalize gradually post-pandemic. Revenue contribution by Kerry Logistics increased during the first half of 2024, as compared to the same period in 2023, benefitting from (i) the recent market rebound which gave rise to increases in fee rates, as well as (ii) the growth initiatives we took in relation to key and emerging trends including Chinese companies' overseas expansions, and imports of fresh and seasonal food.

Profit for the Year/Period

Our profit for the year increased from RMB4.4 billion in 2021 to RMB7.1 billion in 2022, primarily attributable to: (i) our consolidation of Kerry Logistics for the full year of 2022, while we only consolidated Kerry Logistics since September in 2021; (ii) our efforts to optimize our product mix through, among other things, strategically focusing on mid to high-end service offerings, which generally demonstrated higher profitability; and (iii) efficiency gains achieved through the integration of our logistics networks, infrastructure and service capabilities, and through our pursuit of lean management.

Our profit for the year increased from RMB7.1 billion in 2022 to RMB7.9 billion in 2023, primarily attributable to: (i) the further improvement in the overall profitability of our express and freight delivery segment and intra-city on-demand delivery segment; and (ii) efficiency gains achieved through the further integration of our logistics networks, infrastructure and service capabilities, and through our continuous pursuit of lean management.

Our profit for the period increased from RMB3.9 billion for the six months ended June 30, 2023 to RMB4.8 billion for the six months ended June 30, 2024. The increase was primarily driven by efficiency gains achieved through, among other things, our continuous efforts in multi-network integration and the pursuit of lean management.

Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Total non-current assets	115,734,564	126,169,214	130,499,975	126,786,160
Total current assets	94,112,124	90,673,493	90,990,680	93,079,771
Total assets	**209,846,688**	**216,842,707**	**221,490,655**	**219,865,931**
Total non-current liabilities	35,963,106	40,879,749	44,217,354	43,965,280
Total current liabilities	76,021,629	77,676,909	73,989,641	76,989,301
Total liabilities	**111,984,735**	**118,556,658**	**118,206,995**	**120,954,581**
Net current assets	**18,090,495**	**12,996,584**	**17,001,039**	**16,090,470**
Net assets	**97,861,953**	**98,286,049**	**103,283,660**	**98,911,350**

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Equity attributable to equity holder of the Company				
Share capital	4,906,213	4,895,202	4,895,202	4,815,911
Less: Treasury shares	(394,993)	(2,040,377)	(2,575,532)	(378,490)
Reserves	50,186,242	50,037,565	51,634,675	43,385,333
Retained earnings	28,192,470	33,371,351	38,835,999	40,748,443
Equity attributable to owners of our Company	82,889,932	86,263,741	92,790,344	88,571,197
Non-controlling interests	14,972,021	12,022,308	10,493,316	10,340,153
Total equity	**97,861,953**	**98,286,049**	**103,283,660**	**98,911,350**

Our net current assets decreased from RMB18.1 billion as of December 31, 2021 to RMB13.0 billion as of December 31, 2022, primarily due to (i) a decrease of RMB5.0 billion in trade and note receivables, resulting from our efforts to accelerate the collection of trade and note receivables; (ii) a decrease of RMB3.0 billion in financial assets at fair value through profit or loss, resulting from a decrease in our structured deposits, which was in accordance with our cash management plan; and (iii) an increase of RMB3.0 billion in other payables and accruals, primarily attributable to an increase in current salaries, wages and benefits, and an increase in current consideration payable for business combinations, resulting from our acquisitions of certain subsidiaries in 2022. The foregoing changes were partially offset by (i) an increase of RMB5.5 billion in our cash and cash equivalents, partially due to our withdrawal of structured deposits, which was in accordance with our cash management plan, and (ii) a decrease of RMB2.4 billion in our current borrowings, primarily attributable to our repayment of borrowings.

Our net current assets increased from RMB13.0 billion as of December 31, 2022 to RMB17.0 billion as of December 31, 2023, primarily attributable to (i) a decrease in our other payables and accruals from RMB20.0 billion in 2022 to RMB17.6 billion in 2023, primarily attributable to a decrease in current salaries, wages and benefits, a decrease in current consideration payable for business combinations, and a decrease in payable for purchase of property, plant and equipment, (ii) a decrease in our borrowings from RMB23.3 billion as of December 31, 2022 to RMB22.3 billion as of December 31, 2023, primarily attributable to our repayments of certain corporate bonds and short-term debentures in 2023; (iii) an increase in our restricted cash from RMB874.9 million as of December 31, 2022 to RMB1.6 billion as of December 31, 2023, mainly representing an increase in our statutory reserve deposits with the PBOC; and (iv) an increase in our inventories from RMB1.9 billion as of December 31, 2022 to RMB2.4 billion as of December 31, 2023. The foregoing was partially offset by (i) a decrease in our financial assets at fair value through profit or loss from RMB7.4 billion as of December 31, 2022 to RMB6.8 billion as of December 31, 2023, primarily driven by a decrease in our structured deposits in 2023, which was in accordance with our cash management plan;

and (ii) a decrease in our trade and note receivables from RMB25.8 billion as of December 31, 2022 to RMB25.4 billion as of December 31, 2023, resulting from our continued efforts to accelerate the collection of trade and note receivables.

Our net current assets remained relatively stable at RMB17.0 billion and RMB16.1 billion as of December 31, 2023 and June 30, 2024, respectively.

Our net assets remained relatively stable at RMB97.9 billion, RMB98.3 billion, RMB103.3 billion, and RMB98.9 billion as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The moderate fluctuations in our net assets during the Track Record Period corresponded to the changes in our total equity. Our total equity increased from RMB97.9 billion as of December 31, 2021 to RMB98.3 billion as of December 31, 2022, and further to RMB103.3 billion as of December 31, 2023, primarily attributable to the increases in our retained earnings. Our total equity remained relatively stable at RMB98.9 billion as of June 30, 2024.

Consolidated Statements of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash generated from operating activities	16,078,955	32,702,947	26,569,819	13,824,827	13,722,269
Net cash used in investing activities	(17,131,227)	(12,091,458)	(13,505,617)	(13,633,590)	(15,444,553)
Net cash generated from/(used in) financing activities	20,498,576	(16,016,950)	(12,994,685)	(4,963,638)	(6,181,865)
Net increase in cash and cash equivalents	19,446,304	4,594,539	69,517	(4,772,401)	(7,904,149)
Cash and cash equivalents at the beginning of the year/period	15,466,484	34,813,768	40,279,947	40,279,947	40,448,308
Exchange (losses)/gains on cash and cash equivalents	(99,020)	871,640	98,844	127,046	(28,170)
Cash and cash equivalents at the end of the year/period	34,813,768	40,279,947	40,448,308	35,634,592	32,515,989

Key Financial Ratios

The following table sets forth a summary of our key financial ratios for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
Gross profit margin[1]	12.4%	12.3%	12.6%	13.3%	13.6%
Net profit margin[2].	2.1%	2.6%	3.1%	3.1%	3.5%
EBITDA margin (non-IFRS measure)[3]	10.5%	10.8%	11.4%	11.8%	11.9%

Notes:

(1) Represents gross profit for the year/period divided by revenue for the same year, expressed as a percentage.

(2) Represents profit for the year/period divided by revenue for the same year, expressed as a percentage.

(3) For details, see "— Non-IFRS Measures."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments

Unaudited Financial Information for the Nine Months Ended September 30, 2024

Our revenue increased by 9.4% from RMB189.0 billion for the nine months ended September 30, 2023 to RMB206.9 billion for the same period in 2024, primarily attributable to (i) an increase in revenue from our express and freight delivery segment, driven by the further expansion of our highly diversified service scenarios, catering to customers in the emerging and high-growth sectors, such as manufacturing and consumer goods industries, as well as our enhanced time-definite service capabilities, complimented by further improved cost efficiency, boosting the attractiveness of our service offerings, and (ii) an increase in revenue from our supply chain and international segment, driven by the recent market rebound which gave rise to increases in fee rates and demand, and our synergistic operational model which enabled the continuous fortification and expansion of our global presence. Our cost of revenue increased by 8.3% from RMB164.8 billion for the nine months ended September 30, 2023 to RMB178.5 billion for the same period in 2024, in line with the growth of our business. Adhering to our pursuit of lean management, we invested in our core competitiveness, empowering us to garner long-term, sustainable growth, while applying enhanced cost controls including, among other things, the continuous integration and optimization of our logistics networks. As a result of the foregoing, our gross profit increased by 17.2% from RMB24.2 billion for the nine months ended September 30, 2023 to RMB28.4 billion for the same period in 2024.

Our net profit increased by 28.0% from RMB6.0 billion for the nine months ended September 30, 2023 to RMB7.7 billion for the same period in 2024, primarily attributable to the robust growth in revenue, our pursuit of lean management and our technology enabled cost controls. For the same reasons, our net profit margin increased from 3.2% for the nine months ended September 30, 2023 to 3.7% for the same period in 2024.

To supplement our unaudited interim consolidated financial information which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely, EBITDA (non-IFRS measure) and EBITDA margin (non-IFRS measure), as additional financial metrics. For details on our rationale for adopting these non-IFRS measures and their inherent limitations, please see "— Non-IFRS Measures." The following table reconciles EBITDA (non-IFRS measure) to our profit for the period, presented in accordance with IFRS, for the periods indicated:

	Nine months ended September 30,	
	2023	**2024**
	RMB'000	**RMB'000**
	(unaudited)	**(unaudited)**
Profit for the period	**5,994,485**	**7,673,004**
Add:		
Depreciation and amortization*	12,885,331	13,004,964
Finance costs, net	1,251,810	1,317,783
Income tax expense	1,934,368	2,474,554
EBITDA (non-IFRS measure)	**22,065,994**	**24,470,305**

Note:

* Depreciation and amortization equals the sum of depreciation of right-of-use assets and depreciation and amortization (excluding right-of-use assets).

Our EBITDA margin (non-IFRS measure) increased from 11.7% for the nine months ended September 30, 2023 to 11.8% for the same period in 2024.

Our capital expenditures decreased by 13.6% from RMB8.1 billion for the nine months ended September 30, 2023 to RMB7.0 billion for the same period in 2024. Our capital expenditures consist of additions of freehold land and buildings, aircraft, aircraft engines, rotables and high-value maintenance, machinery and equipment, transportation vehicles, computers and electronic equipment, office and other equipment, leasehold improvements and construction in progress.

Our total assets remained stable at RMB214.0 billion as of September 30, 2024 as compared to RMB219.9 billion as of June 30, 2024. Our total liabilities remained relatively stable at RMB112.6 billion as of September 30, 2024 as compared to RMB121.0 billion as of June 30, 2024. Our total equity remained relatively stable at RMB101.5 billion as of September 30, 2024 as compared to RMB98.9 billion as of June 30, 2024.

For the nine months ended September 30, 2024, our net cash generated from operating activities amounted to RMB22.6 billion.

Our unaudited interim consolidated financial information for the nine months ended 30 September 2024 has been reviewed by our Reporting Accountant in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. For details, see Appendix IA to this prospectus.

Declaration of Dividends

To further increase the investment return for our Shareholders, the resolution of an interim dividend of approximately RMB1.9 billion, representing a dividend payout ratio of approximately 40% in respect of the six months ended June 30, 2024, and a special dividend of approximately RMB4.8 billion was passed at the Shareholders' general meeting on October 29, 2024. These dividends have been paid in full on November 7, 2024.

No Material Adverse Change

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgages, contingent liabilities, guarantees or prospects since June 30, 2024, the end of the period reported on the Accountant's Report in Appendix I to this prospectus.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, the equity interest in our Company was controlled directly and indirectly (through Shenzhen Weishun) as to approximately 55.27% by Mingde Holding, and Mr. Wang Wei directly held 99.90% of the equity interest in Mingde Holding. Immediately following completion of the Global Offering (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or may be issued by our Company pursuant to the exercise of any options under the 2022 Stock Option Incentive Plan), Mr. Wang Wei and Mingde Holding will, directly and indirectly (through Shenzhen Weishun), control approximately 53.39% of the voting rights in our share capital through Mingde Holding. As such, Mr. Wang Wei, Mingde Holding and Shenzhen Weishun will remain as our Controlling Shareholders immediately upon the completion of the Global Offering.

LISTING EXPENSES

We expect to incur a total of approximately RMB155.9 million of listing expenses in connection with the Global Offering, representing approximately 2.9% of our gross proceeds from the Global Offering (assuming an Offer Price of HK$34.30 per Offer Share, being the mid-point of the indicative Offer Price range between HK$32.30 and HK$36.30, and assuming that the Over-allotment Option is not exercised). Listing expenses include (1) underwriting-related expense (including sponsor fees and underwriting commissions, SFC transaction levy, AFRC transaction levy, and Stock Exchange trading fees for all Offer Shares) of approximately RMB80.8 million, and (2) non-underwriting related expenses of approximately RMB75.1 million, which consist of (i) fees for legal advisors and the reporting accountants of approximately RMB55.2 million, and (ii) other fees unrelated to the underwriting of RMB19.9 million.

During the Track Record Period, listing expenses in an aggregate of RMB0.6 million were incurred as of June 30, 2024 and charged to our consolidated statement of profit or loss. We estimate that RMB13.0 million of listing expenses will be charged to our consolidated statement of profit or loss for the year ended December 31, 2024. The remaining RMB142.3 million is directly attributable to the issue of our H Shares to the public and is expected to be deducted from equity.

The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 170,000,000 H Shares are issued pursuant to the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) 4,986,186,983 Shares are issued and outstanding following the completion of the Global Offering:

	Based on an Offer Price of HK$32.30 per H Share	**Based on an Offer Price of HK$36.30 per H Share**
Market capitalization of our Shares[(1)]	HK$161,054 million	HK$180,999 million
Unaudited pro forma adjusted net tangible asset per Share[(2)]	RMB15.32 (HK$16.67)[(3)]	RMB15.44 (HK$16.80)[(3)]

Notes:

(1) The calculation of market capitalization of our Shares is based on 170,000,000 H shares and 4,816,186,983 A shares expected to be in issue (representing 4,986,186,983 Shares expected to be in issue and outstanding) immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised). For details, see "Share Capital — Upon Completion of the Global Offering" in this prospectus.

(2) The unaudited pro forma adjusted net tangible asset per Share as of June 30, 2024 is calculated after making the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" in this prospectus. The number of shares used in deriving pro forma net tangible asset are 4,975,711,636 Shares (representing 4,815,911,220 Shares in issue as of June 30, 2024, excluding 10,199,584 treasury shares as of June 30, 2024, adding 170,000,000 Offer Shares) which were in issue, assuming that the

Global Offering had been completed on June 30, 2024 but does not take into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or may be issued by our Company pursuant to the exercise of any options may be granted under the 2022 Stock Option Incentive Plan.

(3) The estimated net proceeds from the Global Offering are translated into Renminbi at the rate of RMB0.91906 to HK$1.00, the exchange rate set by the PBOC prevailing on November 8, 2024. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi at that rate or at any other rate.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$34.30 per Offer Share (being the mid-point of the indicative Offer Price range), will be approximately HK$5,661.3 million, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

- Approximately 45.0% of the net proceeds, or HK$2,547.6 million, will be used for strengthening our international and cross-border logistics capabilities;

- Approximately 35.0% of the net proceeds, or HK$1,981.5 million, will be used for strengthening and optimizing our logistics network and service offerings in China;

- Approximately 10.0% of the net proceeds, or HK$566.1 million, will be used for the research and development of advanced technologies and digital solutions to upgrade our supply chain and logistics services and implement ESG-related initiatives; and

- Approximately 10.0% of the net proceeds, or HK$566.1 million, will be used for working capital and general corporate purposes.

See "Future Plans and Use of Proceeds" in this prospectus for further information relating to our future plans and use of proceeds from the Global Offering, including the adjustment on the allocation of the proceeds in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range.

OUR LISTING ON THE SZSE

As of the Latest Practicable Date, our Company was listed on the SZSE, and our Directors confirmed that we had no instances of non-compliance with the rules of the SZSE and other applicable PRC securities laws and regulations in any material respects since the completion of the Material Asset Restructuring and our listing on the SZSE and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investor's attention in relation to our compliance record on the SZSE, and nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree the Directors' view. Our PRC Legal Adviser is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable.

DIVIDENDS AND DIVIDEND POLICY

Our Company declared dividends of RMB874.5 million, RMB1.2 billion and RMB2.9 billion in respect of the financial years ended December 31, 2021, 2022 and 2023, respectively, representing dividend payout ratios of 20%, 20% and 35%, respectively. As of the Latest Practicable Date, we have paid the dividends declared in respect of the financial years ended December 31, 2021, 2022 and 2023 in full. See Note 12 to the Accountant's Report in Appendix I to this prospectus. To further increase the investment return for our Shareholders, the resolution of an interim dividend of approximately RMB1.9 billion, representing a dividend payout ratio of approximately 40% in respect of the six months ended June 30, 2024, and a special dividend of approximately RMB4.8 billion was passed at the Shareholders' general meeting on October 29, 2024. These dividends have been paid in full on November 7, 2024. After completion of the Global Offering, our Shareholders will be entitled to receive dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong.

Our dividend payout ratio increased from 20% (from 2017 to 2022) to 35% in 2023, and we aim to steadily increase this over the next five years. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company's profitability, operations and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors — Risks Relating to the Global Offering — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future" in this prospectus.

RISK FACTORS

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

- Our business and growth are materially affected by macroeconomic and other factors that affect demand for logistics services in the countries and regions where we operate;

- Any service disruptions impacting our ground fleet, our air cargo fleet, sorting centers, warehouses or service outlets may adversely affect our business operations;

- We may encounter challenges in managing the expansion of our logistics infrastructure and networks, which, if not dealt with effectively, could materially and adversely affect our business, results of operations, financial condition and growth prospects;

- We may record impairments of non-current assets, such as our intangible assets (other than goodwill) and goodwill; and

- Competition in the industries where we operate is intense, and any failure to compete effectively could adversely affect our customer base, profitability and market share.

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"2021 Mingde Exchangeable Bonds"	the exchangeable bonds issued by Mingde Holding on November 23, 2021 and listed on the SZSE under the ticker "21 Mingde EB (21 明德 EB)". See "Substantial Shareholders — Exchangeable Bonds Issued by Mingde Holding — 2021 Mingde Exchangeable Bonds" in this prospectus for further details
"2022 Stock Option Incentive Plan"	the stock option incentive plan approved and adopted by our Company on April 28, 2022, and subsequently amended on May 30, 2022, October 28, 2022 and August 1, 2023, for the benefit of any executive Directors, senior management members, key management members and key employees; a summary of the principal terms is set out in "Statutory and General Information – 4. Our Incentive Schemes and Particulars of our Capital under Option — A. 2022 Stock Option Incentive Plan" in Appendix IV to this prospectus
"2024 Mingde Exchangeable Bonds"	the exchangeable bonds issued by Mingde Holding on May 23, 2024 and listed on the SZSE under the ticker "24 Mingde EB (24明德EB)". See "Substantial Shareholders — Exchangeable Bonds Issued by Mingde Holding — 2024 Mingde Exchangeable Bonds" in this prospectus for further details
"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the SZSE and traded in Renminbi
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the articles of association of our Company adopted on August 17, 2023 with effect upon Listing (as amended from time to time), a summary of which is set out in Appendix III to this prospectus

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Board of Supervisors"	the board of Supervisors of the Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	British Virgin Island
"CAAC"	Civil Aviation Administration of China (中國民用航空局)
"CAC"	the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
"Capital Market Intermediary(ies)", "capital market intermediary(ies)" or "CMI(s)"	the capital market intermediaries as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering"
"Cayman Companies Act/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
"Cayman Islands"	the Cayman Islands, a British Overseas Territory
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Celestial Ocean"	Celestial Ocean Investment Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of our Company
"Chengxingye International Delivery"	Shenzhen Chengxingye International Delivery Limited* (深圳市成興業國際運輸有限公司), the predecessor of SF Express (Group) and Mingde Holding
"China" or "the PRC"	the People's Republic of China, except where the content or context requires otherwise

"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	S.F. Holding Co., Ltd. (順豐控股股份有限公司), formerly registered under the name Maanshan Dingtai Rare Earth & New Materials Co., Ltd.* (馬鞍山鼎泰稀土新材料股份有限公司), a joint stock company with limited liability established in the PRC on May 22, 2003, the A Shares of which have been listed on the SZSE (stock code: 002352.SZ)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang, Mingde Holding and Shenzhen Weishun
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"DHL"	DHL International GmbH., a division of the German logistics company Deutsche Post DHL, which is Europe's leading postal and parcel service provider
"Dingtai New Materials"	Ma'anshan Dingtai Rare Earth & New Materials Co., Ltd.* (馬鞍山鼎泰稀土新材料股份有限公司), the predecessor of our Company
"Director(s)"	the director(s) of our Company

"EB Pledge Agent"	Huatai United Securities Co., Ltd.* (華泰聯合證券有限責任公司), the pledge agent of the holders of the 2021 Mingde Exchangeable Bonds and the 2024 Mingde Exchangeable Bonds
"EIT"	enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
"ESG"	Environmental, Social and Corporate Governance
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
"Fengyi Technology"	Fengyi Technology (Shenzhen) Co., Ltd. (豐翼科技(深圳)有限公司), an indirect non-wholly owned subsidiary of the Company
"Fini"	"Fast Interface for New Issuance", an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings
"Flourish Harmony"	Flourish Harmony Holdings Company Limited (益和控股有限公司), an indirect wholly-owned subsidiary of the Company incorporated in the Cayman Islands
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
"F&S Report"	the industry report prepared by Frost & Sullivan, which we commissioned Frost & Sullivan to prepare on the global logistics market
"GDP"	gross domestic product
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time

"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, in respect of the period before our Company became the holding company of any of its present subsidiaries, such present subsidiaries of our Company, the businesses carried on by such subsidiaries and (as the case may be) their predecessors
"Guide"	the Guide for New Listing Applicants published by the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Guidelines on Articles"	Guidelines for Articles of Association of Listed Companies (上市公司章程指引), as amended, supplemented or otherwise modified from time to time, issued by the CSRC on January 5, 2022 and effective on the same date in place of the Mandatory Provisions for Companies Listing Overseas (到境外上市公司章程必備條款)
"H Share(s)"	overseas listed foreign ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
"H Share Registrar"	Tricor Investor Services Limited
"HAVI Group"	HAVI Group, LP, a global supply chain management and marketing service provider
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** Service Provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**

"HKFRS(s)"	Hong Kong Financial Reporting Standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	the Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account through causing HKSCC Nominees to apply on your behalf, by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via Fini to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of the HKSCC
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 16,150,000 H Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)

"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong, on and subject to the terms and conditions described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 18, 2024 relating to the Hong Kong Public Offering entered into by, among others, the Company and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters)
"IASB"	International Accounting Standards Board
"IFRS"	the IFRS Accounting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the IASB
"IIT Law"	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
"Independent Third Party(ies)"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules
"International Offer Shares"	the 153,850,000 H Shares being initially offered by us for subscription under the International Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus) together with any additional Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option

"International Offering"	the conditional placing of the International Offer Shares at the Offer Price (a) in the United States to QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and (b) outside the United States in offshore transactions in reliance on Regulation S, in each case on and subject to the terms and conditions described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering listed in the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering which is expected to be entered into on or around November 25, 2024 by, among others, the Company and the Overall Coordinators (for themselves and on behalf of the International Underwriters)
"Joint Bookrunners"	Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited *(in alphabetical order)*, China International Capital Corporation Hong Kong Securities Limited, UBS AG Hong Kong Branch *(in alphabetical order)*, ABCI Capital Limited, BOCI Asia Limited, CMB International Capital Limited, DBS Asia Capital Limited, GF Securities (Hong Kong) Brokerage Limited and ICBC International Securities Limited *(in alphabetical order)*
"Joint Global Coordinators"	Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited *(in alphabetical order)*, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch *(in alphabetical order)*

"Joint Lead Managers"	Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited *(in alphabetical order)*, China International Capital Corporation Hong Kong Securities Limited, UBS AG Hong Kong Branch *(in alphabetical order)*, ABCI Securities Company Limited, BOCI Asia Limited, CMB International Capital Limited, DBS Asia Capital Limited, GF Securities (Hong Kong) Brokerage Limited and ICBC International Securities Limited *(in alphabetical order)*
"Joint Sponsors"	Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited and J.P. Morgan Securities (Far East) Limited *(in alphabetical order)*
"Kerry Holdings"	Kerry Holdings Limited (嘉里控股有限公司), one of the controlling shareholders of Kerry Logistics
"Kerry Logistics"	Kerry Logistics Network Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0636.HK), an indirect non-wholly-owned subsidiary of the Company
"Kerry Properties"	Kerry Properties Limited (嘉里建設有限公司), a substantial shareholder of Kerry Logistics and a company listed on the Main Board of the Stock Exchange (stock code: 0683.HK)
"KEX Thailand"	KEX Express (Thailand) Public Company Limited, a company listed on the Stock Exchange of Thailand (stock code: KEX.BK)
"Latest Practicable Date"	November 10, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Hong Kong Stock Exchange

"Listing Date"	the date, expected to be on or about Wednesday, November 27, 2024, on which the H Shares are listed and on which dealings in the H Shares are first permitted to commence on the Hong Kong Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
"Material Asset Restructuring"	the material asset restructuring arrangements carried out by our Company and completed in December 2016, see "History, Development and Corporate Structure — Major Share Capital Changes of our Company — Material Asset Restructuring in 2016 and our A Share Listing on the SZSE in 2017" in this prospectus for further details
"Material Asset Swap and Share Subscription Agreement"	an agreement entered into by the then-shareholders of SF Holding (Group), Dingtai New Materials, LIU Jilu and LIU Lingyun in June 2016 to implement the Material Asset Restructuring
"Measures for the Administration of Equity Incentives of Listed Companies"	Measures for the Administration of Equity Incentives of Listed Companies (上市公司股權激勵管理辦法) published on July 13, 2016 and amended on August 15, 2018 by the CSRC
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"Mingde Holding"	Shenzhen Mingde Holding Development Co., Ltd.* (深圳明德控股發展有限公司), a limited liability company established under the laws of the PRC on November 5, 1997, one of our Controlling Shareholders and owned directly as to 99.90% by Mr. Wang and as to 0.1% by Mr. Lin Zheying as of the Latest Practicable Date

"Mingde Holding Group"	Mingde Holding and its subsidiaries
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Wang"	Mr. WANG Wei, chairman of our Board, an executive Director, general manager of our Company and one of our Controlling Shareholders
"NAFR"	National Administration of Financial Regulation of the PRC (中華人民共和國國家金融監督管理總局) (which was established on the basis of the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會))
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by us to the International Underwriters exercisable by the Overall Coordinators (on behalf of the International Underwriters) under the International Underwriting Agreement, to require our Company to allot and issue up to an aggregate of 25,500,000 additional H Shares at the Offer Price, representing 15% of the total number of Offer Shares initially available under the Global Offering to, among others, cover over-allocations in the International Offering, if any; for further details, see "Structure of the Global Offering" in this prospectus

"Overall Coordinators"	the overall coordinators of the listing of the H Shares on the Hong Kong Stock Exchange as named in "Directors, Supervisors and Parties Involved in the Global Offering"
"Overseas Listing Trial Measures"	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法)
"PRC Data Compliance Legal Adviser"	Grandall Law Firm (Beijing), the legal adviser to our Company as to PRC data compliance laws
"PRC GAAP"	Generally accepted accounting principles of the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Adviser"	CM Law Firm, the PRC legal adviser to our Company
"Price Determination Agreement"	the agreement to be entered into between our Company and the Overall Coordinators on behalf of the Underwriters on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about Monday, November 25, 2024 on which the Offer Price is to be fixed by agreement between our Company and the Overall Coordinators (on behalf of the Underwriters)
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A

"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering
"Remuneration Committee"	the remuneration committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), currently known as the SAMR
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SF Express"	S.F. Express Co., Ltd.* (順豐速運有限公司), an indirect wholly-owned subsidiary of the Company
"SF Express (Group)"	SF Express (Group) Limited* (順豐速運(集團)有限公司), the predecessor of Mingde Holding
"SF Holding (Group)"	SF Holding (Group) Co., Limited* (順豐控股(集團)股份有限公司), the predecessor of SF Taisen

"SF Holding (HK)"	SF Holding (HK) Limited (順豐控股(香港)有限公司), an indirect wholly-owned subsidiary of the Company, formerly known as SF Holding Limited (順豐控股有限公司)
"SF Intra-city" or "Intra-city Industrial"	Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司), a company listed on the Main Board of the Stock Exchange (9699.HK), an indirect non-wholly owned subsidiary of the Company
"SF REIT"	SF Real Estate Investment Trust, listed on the Main Board of the Stock Exchange (2191.HK), is an associate of the Company
"SF Taisen"	Shenzhen S.F. Taisen Holding (Group) Co., Ltd.* (深圳順豐泰森控股(集團)有限公司), previously known as SF Holding (Group) Co., Limited* (順豐控股(集團)股份有限公司), a direct wholly-owned subsidiary of the Company
"SF Technology"	SF Technology Co., Ltd.* (順豐科技有限公司), an indirect wholly-owned subsidiary of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both A Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen Fengchi"	Shenzhen Fengchi Shunxing Information Technology Co., Ltd.* (深圳市豐馳順行信息技術有限公司), an indirect wholly-owned subsidiary of the Company
"Shenzhen SF Cold Chain"	Shenzhen SF Cold Chain Co., Ltd.* (深圳順豐冷鏈有限公司), an indirect wholly-owned subsidiary of the Company
"Shenzhen Shunlu"	Shenzhen Shunlu Logistics Co., Ltd.* (深圳順路物流有限公司), an indirect wholly-owned subsidiary of the Company

"Shenzhen Weishun"	Shenzhen Weishun Enterprise Management Co., Ltd.* (深圳市瑋順企業管理有限公司), a limited liability company established under the laws of the PRC on January 31, 2023, one of our Controlling Shareholders and owned as to 100% by Mingde Holding as of the Latest Practicable Date
"Stabilizing Manager"	J.P. Morgan Securities (Asia Pacific) Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"State Post Bureau"	the State Post Bureau of the PRC (中華人民共和國國家郵政局)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of the Board of Supervisors
"SZSE"	Shenzhen Stock Exchange
"Taihai Investment"	Shenzhen Taihai Investment Limited* (深圳市泰海投資有限公司), the predecessor of SF Holding (Group) and SF Taisen
"Takeovers Code" or "Hong Kong Takeovers Code"	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the financial years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

"UPS"	United Parcel Service, a global leading logistics service provider
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

* *For identification purpose only*

This glossary of technical terms contains explanations of certain technical terms used in this prospectus in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"1-to-n growth strategy"	our growth and expansion strategy that leverages our time-definite express delivery service as the bedrock to incubate new service offerings, enter adjacent logistics segments, and further complement our integrated capabilities
"3C electronics"	computer, communication, and consumer electronics
"App"	application software designed to run on smartphones and other mobile devices
"ASEAN"	Association of Southeast Asian Nations, including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
"B2B"	business to business
"B2C"	business to customer
"C2C"	customer to customer
"CAGR"	compound annual growth rate
"consolidated air freight services"	grouping together of smaller consignments of goods into a large consignment for carriage as a larger unit in order to obtain a favorable rate through various airlines to various destinations
"customers with active credit accounts"	customers that have a credit account with us and transacted with us within the most recent one-month period, among which substantially all are business accounts
"customs brokerage"	the services of handling customs clearance and other customs-related services for importers and exporters by customs brokers

"customs clearance"	the process of clearing imports and exports through customs
"dividend payout ratio"	calculated as our dividends paid in respect of a financial year divided by the profit attributable to owners of our Company for the same year, expressed as a percentage
"Double Eleven"	one of the largest online shopping festivals in China in November
"e-waybill"	electronic waybill, a digital document that contains essential information of a delivery, such as origin, destination and contents
"Ezhou cargo hub"	the cargo hub located in Ezhou, Hubei Province, which mainly comprises of Ezhou Huahu International Airport and our logistics complex
"Ezhou Huahu International Airport"	a cargo-focused airport located in Ezhou, Hubei Province, in which we hold a minority interest
"FCL"	full container load, measuring cargo in the required maximum quantity for the application of a container load rate
"first-mile pickup"	initial collection of a parcel and transport to the local pickup outlet
"freight forwarding"	professional intermediary services for enterprises to ensure efficient connection along the logistics chain and smooth international transportation, which mainly include goods transportation, logistics related documentation and customs clearance
"FTL"	full truckload, the transportation of goods that requires a full truckload
"global top four integrated logistics service providers"	top four integrated logistics service providers globally in terms of revenue in 2022, according to Frost & Sullivan
"handheld terminal"	a portable electronic device used by couriers to collect and transmit data relating to delivery and tracking, which is often equipped with barcode scanners and wireless communication capabilities to facilitate real-time information flow

"integrated logistics service providers"	logistics service providers that offer a full spectrum of domestic and international logistics services, including but not limited to, express delivery services, freight delivery services, cold chain logistics services, intra-city on-demand delivery services, supply chain services and international logistics services, and provide one-stop solutions to multinationals, large corporations, small and medium enterprises and retail customers
"IoT"	Internet of things, the collective network of connected devices and the technology that facilitates communication between devices and the cloud, as well as between devices themselves
"IT"	information technology
"IVD"	in vitro diagnostics
"kWh"	kilowatt-hour, a measure of electrical energy equivalent to a power consumption of one thousand watts for one hour
"last-mile delivery"	transportation of a parcel from the local pickup outlet to the final delivery destination
"LCL"	less than container load, measuring cargo in a quantity less than required for the application of a container load rate
"logistics"	a comprehensive, system-wide view of the entire supply chain as a single process, from raw materials supply through finished goods distribution. All functions that make up the supply chain are managed as a single entity, rather than managing individual functions separately
"logistics complex"	ultra-large warehouse, sorting and transit hub, integrating diverse logistics operations
"LTL"	less-than-truckload, the transportation of goods that do not require a full truckload
"parcel volume"	the number of parcels processed in a given period

"registered merchants"	the accumulated merchant accounts on SF Intra-City platform
"retail customer(s)"	registered user(s) on our mobile application and WeChat Mini-Program, among which substantially all are individual accounts
"reverse logistics"	logistics services that manage the movement of goods from consumers back to manufacturers or sellers, generally for purposes including returns, recycling, or repairs
"SaaS"	abbreviation for Software as a Service, a business delivery model in which software is licensed on a subscription basis and is centrally hosted
"sorting center"	transshipping and operating centers that connect transportation resources including that for centralized parcel sorting, distribution and transshipment
"Southeast Asia"	a subregion of Asia that consists of 11 countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam
"supply chain"	a complex logistics system that consists of facilities that convert raw materials into finished products and distribute them to end consumers
"TEU"	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet six inches and width of eight feet
"Tongda Operators"	the five express delivery service providers who utilize the "network partner model" in China, namely ZTO Express (Cayman) Inc.* (中通快遞(開曼)有限公司) (2057.HK, ZTO.NYSE), YUNDA Holding Co., Ltd.* (韻達控股股份有限公司) (002120.SZ), YTO Express Group Co., Ltd.* (圓通速遞股份有限公司) (600233.SH), STO Express Co., Ltd. *(申通快遞股份有限公司) (002468.SZ) and J&T Global Express Limited (1519.HK)

We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This prospectus contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers' demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, knowhow, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate;
- developments in technology and our ability to successfully keep up with technological advancement;

- our ability to attract and retain experienced professionals and other qualified employees and key personnel;

- changes in currency exchange rates; and

- the other risk factors discussed in this prospectus as well as other factors beyond our control.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Further, subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise.

Accordingly, you should not place undue reliance on any forward-looking statements in this prospectus. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled "Forward-Looking Statements" of this prospectus.

We believe there are certain risks and uncertainties involved in our business operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to doing business in the countries and regions where we operate, and (iii) risks relating to the Global Offering. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and growth are materially affected by macroeconomic and other factors that affect demand for logistics services in the countries and regions where we operate.

We offer integrated logistics services to meet our customers' needs globally. As such, our business depends on the continued development of commercial activities in the countries and regions where we operate. Prospects of commercial activities in the countries and regions where we operate are subject to the influence of a number of macroeconomic and other factors that are beyond our control, such as economic conditions, consumption power and disposable income of consumers, urbanization, inflation, currency and interest rate fluctuations, labor supply, development and deployment of technology, government policies as well as political issues, including potential military conflicts, political turmoil and social instability. If commercial activities in the countries and regions where we operate do not develop as we expect, our business and prospects could be adversely impacted.

Further, the logistics industry is highly sensitive to changes in macroeconomic conditions. During economic downturns in the countries and regions where we operate, reduced overall demand for logistics services will likely exert downward pressures on our service prices and margins. On the other hand, in periods of strong economic growth, demand for limited transportation resources can also lead to increased network congestion and operating inefficiency. In addition, as the logistics industry is labor-intensive, it could be difficult for us to match our staffing levels to our evolving business needs, in particular during labor shortages resulting from changes in macroeconomic conditions. Moreover, as our directly operated model is capital intensive and we have significant investments in assets, we may not be able to nimbly adjust our logistics infrastructure and networks in response to fluctuations in demand. If any of the foregoing risks were to occur or persist, our business, financial condition and results of operations could be materially and adversely affected.

Any service disruption of our ground fleet, air cargo fleet, sorting centers, warehouses or service outlets may adversely affect our business operations.

Our daily operations heavily rely on the orderly performance of our ground fleet, air cargo fleet, sorting centers, warehouses and service outlets. Any service disruption due to weather conditions, a failure in our automated facilities, under-capacity during peak parcel volume periods, force majeure events, third-party sabotage, employee delinquency or strike, governmental inspections of properties or governmental orders that mandate any service halt or temporary or permanent shutdown could adversely impact our business operations. In case of any service disruption to our ground fleet and air cargo fleet, parcels will need to be redirected to other flights or transported by other methods, and such re-routing of parcels will likely increase transportation costs, risks of delay and errors in delivery. In case of any service disruptions at our sorting centers, warehouses or service outlets, parcel sorting or parcel pickup and delivery at the affected sites may be delayed, suspended or stopped. Parcels will need to be redirected to other nearby sorting centers, warehouses or service outlets, and such re-routing of parcels will likely increase risks of delay and errors in delivery. At the same time, increased parcel sorting or pickup and delivery pressure on nearby sorting centers, warehouses or service outlets may negatively affect our performance, incur additional costs and spread adverse effects further across our network. Any of the foregoing events may result in operational interruptions and slowdowns, customer complaints and reputational damage.

We may encounter challenges in managing the expansion of our logistics infrastructure and networks, which, if not dealt with effectively, could materially and adversely affect our business, results of operations, financial condition and growth prospects.

Deeply rooted in the logistics services industry for 31 years, we have established an efficient, reliable and synergistic logistics infrastructure network with extensive geographical coverage globally, integrating aviation, ground and information networks into one unified service network. As we continue to add logistics and warehouse capability, our logistics network becomes increasingly complex and challenging to operate. We cannot assure you that we will be able to set up logistics infrastructure or lease suitable facilities on commercially acceptable terms, or at all. Moreover, any new additions to our logistics infrastructure and networks might not create additional revenue streams as expected, or operate in a cost-efficient manner. We may not be able to recruit a sufficient number of qualified employees in connection with the expansion of our logistics infrastructure. In addition, the expansion of our logistics infrastructure may strain our managerial, financial, operational and other resources. The foregoing and other challenges, if not dealt with effectively, could materially and adversely affect our growth potential, business, financial condition and results of operations. Even if we manage the expansion of our logistics infrastructure successfully, it may not give us the competitive advantage that we expect.

Our historical results of operations and financial performance may not be indicative of our future growth.

We have achieved high-quality and sustainable growth during the Track Record Period. Our revenue increased from RMB207.2 billion in 2021 to RMB258.4 billion in 2023, representing a CAGR of 11.7%; our revenue also increased by 8.1% from RMB124.4 billion for the six months ended June 30, 2023 to RMB134.4 billion for the same period in 2024. Our profit for the year attributable to owners of our Company was RMB4.7 billion, RMB6.2 billion and RMB8.2 billion in 2021, 2022 and 2023, respectively, representing a CAGR of 31.9% from 2021; our profit for the period attributable to owners of our Company also increased by 15.1% from RMB4.2 billion for the six months ended June 30, 2023 to RMB4.8 billion for the same period in 2024. Our EBITDA (non-IFRS measure) increased from RMB21.8 billion in 2021 to RMB29.4 billion in 2023, representing a CAGR of 16.3%; our EBITDA (non-IFRS measure) also increased by 8.2% from RMB14.7 billion for the six months ended June 30, 2023 to RMB15.9 billion for the same period in 2024. However, our historical results of operations and financial performance may not be indicative of future growth. As the market and our business evolve, we may modify our operations, data and technology, sales and marketing, solutions and services. These changes may not achieve expected results and may have a material and adverse impact on our results of operations and financial condition. Our expenses may grow faster than our revenue, and our expenses may increase or may be greater than we expected. We cannot assure you that we will be able to achieve similar results or grow at the same speed as we did in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as a company operating in emerging markets and dynamic industries, including, among other factors, (i) macroeconomic and other factors that affect logistics markets in the countries and regions where we operate, (ii) our ability to expand our customer base, and to retain and grow the wallet share of our existing customers, (iii) our ability to maintain and expand our logistics infrastructure and networks, (iv) our ability to management and further improve operational efficiency, and (v) our ability to execute acquisitions and investments, as well as successful integration. We may not be able to successfully address these or other challenges, which could adversely impact our business, results of operations and financial condition.

Our continuing success depends in significant part on our ability to meet evolving customer demands and expectations, as well as our ability to attract and retain customers.

Our continuing success depends in significant part on our ability to continually innovate in response to intense market competition and evolving customer demands and expectations. We may not be able to successfully address evolving customer demands, and our existing logistics infrastructure and network may not be adaptable enough to accommodate new demands and expectations. We may not be able to respond to challenges swiftly and effectively due to numerous factors, some of which are beyond our control. In addition, innovations may not succeed or integrate well with our existing systems and infrastructure, and even if integrated, may not function as expected or may not be able to enhance our operational efficiency and competitiveness, or reduce our operational costs. Any failure on our part to respond swiftly and effectively to changes in market competition or customer demands may materially and adversely affect our business, financial condition and results of operations.

Our success also depends in part on our ability to attract and retain new customers and enhance engagement with existing customers by providing distinctive and premium services in a cost-effective manner. During the Track Record Period, we were successful in increasing our cooperation with existing customers. We believe that our effective marketing strategies, distinctive and premium services, and nimble responses to evolving customer demands have been critical in promoting our services and brand recognition, which in turn drive customer growth and engagement. While we currently believe we can achieve further growth through, among other things, further penetration and expansion of our customer base, we may not be able to effectively and successfully implement our plans and realize our goals. If our marketing strategies do not work efficiently, we may not be able to maintain our selling and marketing expenses at a reasonable level. In addition, if customers do not perceive our services and solutions to be distinctive and premium, we may not be able to attract and retain customers and increase their use of our services and solutions. In addition, we may fail to further diversify our service offerings, pursue new business opportunities, or otherwise achieve further business growth. Any of the aforementioned failures could materially and adversely affect our business, financial condition and results of operations.

Competition in the industries where we operate is intense, and any failure to compete effectively could adversely affect our customer base, profitability and market share.

The industries where we operate are highly fragmented and competitive. Our integrated logistics services encompass a wide range of services, and as a result we primarily compete with (i) other global integrated logistics service providers; (ii) other China-based integrated logistics service providers; and (iii) single product logistics service providers. In addition to multiple existing market players, there may be new entrants emerging in each of the industries where we operate. We compete with them based on a number of factors, such as services quality, service price, business model, operational capabilities and cost control. If we cannot adjust our operating strategies and take effective countermeasures in a timely manner in response to market changes, our business growth rate may slow down, and our market share and profitability may decline.

Any significant increase in competition may have a material adverse effect on our revenue and profitability as well as on our business and prospects. We cannot assure you that we will be able to continuously distinguish our services from those of our competitors, to preserve and improve our relationships with various participants in the logistics industry, or to increase or even maintain our existing market share. We may lose market share, and our financial condition and results of operations may deteriorate if we fail to compete effectively.

Furthermore, as we diversify our service offerings and further expand our customer base in the logistics markets in China, Asia and globally, we may face competition from existing or new players in those markets. Similarly, existing players in an adjacent or sub-market may choose to enter into alliances with other transportation or logistics service providers, leverage their existing infrastructure and expand their services to penetrate into our business or serve our existing or potential customers. If these players succeed in doing so, our business could be adversely affected.

Certain of our current and potential competitors may have greater resources, longer operating histories, larger customer bases and greater brand recognition than us. They may be acquired by, receive investment from or enter into strategic relationships with, established and well-financed companies or investors that could help enhance such competitors' competitiveness. Some of our competitors in China, across Asia or globally may adopt more aggressive pricing policies than we do. Accordingly, if we cannot effectively control our costs to remain competitive, our market share and revenue may decline. Further, our competitors may make more sizable investment or capital expenditure or devote greater resources to marketing and promotional campaigns than we do. We may not be able to compete successfully against current or future competitors, and competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

We may face challenges associated with expanding or diversifying our service offerings and exploring new business.

During the Track Record Period, we have further diversified our service offerings, such as through the expansion of our time-definite express service offerings. New service offerings or new lines of business may involve risks and challenges we do not currently face. Such new initiatives may require us to devote significant financial and managerial resources and may not perform as well as expected. Our existing logistics infrastructure and network may not be adaptable to new service offerings or new business. For example, our different service offerings may require different deployment of logistics infrastructure and network, different services standards, which in turn may require significant time and costs to implement. We may also be inexperienced with the operating models and cost structures associated with new service offerings or new lines of business. In addition, we may not be able to assure adequate service quality, and accordingly may receive complaints or costly liability claims, which would harm our overall reputation and financial performance. Further, we may not be able to achieve profitability or recoup our investments with respect to any new service offerings or new lines of business in time, or at all.

If our customers reduce their expenditure in third-party logistics services, our business, financial condition and results of operations may be adversely affected.

As an integrated logistics service provider, our business strategies are partially based on the assumption that the trend toward outsourcing of logistics and supply chain activities will continue. Third-party service providers like us are generally able to provide logistics services more efficiently than otherwise could be provided “in-house,” primarily as a result of our expertise, technology and cost efficiency. However, many factors could cause a trend reversal. For example, our customers may see risks in relying on third-party service providers, or they may begin to define logistics and supply chain activities as within their own core competencies and decide to perform logistics and supply chain operations themselves. If our customers are able to improve the capabilities and cost structure of their in-house logistics and supply chain activities, our logistics services may not be deemed as an attractive alternative meeting our customers’ demands. If our customers in-source significant aspects of their logistics and supply chain operations, or if potential new customers decide to continue to perform their own logistics and supply chain activities, our business, financial condition and results of operations may be materially and adversely affected.

Our business model involves substantial capital expenditures, which may not generate returns or achieve intended economic benefits in the short term, or at all.

Our business model involves substantial capital expenditures, including expenditures on purchases of aircraft and equipment, as well as construction of warehouses, sorting centers and industrial parks in connection with the growth of our business. As the leading Asia-based integrated logistics service provider with a directly operated model, we enjoy greater control over and stability from our network. However, the directly operated model requires us to incur higher capital expenditures than our competitors who rely more on a franchising model.

Substantial capital expenditures are associated with certain inherent risks. The amount and timing of capital expenditures depend on various factors, including, among other things, the projected growth in our parcel volume. We must estimate our parcel volume and the corresponding requirements for logistics infrastructure and network, and make capital commitments for aircraft and other assets based on these projections years before they are actually needed. Missing our projections could result in too much or too little capacity relative to our parcel volume. Over-capacity could lead to asset dispositions, as well as a negatively impact on our operating margins, while under-capacity could negatively impact service levels. In addition, as a result of the high capital intensity and uncertainties inherent to our projections of future capital investment requirements under our directly operated model, we may be slower in expanding our logistics infrastructure and network in response to changing market demand than our competitors who rely more on a franchising model. As a result, we may lose market share or business opportunities to our competitors, and our business, financial condition and results of operations may be materially and adversely affected.

We have historically funded our capital expenditures primarily with cash generated from our operating activities, and proceeds from external debts and other fundraising activities. We cannot assure you that these sources of financing will be sufficient to fund our expansion plans. Our access to external funding is subject to various factors that are beyond our control, including market conditions, government approval, credit supply and interest rates. If we are unable to secure sufficient external funds to finance our capital investments, our business, financial condition and results of operations could be materially and adversely affected.

Even if we have sufficient funding, assets that best suit our needs may not be available at reasonable prices, or at all. For example, due to local zoning plans or other regulatory requirements, land resources may be scarce in an area that best fits our network expansion plan. In addition, we are likely to incur capital expenditures earlier than the realization of any of the anticipated benefits, and the return on these investments may be lower, or may be realized more slowly, than we expected. Although our capital investments may not generate any return in the short term, we will still incur financing and other costs on the capital investments, which may materially and adversely affect our business, operation results, financial condition and growth prospects. Moreover, actual costs of our capital projects may exceed our original budgets. Due to project delays, cost overruns, market fluctuations or other unexpected circumstances, we may not be able to achieve the intended economic benefits or maintain commercial viability of these projects, which in turn may materially and adversely affect our business, results of operations, financial condition and growth prospects. In addition, carrying value of the related assets may be subject to impairment, which may adversely affect our financial conditions and results of operations. Furthermore, our continued investment in land, construction and delivery infrastructure may put us at a competitive disadvantage against competitors who spend less on these assets but focus more on improving other aspects of their business that are less capital intensive.

There is no assurance that we could successfully enter into necessary or desirable strategic alliances, acquisitions or minority investments, and we may not be able to achieve the anticipated benefits from the strategic alliances, acquisitions or minority investments that we make.

We may evaluate and consider strategic investments and acquisitions or enter into strategic alliances to implement our development strategies, such as expanding the breadth and depth of our service matrix, and enhance our competitive advantages. Investments or acquisitions involve numerous risks, including but not limited to: (i) potential failure to achieve the expected results of the integration or acquisition; (ii) difficulties in, and the cost of, integrating operations, technologies, services and personnel; and (iii) potential write-offs of acquired assets or investments. These transactions will also divert the management's time and resources from our normal course of operations, and we may have to incur unexpected liabilities or expenses. Strategic alliances with third parties, on the other hand, could subject us to a number of risks, including risks associated with non-performance by the counterparty and an increase in expenses in establishing new strategic alliances, any of which could materially and adversely affect our business.

We have historically expanded our businesses in part through acquisitions, and we may continue to pursue suitable acquisition opportunities to implement our strategies. For instance, we acquired a 51.5% equity interest in Kerry Logistics in September 2021 to further enhance the strategic layout of our freight forwarding and international business. However, the integration of newly acquired businesses may be costly and time-consuming, and each acquisition could present us with risks and challenges in various respects, including but not limited to:

- integrating the operations and personnel of the acquired businesses and information systems, procedures and policies;
- retaining relationships with key employees, customers, business partners and suppliers of the acquired businesses;
- successfully entering a business segment or geographic market in which we have limited prior experience;
- achieving the anticipated synergies and strategic or financial benefits from the acquisitions; and

- addressing the economic, political, regulatory and foreign exchange risks associated with the relevant jurisdictions where the acquired businesses are located.

Our business, financial condition and results of operations could be materially and adversely affected if we are unable to integrate, or benefit from, the acquired businesses.

In addition, we have acquired, and may continue to acquire, non-controlling interests in companies operating as our associates. As we do not control their operational and financial policies, it is uncertain whether we will be able to achieve the intended objectives or benefits of those minority investments. As a result, we cannot assure you that any of our historical or future acquisitions or investments will be successful.

Our business, financial condition and results of operations could be adversely affected if we experience any negative publicity that results in severe damage to our brand image or reputation.

We believe that our brand image and corporate reputation plays an increasingly important role in enhancing our competitiveness and maintaining our business growth. Our ability to manage our brand image depends on whether we could successfully provide distinctive and premium services to our customers, conduct marketing activities, and manage complaints and events of negative publicity, including those associated with or from our franchisees, and maintain positive perception of us. Furthermore, many other factors, some of which are beyond our control, may negatively impact our brand image and corporate reputation if not properly managed. Service quality issues, actual or perceived, even when false or unfounded, could tarnish the image of our brand and may cause customers to use other companies. Also, adverse publicity surrounding labor relations, environmental concerns, security matters and the like, or attempts to connect us to these sorts of issues, in the countries and regions where we operate, could negatively affect our overall reputation and acceptance of our services by customers. Damage to our reputation and loss of brand equity could reduce demand for our services and thus have an adverse effect on our business, financial condition and results of operations, and could require additional resources to rebuild our reputation and restore the value of our brand.

In addition, our brand image or reputation may be materially and adversely affected by adverse news, scandals or other incidents associated with the logistics industry. Incidents that cast doubt on the safety of cargo and parcels or the safety of delivery personnel in the logistics industry, including incidents involving our competitors, have been, and may continue to be, subject to media attention and widespread coverage. Such incidents may damage the reputation of not only the parties involved, but also the logistics industry in general and us, even if such parties or incidents have no relation to us, our management, employees, suppliers or other business partners.

Changes or slowdown in the e-commerce industry in China and globally could negatively affect our business and growth prospects.

We also serve customers in the e-commerce industry in China and globally. As such, our business and growth are affected by the viability and prospects of the e-commerce industry in China and globally. Development of the e-commerce industry in China and globally is affected by a number of factors, most of which are beyond our control. These factors include:

- the consumption power and disposable income of e-commerce consumers in China and globally, as well as changes in demographics and consumer tastes and preferences;

- the availability, penetration, reliability and security of e-commerce platforms;

- the selection, price and popularity of products offered on e-commerce platforms;

- the emergence of alternative channels or business models that better suit the needs of consumers in China and globally;

- the development of fulfillment, payment and other ancillary services associated with e-commerce; and

- changes in laws and regulations, as well as government policies that govern the e-commerce industry.

Changes or slowdown in the e-commerce industry in China and globally could materially and adversely affect our growth and profitability.

We face risks associated with our international operations.

As of June 30, 2024, we had an extensive global delivery network covering 202 countries and regions. Risks associated with our international operations may include, among other things: (i) changes in economic and political conditions in those markets; (ii) increasing costs and efforts in relation to compliance with international laws and regulations, restrictions or requirements relating to foreign investment; (iii) increasing expenses relating to trade agreements and taxations; (iv) difficulties in managing or overseeing our international operations; and (v) complexities relating to compliance with applicable anti-bribery laws and regulations, and export control restrictions and sanctions (economic or otherwise) imposed by certain countries or self-regulated organizations against dealings with other countries, individuals or entities which may limit our ability to conduct our business with such countries, individuals or entities, or to obtain funding for certain overseas businesses. The occurrence, persistence or consequences of any of these risks may restrict our ability to operate in the affected market, or reduce the profitability of our operations in that market, which in turn would negatively affect future prospects of our international operations.

Our international operations are also susceptible to uncertainties in the international financial environment and increased foreign exchange risks stemming from the volatility of foreign exchange rates and changes of foreign exchange controls. We may not be able to adjust our business practices in time to avoid or mitigate adverse effects from any of the foregoing risks, and accordingly, our business, financial condition and results of operations could be materially and adversely affected.

Our long-term growth and competitiveness are highly dependent on our ability to control costs.

Compared with our competitors who rely more on the franchising model, we bear more costs due to our directly operated business model, and therefore our ability to ensure effective cost-control measures could have a more direct impact on our business. As such, in order to maintain competitive pricing and enhance our profit margins, we must continually exert greater control over our costs than our competitors who rely more on the franchising model. We have adopted various cost-control measures, and will continue to add new ones as necessary and appropriate. However, the measures we have adopted or will adopt in the future may not be as effective as expected. For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, our gross profit amounted to RMB25.8 billion, RMB33.0 billion, RMB32.6 billion, RMB16.6 billion and RMB18.3 billion, respectively, representing a gross profit margin of 12.4%, 12.3%, 12.6%, 13.3% and 13.6% for the same periods, respectively. If we are not able to effectively control our costs, our profitability and cash flow may be adversely affected.

Overall tightening of the labor market, increases in labor costs or any possible labor unrest may adversely affect our business, financial condition and results of operations as we operate in a labor-intensive industry.

We operate in a labor-intensive industry. Our business requires a substantial number of staff, and we compete with other companies in the same industry and other labor-intensive industries for labor. Any failure to retain stable, competent and dedicated labor may lead to disruption to, or delay in, our services provided to customers. In addition, we often need to hire additional or temporary workers to handle the significant increase in parcel volume following special promotional events or during peak seasons of e-commerce. Although we have not experienced any labor shortage to date, we have observed an overall tightening and increasingly competitive labor market. We have experienced, and expect to continue to experience, increases in labor costs due to increases in market salary, benefit level and/or our headcount.

Significant fluctuations in transportation costs may materially and adversely affect our business, financial condition and results of operations.

Transportation costs are a major component of our cost of revenue. For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, our transportation costs amounted to RMB70.9 billion, RMB106.8 billion, RMB82.9 billion, RMB39.3 billion and RMB42.8 billion, respectively, representing 39.1%, 45.6%, 36.7%, 36.5% and 36.8% of our total cost of revenue, respectively.

Our transportation costs are subject to a variety of factors, such as fluctuations in the price and availability of fuel, air and sea freight fee rates, the imposition of, or increases in, import or export taxes, vehicle taxes and duties. The price and availability of fuel are subject to political, economic, and market factors that are beyond our control. In the event of significant increases in fuel prices, our transportation costs may increase and gross profits may decrease, if we are unable to adopt any effective cost control measures or pass on the incremental costs to our customers in the form of service surcharges. In addition, the air and sea freight industries are highly cyclical, with prices for and supply of cargo space affected by many factors such as the level of international trade activities, global and regional economic and political conditions, economic sanctions, outbreak of war, changes in regulatory regimes and extreme weather conditions. These factors are beyond our control and the nature, timing and degree of changes in industry conditions are largely unpredictable. The inability to pass on to our customers any significant increases in transportation costs could therefore materially and adversely affect our business, financial condition and results of operations.

Our results of operations are subject to seasonal fluctuations.

We experience seasonality in our business. We typically experience a seasonal surge in volume of orders during the second and fourth quarters of each year when major online retail and e-commerce platforms launch special promotional campaigns, for example, around June 18 of each year. We may experience capacity and resource shortages in fulfilling orders during the period of such seasonal surge in our business. Conversely, activity levels across our business lines are typically lower around Chinese national holidays, including Chinese New Year in the first quarter of each year, primarily due to weaker consumer spending, lower user activity levels and decreased availability of delivery personnel and warehouse staff during these holiday seasons. This pattern may result in fluctuations in our operating results, and therefore, comparing our results of operations across the different periods of a given year as an indicator of our performance may not be meaningful and should not be relied upon as indicators of future performance.

Information technology is critical to our business operations and growth prospects. Any failure in maintaining, protecting and making timely enhancements and upgrades to our information technology system or introducing innovative additions could adversely affect our business, results of operations, financial condition and growth prospects.

The satisfactory performance, reliability and availability of our technology system are critical to our ability to provide high-quality services. We rely on our advanced technology systems, such as our end-to-end DataOps one-stop data development platform, SF Smart Brain, as well as our smart tools and applications. See "Business — Technology and Research and Development" in this prospectus. Our technology systems support the smooth performance of certain key functions of our business, such as order tracking, fleet dispatching and management, route planning as well as smart supply chain services. In addition, the maintenance and processing of various operational and financial data is essential to our day-to-day operations and formulation of our business strategies. Therefore, our results of operations and growth prospects depend, in part, on our ability to maintain and make timely and cost-effective enhancements and upgrades to our technology systems and to integrate technological innovations that can meet our evolving operational needs. Failure to do so could cause economic losses and put us at a disadvantage to our competitors. There is no assurance that we will be able to keep up with technological developments, or that technologies developed by others will not render our services less competitive.

Moreover, any interruptions that result in the unavailability or slowdown of our centralized system could materially and adversely affect a significant portion, if not all, of our logistics infrastructure and network. If we cannot successfully execute system maintenance and repair, our business operations could be adversely affected and we could be subject to liability claims. Any such occurrences could disrupt our services, damage our reputation and harm our results of operations.

Research and development in new technologies for logistics services are costly and time-consuming, and the outcome is uncertain.

Our success and long-term competitiveness depend in part on our ability to develop or adopt new technologies to enhance our operational efficiency and reduce operational costs. Areas of focus of our technological developments include data analyses, SF Smart Brain (which focuses on the upgrade of the digitalized and intelligent logistics network), and smart supply chain services, as well as our smart tools and applications. See "Business — Technology and Research and Development" in this prospectus. For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, our research and development expenditures, comprising our research and development expenses and additions of development expenditures, amounted to RMB3.7 billion, RMB3.5 billion, RMB3.4 billion, RMB1.8 billion and RMB1.6 billion, respectively, of which 39.2%, 35.9%, 32.1%, 32.2% and 18.7% had been capitalized in the same periods, respectively.

The development and commercial application of new technologies is complex, time-consuming and costly, and the results are unpredictable. We cannot assure you that our research and development activities will enable us to successfully develop new technologies, or otherwise integrate technological developments into our systems. Even if we successfully develop or adopt a new technology, we cannot assure you that it will be successfully implemented to enhance our operational efficiency and reduce operational costs. Competition in the logistics industry is intense, and our competitors may constantly launch new services and implement new technologies. Accordingly, competitive landscape of the logistics industry may differ significantly from what we had projected, and technologies we develop or adopt may no longer hold the competitive advantages in enhancing operational efficiency or reducing operational costs. If any of the new technologies developed, adopted or implemented by us fails to perform as anticipated, we may not be able to recoup our significant investment in research and development, and our business, financial condition and results of operations may be materially and adversely affected.

Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect our business, financial condition and results of operations.

Laws and regulations governing cybersecurity, information security, privacy and data protection, and the use of the internet as a commercial medium are rapidly evolving, extensive, and complex. The important PRC laws and regulations on data protection, data privacy, and/or information security currently in effect that we are subject to include, among others, the *Cybersecurity Law* (《中華人民共和國網絡安全法》), which took effect on June 1, 2017 *Personal Information Protection Law* (《中華人民共和國個人信息保護法》), or the PIPL, which took effect on November 1, 2021; and the *Data Security Law* (《中華人民共和國數據安全法》), which took effect on September 1, 2021. For details, see "Regulatory Overview — Regulations Relating to Internet Information Security" in this prospectus. When providing logistics services, we may need to process various operational and other data of our customers, business partners, employees and other individuals or businesses.

In addition, on December 28, 2021, thirteen PRC governmental and regulatory agencies, including the Cyberspace Administration of China (the "**CAC**"), promulgated the *Measures for Cybersecurity Review* (《網絡安全審查辦法》), which came into effect on February 15, 2022 and required that any network platform operator who possesses the personal information of over one million users and seeks a "foreign listing" (國外上市) shall be subject to cybersecurity review. As advised by our PRC Data Compliance Legal Adviser and according to an interview with the competent regulatory authority, China Cybersecurity Review, Certification and Market Regulation Big Data Center (previously known as China Cybersecurity Review Technology and Certification Center), on August 18, 2023, we are not required to apply for a cybersecurity review by the Cybersecurity Review Office for the Listing, because a listing on the Stock Exchange does not constitute a "foreign listing" under the *Measures for Cybersecurity Review*. As of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review, had not received any notices that our data processing activity affects or may affect national security. However, the interpretation and implementation of these laws and regulations keep evolving. Any potential or perceived non-compliance with data-related laws and regulations may prevent us from using or providing certain products and services, and may result in fines or other penalties such as making certain required changes to our business, suspending our relevant lines of business, taking down our website or shutting down our operations, reputational damages or proceedings or actions against us by regulatory authorities, customers or others, which may have a material adverse effect on our business, operation or financial conditions. Furthermore, on February 24, 2023, the CSRC released the *Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises* (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which came into effect on March 31, 2023. For details, see "Regulatory Overview — Regulations on Securities and Overseas Listings" in this prospectus. However, there were no further explanations or detailed rules or regulations with respect to such opinions or provisions, and the interpretation and implementation of these opinions and provisions may keep evolving.

These and other similar legal and regulatory developments could affect how we design our information systems, how we operate our business, and how we process and use data. As our customers may also be required to comply with relevant laws and regulations, in the event that our services are perceived to be exposing our customers to potential compliance risks, demand for our services might be affected. We may incur additional costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies.

We may not be able to obtain adequate financing when desired or on favorable terms.

We need to make continued investments in equipment, land, facilities and technological systems to remain competitive. However, we cannot assure you that we will be able to obtain adequate financing on commercially reasonably terms, or at all, if and when required, especially if we experience unsatisfactory results of operations. If adequate financing is not available to us as required, our ability to fund our operations, take advantage of potential business opportunities, develop or enhance our logistics infrastructure and network or respond to competitive pressures could be limited. If we fail to obtain necessary funding in a timely manner or on favorable terms, we may be unable to meet the demands of existing and prospective customers, which in turn could adversely affect our business, financial condition and results of operations.

We face risks associated with the handling and transportation of parcels and other risks inherent in the logistics industry, such as property damage, personal injury and delivery of prohibited or restricted items.

We handle a large volume of parcels across our logistics network, and have adopted various internal control policies and measures to manage risks inherent in the handling and transportation of parcels. We face challenges with respect to the protection and examination of these parcels. Parcels in our network may be stolen, damaged or lost for various reasons, and we may be perceived or found liable for such incidents. In addition, we may fail to screen parcels and detect unsafe, prohibited or restricted items. Unsafe items, such as flammables and explosives, toxic or corrosive items and radioactive materials, may injure recipients or our staff, or damage our assets or other parcels in our network. Furthermore, if we fail to prevent prohibited or restricted items from entering into our network, or if we participate in the transport and delivery of such items, we may be subject to administrative or even criminal penalties, and if there is any resulting any personal injury or property damage, we may be further liable for civil compensation.

Delivery of parcels also involves inherent risks. We constantly have a large number of aircraft, vehicles and staff in transit, and therefore need to face numerous transportation safety issues, which may not be fully covered by the insurances that we routinely maintain. From time to time, our vehicles and staff may be involved in transportation incidents or accidents, and the parcels carried by them may be lost or damaged. Our staff may also get injured during delivery of parcels. In addition, frictions or disputes may occasionally arise from the direct interactions between our pickup and delivery staff with parcel senders and recipients. Personal injuries or property damages may arise if such frictions or disputes escalate.

Any of the foregoing could disrupt our services, cause us to incur substantial expenses and divert the time and attention of our management. We may face claims and incur significant liabilities if found liable or partially liable for any personal injuries, property damages or economic losses. Claims against us may exceed the amount of our insurance coverage, or may not be covered by insurance at all. Governmental authorities may also impose significant fines on us or require us to adopt costly preemptive measures. Furthermore, if our services are perceived to be insecure or unsafe by our customers, our parcel volume may significantly decline, and our business, financial condition and results of operations may be materially and adversely affected.

We have a limited history of operating cargo airline and civil aviation infrastructure, and we face risks inherent to the aviation industry, such as extensive regulations, high fixed costs, aircraft incidents or accidents, and the threat of terrorist attacks.

We established our SF Airlines in 2009, and have a limited history of operating cargo airlines and civil aviation infrastructure. We are exposed to risks inherent to the aviation industry, including: (i) extensive regulations and substantial regulatory influence over the aviation industry, rendering us under significant constraints on our flexibility and ability to further develop our air cargo fleet and air routes; (ii) competition over flight schedules and air routes; (iii) high fixed costs, including depreciation expenses, interest expenses, pilot training costs and operating lease payments, which do not vary proportionately with cargo volumes actually carried; (iv) terrorist attacks, aircraft accidents or incidents, which could result in significant property damages and claims relating to personal injuries or deaths; and (v) difficulties in obtaining airline insurance with reasonable coverage at commercially feasible prices.

Moreover, we are currently responsible for operating the sorting center in the Ezhou cargo hub. We are exposed to risks inherent to the operation of civil aviation infrastructure, including: (i) extensive and evolving regulations over civil aviation infrastructure, and the potential unfavorable changes in such regulations, such as an increase in aeronautical fees; and (ii) aircraft incidents or accidents, the threat of terrorist attacks, or natural disasters that could cause material damage to the civil aviation infrastructure.

The occurrence, persistence or consequences of any of the foregoing risks may restrict our ability to operate our air cargo fleet or civil aviation infrastructure, or reduce the profitability of our operations, which in turn could materially and adversely affect our business, financial condition and results of operations.

The regulatory environment for global aviation or other transportation rights may impact our operations and increase our operating costs.

Our right to provide logistics services involving overseas destinations is subject to government approvals. In addition, we must obtain the permission of the relevant overseas jurisdictions to provide specific flights and services. Our international operations are also subject to current and potential regulations, including certain postal regulations and licensing requirements, that restrict, make difficult, and sometimes prohibit, the ability of foreign-owned companies to compete effectively in parts of the global logistics market. Regulatory or executive actions affecting global aviation or transportation rights or a failure to obtain or maintain aviation or other transportation rights in important international markets could impair our ability to operate our network. Further, our ability to obtain or maintain aviation or other transportation rights internationally may be adversely affected by changes in international trade policies and relations. See "Regulatory Overview — Regulations on Transportation" in this prospectus.

Our operation of SF Airlines is subject to other extensive regulatory and legal compliance requirements that may result in significant costs. High-profile accidents, catastrophes, or incidents involving aircraft may trigger increased regulatory and legal compliance requirements. Requirements can be issued, amended or restated from time to time, or can otherwise impact our ability to efficiently or fully utilize our aircraft, and in some instances could result in the temporary grounding of aircraft types altogether if we fail to comply with the applicable laws and regulations. See "Regulatory Overview — Regulations on Transportation" in this prospectus.

Our business and reputation may be harmed by unlawful, unethical or anticompetitive conducts within or in connection with our logistics network, operations and other activities.

We have adopted various policies, operational manuals and disciplinary measures regarding the conduct of our employees, consultant, agents and other third parties. Nonetheless, there is no assurance that such measures would be sufficient to prevent and deter our employees, consultant, agents or other third parties from acting unlawfully or unethically.

Such misconduct may include non-compliance with applicable laws and regulations pertinent to parcel collection and delivery processes, mishandling of funds or unlawful kickbacks during our procurement of raw material or equipment. We also have little control over third parties involved in unlawful, unethical or anti-competitive conducts targeted at or in connection with our logistics network, operations and other activities, such as non-compliance with laws, or third-party sabotage or allegations intended to harm us. We may incur substantial monetary losses, suffer reputational damage, be subject to administrative penalties and fines, have our licenses and permits revoked, or even be ordered by regulatory authorities to suspend our operations due to misconduct. We may also be required by regulatory authorities in the relevant jurisdictions to allocate significant resources and incur additional costs to prevent any unlawful, unethical or anti-competitive conducts by our employees or third parties.

We endeavor to comply with the anti-monopoly and anti-unfair competition laws and regulations of the jurisdictions where we operate, such as the *Anti-Monopoly Law of the PRC* (《中華人民共和國反壟斷法》) and the *Anti-Unfair Competition Law of the PRC* (《中華人民共和國反不正當競爭法》). Nonetheless, we may be required by competent regulatory authorities to adjust our business practices, or may be subject to penalties, such as confiscation of incomes or potential fines, if any of our past or future acquisitions or investments, or any other business practices involving us, is deemed to be non-compliant with any anti-monopoly and anti-unfair competition laws and regulations. We may also be subject to claims from our competitors or users, which could affect our business and operations. The competent regulatory authorities may keep supervising the competition compliance issues, and we may receive greater attention from regulators, which may increase our compliance costs and subject us to heightened risks and challenges. We may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with our products and services as well as our investments in our ordinary business course to avoid any failure to comply with these laws and regulations. Any failure or perceived failure by us to comply with the anti-monopoly and anti-unfair competition laws and regulations may result in governmental investigations or enforcement actions, litigations or claims against us and could affect our business, financial condition and results of operations.

We face potential risks associated with outsourcing in our business operations.

We engage service providers that provide pick-up and delivery services to us, as well as outsourced transportation service providers. We only enter into agreements with the service providers, and therefore do not have any direct contractual relationship with the personnel from these service providers. Since such personnel are not directly employed by us, our control over them is more limited as compared to our own employees. We cannot fully rule out the possibility of any personnel from these service providers failing to operate or perform their duties in accordance with our policies and guidelines, in which event our market reputation, brand image and results of operations could be adversely affected.

If the service providers violate any relevant requirements under the applicable laws and regulations, including labor laws, or their employment agreements with the personnel placed with us by these service providers, such personnel may claim compensation from us as they provide their services at our logistics facilities. As a result, we may incur legal or financial liabilities, and our reputation, brand image as well as our business, financial condition and results of operations could be adversely affected.

Trade restrictions and changes in international trade policies and relations could reduce the volume of goods transported globally and adversely affect our international operations.

Our international operations may be affected by trade restrictions implemented by countries or regions where our customers are located or where our customers' products are manufactured or sold. For example, we are subject to risks relating to changes in trade policies, tariff regulations, embargoes or other trade restrictions adverse to our customers' business. Actions by governments that result in restrictions on movement of cargo or otherwise could also impede our ability to carry out our international operations. In addition, international trade and political issues, tensions and conflicts may cause delays and interruptions to cross-border transportation and result in limitations on our insurance coverage. If we are unable to transport cargo to and from countries with trade restrictions in a timely manner or at all, our business, financial condition and results of operations could be materially and adversely affected.

Fluctuations in exchange rates may adversely affect our results of operations.

A substantial portion of our revenues and cost of sales is denominated in RMB. However, as we also operate a part of our business in certain geographic markets outside of mainland China, we are subject to risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could affect the results of our overseas operations (namely, operations outside of mainland China). Our overseas operations recorded revenue denominated in foreign currencies of RMB18.2 billion, RMB58.9 billion, RMB34.9 billion, RMB17.0 billion and RMB18.4 billion in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively, accounting for 8.8%, 22.0%, 13.5%, 13.7% and 13.7% of our total revenue for the same years/periods, respectively. Foreign currency-denominated income from the principal businesses of our overseas operations primarily consisted of freight charges. Such income is denominated primarily in HKD and USD. In managing the foreign exchange risks, we preferentially deploy natural hedges, and may also deploy a netting pool to net-off the foreign exchange risk exposures of account receivables and account payables in the same currencies. Moreover, foreign exchange risks also arise from foreign currency-denominated debts undertaken by our overseas operations. These debts are mainly denominated in USD. Based on the foregoing, and considering that USD is pegged against HKD at a rate ranging from 7.75 to 7.85, we believe our foreign exchange risk exposure is manageable. In addition, where necessary, we may deploy hedging instruments depending on the nature of transaction and financial market conditions after conducting a detailed assessment.

It is difficult to predict how external factors may impact the exchange rate of RMB to HKD, USD or other foreign currencies in the future. Further appreciation of RMB against foreign currencies may affect our overseas operations. Conversely, if we decide to convert our RMB into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, any depreciation of RMB against the Hong Kong dollar would have a negative effect on the value of, and any dividends payable on, our H Shares.

During the Track Record Period, we have maintained certain hedging policies in an effort to reduce our exposure to foreign exchange risks, and we may maintain, or further enhance, our hedging policies in the future. For details, see "Financial Information — Qualitative and Quantitative Disclosure About Financial Risks — Market Risks — Foreign Exchange Risk" in this prospectus. However, the availability and effectiveness of these hedging measures may be limited, and we may not be able to adequately cover our exposure or at all.

Security breaches and attacks against our system and network, and any failure to protect confidential and proprietary information, could damage our reputation and adversely affect our business, financial condition and results of operations.

We rely on technologies to provide high-quality logistics services. However, our technology operations are vulnerable to potential disruptions arising from human errors, natural disasters, power failures, computer viruses, spam attacks, unauthorized access and other similar events. Disruptions to, or instability of, our technology or external technology that supports the offering of our services and solutions could materially harm our business and reputation.

Our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us, we may be unable to anticipate, or implement adequate measures to protect against, these attacks. During the Track Record Period, we had not been subject to these types of attacks that had materially and adversely affected our business operations. However, there can be no assurance that we would not in the future be subject to such attacks that may result in material damages or remediation costs. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed and we could sustain substantial revenue loss from lost sales and customer dissatisfaction.

In addition, although we have adopted various measures and technologies that allow us to instantly detect potential cyber-attacks and protect our data and information networks, it remains possible that we cannot anticipate or prevent rapidly evolving types of cyber-attacks.

Cyber-attacks may target us, our customers, or the information infrastructure on which we depend. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. Cybersecurity breaches may harm our reputation and business, and materially and adversely affect our financial condition and results of operations.

Our business generates and processes a large quantity of personal and transactional data. We face inherent risks when handling and protecting such large volumes of data, including protecting the data stored in our system, detecting and prohibiting unauthorized data share and transfer, preventing attacks on our system by outside parties or fraudulent behavior or improper use by our employees, and maintaining and updating our database. Any system failure, security breach or third parties attacks or attempts to illegally obtain the data that results in any actual or perceived release of user data could damage our reputation and brand, deter current and potential customers from using our services, damage our business, and expose us to potential legal liability.

We are subject to various PRC laws and regulations relating to the collection, use, storage, processing and security of personally information with respect to our customers and employees, including regulatory requirements by competent authorities relating to such data. Further, PRC regulators have been increasingly focused on regulation in the areas of data security and data protection. For details, see "— Risks Relating to Our Business and Industry — Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect our business, financial condition and results of operations" and "Regulatory Overview — Regulations on Internet Information Security and Privacy Protection" in this prospectus.

Any deficiencies in the telecommunications and Internet infrastructure in the jurisdictions where we operate could impair the functioning of our technology system and our business operations.

Our business depends on the performance and reliability of the telecommunications and Internet infrastructure in the jurisdictions where we operate. The availability and reliability of our website, mobile application, customer service hotline and technology system depend on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into and renew agreements with these providers on acceptable terms, or if any of our existing agreements with such providers are terminated as a result of our breach or otherwise, our ability to provide our services to our customers could be adversely affected. In addition, any service interruptions at the underlying external telecommunications service providers, such as the Internet data centers and broadband carriers, could result in interruptions to our services. Frequent service interruptions could frustrate customers and discourage them from using our services, which could cause us to lose customers and could harm our operating results.

Some of our services utilize third-party applications and services that we do not control. In addition, we face risks related to regulatory and public scrutiny on our third-party service providers. If such parties, their associates and/or network members are subject to regulatory or public scrutiny, such as investigations and negative publicity, our reputation, business and results of operations may be adversely affected.

We utilize third-party applications and services to ensure the smooth performance of certain functions of our business. For example, we collaborate with social media access portal providers for embedding our mini-programs and payment processing providers. We also depend in part on mobile operating systems, such as Android and iOS, and their respective application marketplaces to make our applications available to merchants, consumers, our employees and couriers. Any interruption or delay, most of which are beyond our control, in the functionality of these third-party applications and services may lead to interruptions to our system, website or mobile application slowdown or unavailability, delays or errors in transaction processing, loss of data, or the inability to accept and fulfill orders. In addition, if any third-party application and service providers withdraw their authorization to use from us, or if their services become limited, restricted, curtailed or less effective in any way, or otherwise become unavailable to us for any other reasons, our customer base and customer engagement may be harmed. We may not be able to promptly find alternative ways to offer services in a timely, reliable and cost-effective manner, or at all, which in turn may materially and adversely affect our business, financial condition and results of operations.

In addition, we rely on major third-party payment channels to facilitate and collect customers' payment for our services. We are subject to various risks and uncertainties associated with these third-party online payment channels. Any disruption to their payment services could materially and adversely affect our payment collection, and, in turn, our results of operations. Further, when it comes to online payment transactions through third-party payment channels, secured transmission of customers' confidential information is essential for maintaining customer confidence. We do not have control over the data security measures of the third-party payment channels, and their security measures may not be adequate at present, or may not remain adequate in light of the expected increased use of online payment systems. Furthermore, these payment channels are subject to various laws and regulations regulating electronic funds transfers and virtual currencies, which could change or be reinterpreted in a way that will materially and adversely affect their compliance. If these payment channels experience any non-compliance incidents, they may be subject to fines or penalties, charge higher transaction fees due to regulatory or commercial reasons, or even suspend or terminate their operations, with or without prior notice to us, which in turn would materially and adversely affect our performance and results of operations.

Furthermore, we engage third-party service providers for certain professional services, such as audit and legal services. Our third-party service providers and/or their associates may, from time to time, be subject to regulatory and public scrutiny, which includes complaints to regulatory agencies, investigations, negative media coverage and malicious allegations. For example, a network firm of our Reporting Accountant has recently been the subject of investigations by the PRC authorities in respect of its audit work for a PRC company unrelated to our Group, as a result of which the PRC authorities imposed fines, sanctions and a six-month business suspension, as well as local office closure on the network firm. Our Reporting Accountant is also being investigated by the AFRC in Hong Kong for audit work for a related entity of the same PRC company, according to the press statement issued by the AFRC. As of the Latest Practicable Date, the investigation is still in progress. We are monitoring this development to assess its potential impact, if any. We may consider taking specific measures, including, if deemed necessary, to engage a new auditor in the future.

We may not have effective or sufficient control over our franchisees. Any breach of the franchise agreements or any violation of relevant laws and regulations by our franchisees may have a negative impact on our business operations and reputation.

We maintains direct control of our operations, with minimal reliance on franchisees. We identify and select the franchisees in compliance with the requirements under relevant laws and regulations as well as our internal guidelines. We also enter into franchise agreements with our franchisees which require them to, among other things, maintain all required permits, licenses and certificates, recruit qualified staff and implement our pricing policies. In addition, while our franchise agreements stipulate a franchisee's obligations, we cannot assure you that the franchisees will fully fulfill their contractual obligations, or strictly follow our guidelines. Moreover, we may not be able to ensure the franchisees' full compliance with relevant laws and regulations. If our franchisees fail to operate in accordance with our franchise agreements, or violate any relevant laws and regulations in the relevant jurisdictions, our reputation, business, financial condition and results of operations may be adversely affected.

We face risks associated with force majeure events, severe weather conditions and other natural disasters, health epidemics and other outbreaks, which could significantly disrupt our business operations.

Our business could be adversely affected by severe weather conditions and natural disasters or the outbreak of avian influenza, severe acute respiratory syndrome, H1N1, H7N9, the COVID-19 pandemic or any other epidemics. Any of such occurrences could cause us to incur additional costs and cause severe disruption to our daily operations, and may even require a temporary closure of our business or facilities. Such closures may disrupt our business operations and adversely affect our results of operations. In particular, our couriers are generally exposed to public environments and are relatively susceptible towards outbreak of public health threats. Our business operations could be disrupted if our couriers or employees are suspected of having contagious disease or condition, since we could require such couriers or other employees to be quarantined. Infection prevention and control measures could adversely affect our operations and the operations of our customers, and in turn affect our financial condition and results of operations. Our operations could also be disrupted if our suppliers, customers or business partners were affected by such natural disasters or health epidemics.

Our success depends in significant part on the continuing efforts of our senior management and other key personnel, and our business operations would be adversely affected if we fail to retain them.

We depend to a significant degree on the continued services of our experienced senior management and other key personnel. In particular, we rely on the expertise and experience of our general manager and other members of our senior management team. We have adopted various talent retention measures. Nonetheless, there is no assurance that our senior management and other key personnel will always be able to, or willing to, continue their employment with us. In that case, we may not be able to replace them in a timely manner, or at all. We may incur additional costs to recruit and retain qualified replacements. Our business may be severely disrupted and our financial condition and results of operations may be materially and adversely affected. We enter into confidentiality and non-compete agreements with our key personnel. However, in the event that any of our senior management or other key personnel joins a competitor or forms a competing business, we may lose customers, know-how, key professionals or other staff members. We provide no assurance that we will be able to successfully enforce our contractual rights included in the employment agreements we have entered into with our senior management and other key personnel. As a result, our business may be severely disrupted.

There is no assurance that we will continue attracting, training, motivating and retaining qualified personnel.

We intend to hire and retain additional qualified employees to support our business operations and drive future expansion. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified staff, particularly management and operational staff with expertise in the logistics industry or other areas we expand into. Our experienced mid-level managers are instrumental in executing our business plans, implementing our business strategies and supporting our business operations and growth, and we cannot assure you that we will be able to attract or retain these qualified staff.

There is no assurance that we could continue maintaining our corporate culture.

Since our inception, our corporate culture has been defined by our mission, vision and values, and we believe that our culture has been critical to our success. In particular, our corporate culture has helped us to serve our customers, attract, retain and motivate employees, and create value for our Shareholders. We face a number of challenges that may affect our ability to maintain our corporate culture, such as:

- competitive pressures to move in directions that may divert us from our mission and values;

- the continued challenges of an ever-changing business environment;

- potential pressure from the public markets to focus on short-term results instead of long-term value creation; and
- the increasing need to develop expertise in new areas of business that affect us.

If we are not able to maintain our corporate culture or if our culture fails to deliver the long-term results we expect to achieve, our business, results of operations, financial condition and prospects may be materially and adversely affected.

We may not be able to prevent unauthorized use of, or other forms of infringement on, our intellectual property, which could harm our business and competitive position.

We regard our trademarks, domain names, trade secrets, proprietary technologies and other intellectual property as critical to our business. We rely on a combination of intellectual property laws and contractual arrangements to protect our proprietary rights. However, we may not be able to register, maintain and enforce our intellectual property rights in a timely manner, or at all, under the laws and regulations in the countries and regions where we operate. Confidentiality agreements and license agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Policing any unauthorized use of, or other forms of infringement on, our intellectual property is difficult and costly, and the steps we have taken may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We cannot provide any assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business operations.

There is no assurance that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by our services or solutions, the services or solutions provided by third-party merchants through our logistics infrastructure and network, or other aspects of our business. There could also be existing patents of which we are not aware that our services or solutions may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspects of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us. Further, the application and interpretation of patent laws and the procedures and standards for granting patents in the countries and regions where we operate may keep evolving, and we cannot assure you that relevant courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management's time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question. Finally, we use open-source software in connection with our services and solutions. Companies that incorporate open-source software into their services and solutions have, from time to time, faced claims challenging the ownership of open-source software and compliance with open-source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open-source software or noncompliance with open-source licensing terms. Some open-source software licenses may require users who distribute open-source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open-source code on unfavorable terms or at no cost. Any requirement to disclose our source code or pay damages for breach of contract could be harmful to our business, financial condition and results of operations.

Economic sanctions, anti-corruption and anti-money laundering laws may expose us to potential compliance risks.

We are subject to economic sanctions, anti-corruption, anti-bribery, anti-money laundering and other relevant laws and regulations in the countries and regions where we have business operations. We face significant risks if we fail to comply with the applicable laws. Any violation of applicable economic sanctions, anti-corruption, anti-bribery, anti-money laundering or other laws or regulations could result in governmental or regulatory investigations, civil or criminal fines or other sanctions, whistleblower complaints and adverse publicity, which could have an adverse effect on our reputation, business, operating results and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and significant defense costs and other professional fees.

The United States and other jurisdictions or organizations, including the European Union and the United Nations, have, through executive orders, passing of legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or jurisdictions, or against targeted industry sectors, groups of companies or persons, and/or organizations within these countries or jurisdictions. There can be no assurance that we will be able to prevent or detect all inadvertent business dealings with sanctioned parties or the dispatch of freight to higher-risk or prohibited end-uses. We cannot predict the interpretation or implementation of government policies in the United States at the federal, state or local levels or any policy of the European Union, the United Nations and other applicable jurisdictions with respect to any current or future activities by us or our third-party business partners in countries subject to international sanctions and with sanctioned persons. As a result, we cannot assure you that our future business will be free of risk under sanctions implemented in these jurisdictions or that we will conform our business to the expectations and requirements of the authorities of the United States or any other government or organization that, with or without jurisdiction over our business, assert the right to impose sanctions on an extraterritorial basis. Our business and reputation could be adversely affected if the authorities of the United States, the European Union, the United Nations or any other government or organization were to determine that any of our activities constitutes a violation of the sanctions they impose or provide a basis for a sanctions designation of us. In addition, as many sanction programs are constantly evolving, new requirements or restrictions could come into effect, which might increase scrutiny of our business or result in additional compliance risks.

Any litigation, legal and contractual disputes, claims or administrative proceedings against us could be costly and time-consuming to defend or settle, and could result in negative publicity.

Our business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the forms of private actions, administrative proceedings, regulatory actions or other litigation. The outcome of such proceedings can be difficult to assess or quantify.

Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. The cost of defending future disputes or proceedings may be significant and could negatively affect our results of operations if changes to our business operations are required. There could also be negative publicity associated with such disputes or proceedings, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, any significant dispute or proceeding could adversely affect our business, results of operations, financial condition or reputation.

Our insurance coverage may not be sufficient to cover all losses associated with our business operations.

We maintain various insurance policies to safeguard against risks and unexpected events. We maintain various insurance policies to safeguard against risks and unexpected events in relation to our business operations, such as motor vehicle and non-motor vehicle liability insurance, cargo insurance, parcel-related insurance and warehouse insurance. We do not maintain business interruption insurance, key-man insurance or terrorist attack insurance, which is generally in line with industry practices. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss, or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Our business operations could be interrupted by any failures to renew the current leases or locate desirable alternatives for our facilities, or challenges to our use of certain leased properties by governmental authorities or other third parties.

We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate from the affected properties. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. We may not be able to locate desirable alternative sites for our facilities as our business continues to grow, and failure in relocating our operations when required could adversely affect our business and operations. In addition, we compete with other businesses for premises at certain locations or of comparable sizes. As a result, even if we could extend or renew the respective leases, rental payments may significantly increase as a result of the high demand for the leased properties.

In general, we conduct customary due diligence on relevant real estate properties before entering into lease agreements in accordance with market practice. Nevertheless, we cannot assure you that our reviews, surveys or inspections would have revealed all defects or deficiencies affecting our leased properties, including the titles thereof. The lessors of certain of our leased properties have not provided us with their property ownership certificates or any other documentation proving their right to lease those properties to us. If these lessors are not the owners of the properties and they have not obtained consents, or approval for sub-lease from the owners or their lessors, or permits from the relevant governmental authorities, our leases could be invalidated. Neither could we assure you that the lessors have taken all necessary actions to ensure mandatory fire-control and explosion insurance, file fire-control registration or satisfy relevant requirements under applicable laws and regulations. Also, in the event that the actual use of our leased properties is inconsistent with the designated use of premises as stated in the relevant ownership certificate, the relevant lease agreements may be deemed to be in breach of the law and therefore void. If any of the foregoing occurs, we may have to renegotiate the leases with the owners or other parties who have the right to lease the properties, or to find alternative sites that are as commercially viable, and the terms of the new leases may be less favorable to us. We provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. In addition, a portion of our leasehold interests have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose us to potential fines.

Title defects with respect to or encumbrances on certain land and buildings may cause interruptions to our business operations.

As of the Latest Practicable Date, we had entered into contracts for the assignment of two parcels of state-owned construction land use right and had fully settled the payment for the grant of the right to these two parcels of land. We were in the process of obtaining land use right certificates for these two parcels of land, where no construction activities had been carried out yet on these two parcels of land. However, time required for obtaining these certificates is subject to uncertainties. In addition, as of the Latest Practicable Date, we had seven properties with each having a GFA exceeding 1,000 sq.m. that had not obtained ownership certificates in the PRC. We have not received any material adverse decisions from relevant government authorities relating to those defects as of the Latest Practicable Date. However, until we obtain use or ownership rights to such land and buildings, we could be compelled to return the land to the relevant government authority while the buildings located on such land could be confiscated or demolished. Moreover, certain land use rights and the buildings we own have been mortgaged to banks as collaterals for its outstanding loans. In the event that the mortgage holder forecloses on the mortgage and transfers the property to a third party, we may be forced to relocate these facilities. This could disrupt our operations and result in additional costs, which could adversely affect our business, financial condition and results of operations.

We have granted, and may continue to grant, share incentives, which may result in increased share-based payments.

Our Company adopted the 2022 Stock Option Incentive Plan for the purpose of awarding eligible participants who contribute to our success and provide long-term incentives for employees to deliver long-term shareholder returns. We recognize share-based payments in other reserves and our consolidated statements of profit or loss based on awards ultimately expected to vest, after considering our estimated forfeitures in accordance with IFRS. In addition, certain of our subsidiaries have also adopted share option incentive plans. For details, see Note 33 to the Accountant's Report in Appendix I to this prospectus.

We may incur additional share-based compensation payment expenses if we grant share incentives in the future. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based compensation to employees in the future. As a result, our share-based payments may increase, which may have an adverse effect on our results of operations.

We are exposed to certain uncertainties and risks in relation to the fair value changes of our financial assets.

Determination of the fair value changes of our financial assets requires the use of estimates that are based on unobservable inputs and/or other estimates and judgments, and therefore inherently involves uncertainties. We use unobservable inputs, such as discount for lack of marketability and expected rate of return, in determining the fair values of our financial assets, including but not limited to our financial assets at fair value through profit or loss, or FVPL, and financial assets at fair value through other comprehensive income, or FVOCI. Such determination requires us to make material estimates, which may be subject to material changes, and therefore inherently involves uncertainties. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing as of the respective valuation dates. These valuation methodologies that we use involve management judgment and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgments could affect the fair value of certain assets, including our financial assets at FVPL and financial assets at FVOCI, which in turn may adversely affect our results of operations.

Further, we are exposed to certain financial risks, including credit risk and price risk, in relation to the fair value changes of our financial assets. For details, see Note 3.1 to the Accountant's Report in Appendix I to this prospectus. In terms of price risks, we are exposed to equity price risk mainly arising from investments held by us that are classified either as FVPL or FVOCI that will not be sold within one year.

We may record impairments of non-current assets, such as our intangible assets (other than goodwill) and goodwill.

We may record impairments of non-current assets, such as our intangible assets (other than goodwill) and goodwill, adversely affecting our financial condition and results of operations. We review our non-current assets, including our intangible assets (other than goodwill), whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, we measure impairment by comparing the carrying value of the asset to the recoverable amount of such asset, which is the greater of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of such asset, we recognize an impairment loss based on the recoverable amount of such asset. The application of impairment test to our non-current assets, including our intangible assets (other than goodwill), requires management judgement.

Furthermore, we determine whether goodwill is impaired at least on an annual basis. This requires an estimate of the recoverable amount which is the higher of its value in use and its fair value less costs of disposal. We use the value in use of the cash-generating unit to which the goodwill is allocated to determine the recoverable amount. The cash flow projections used to determine the value in use of a cash-generating unit is based on assumptions, such as revenue growth rates, long term growth rate, gross margin rates, and discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions. If our estimates and judgements are inaccurate, the recoverable amount determined could be inaccurate and the impairment recognized may not be adequate, and we may need to record additional impairments in the future.

Divestitures of businesses and assets may have a material and adverse effect on our business and financial condition.

We disposed of certain subsidiaries during the Track Record Period, and recorded gains on disposal of investments in subsidiaries of RMB1,808.6 million, RMB32.3 million, RMB268.2 million, RMB245.0 million and RMB92.0 million, respectively, in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024. Such gains were non-recurring in nature. We may undertake partial or complete divestitures or other disposal transactions in the future in connection with certain of our businesses and assets, particularly the ones that are not closely related to our core focus areas or might require excessive resources or financial capital, in pursuit of our business objectives. These decisions are largely based on our management's assessment of the business models and likelihood of success of these businesses. However, our judgment could be inaccurate, and we may not achieve the desired strategic and financial benefits from these transactions. Our financial results could be adversely affected by the impact from the loss of earnings and corporate overhead contribution/allocation associated with divested businesses.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements in Paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules such that we achieve a spin-off listing of certain of our infrastructure assets by way of a real estate investment trusts listing on the SZSE within three years of the Listing. As of the Latest Practicable Date, the proposed spin-off of such infrastructure assets is still subject to regulatory approvals, and there is no guarantee as to whether or when the proposed spin-off will be completed. The waiver granted by the Hong Kong Stock Exchange is conditional upon (among others) us confirming to the Hong Kong Stock Exchange in advance of any spin-off that it would not render our Company, excluding the subsidiary to be spun off, incapable of meeting the eligibility or suitability requirements under Rule 8.05 of the Listing Rules based on the financial information of the subsidiary to be spun off at the time of the Listing, and where more than one subsidiary is to be spun off, the assessment will be made on a cumulative basis. For additional information, see "Waivers and Exemptions — Three-year Restriction on Spin-offs" in this prospectus.

RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE WE OPERATE

Changes in the economic, political or social conditions or government policies in the countries and regions where we operate could affect our business, financial condition and results of operations.

A substantial part of our assets and operations are located in China. In addition, we operate our business in a number of other geographic markets across Asia and globally. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

Any downturn in regional or global economy, or deterioration of geopolitical environment could affect our business, financial condition and results of operations.

The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over the Russia-Ukraine war, as well as unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. In addition, the Red Sea crisis, which began on October 19, 2023, disrupted international maritime trade and the global supply chain. With the Suez Canal of the Red Sea being a critical conduit for approximately 30% of the world's container traffic, the crisis has since been causing surges in shipping costs. The Red Sea crisis persisted as of the Latest Practicable Date. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. As a result, our business operations and financial performance may be adversely affected.

Any uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

We are subject to certain uncertainties embedded in the legal systems of some geographic markets where we operate. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of the logistics industry and affect our business, financial condition and results of operations.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors, Supervisors and our senior management.

A substantial part of our assets, and a majority of our Directors, Supervisors and senior management, are located in China. As a result, it may not be possible for investors to effect services of process upon us, or our Directors, Supervisors or senior management who reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On July 14, 2006, the Supreme People's Court of the PRC and Hong Kong entered into the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned* (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the 2006 Arrangement. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region* (《關於內地與香港特別行政區法院相互認可

和執行民商事案件判決的安排》), or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court of the PRC and the completion of the relevant legislative procedures in Hong Kong. The New Arrangement will, upon its effectiveness, supersede the 2006 Arrangement.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the "**SAFE**"); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued the *Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies* (《境內企業境外發行證券和上市管理試行辦法》) and five supporting guidelines, which had become effective on March 31, 2023 (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC ("**PRC domestic companies**") and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, see "Regulatory Overview — Regulations on Securities and Overseas Listings" in this prospectus. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

Our payment of dividends is subject to restrictions under applicable laws and regulations.

As our Company is a holding company, we rely on dividend from our subsidiaries for cash requirements, including services of any debts our Group may incur. However, our payment of dividends is subject to restrictions under applicable laws and regulations. For example, under the current PRC law, dividends may be paid only out of our PRC subsidiaries' accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. Moreover, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserves, except where such reserve has reached 50% of its registered capital. These reserves are not distributable as cash dividends. In addition, in the future, if any of our subsidiaries incurs debt on its own behalf, the instruments governing the debt may impose restrictions on its ability to pay dividends or other payments to our Company. The inability of our subsidiaries to distribute dividends or other payments to our Company could significantly affect the amount of liquidity available to supply the development and growth of our business.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Under EIT Law and the *Regulation on the Implementation of the Enterprise Income Tax Law of China* (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the *Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies* (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

Although our offshore subsidiaries have substantive business operations in the countries or regions where they located, as our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. See "Financial Information — Description of Selected Components of Consolidated Statement of Profit or Loss — Income Tax Expense" in this prospectus. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. See "Financial Information — Description of Selected Components of Consolidated Statement of Profit or Loss — Income Tax Expense" in this prospectus. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

Discontinuation of any government grants or preferential tax treatments could affect our financial condition and results of operations.

In the past, we have received various forms of government financial incentives and preferential tax treatments in accordance with applicable laws and regulations in China. In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, we recorded government grants of RMB1.8 billion, RMB2.3 billion, RMB2.0 billion, RMB752.2 million and RMB404.9 million, respectively. In addition, several COVID-19 related government policy supports, such as one-off subsidies for social insurance and tax relief, and waiver of toll charges, have also contributed to our financial performance during the Track Record Period. However, the timing, amount and criteria of government financial incentives are determined within the authorized discretion of the local governments and cannot be predicted with certainty before we actually receive any financial incentive. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives we currently enjoy. Any reduction or elimination of such incentives could affect our results of operations.

Non-PRC Holders of our H Shares may be subject to PRC income tax obligations.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor's jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

Under the *PRC Individual Income Tax Law* (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the *Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045* (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the *Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the *Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation* (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the *Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations* (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Several jurisdictions in which we operate impose restrictions on foreign ownership of businesses. Changes in relevant laws and regulations or policies could affect our business, financial condition and results of operations.

Foreign investors are subject to restrictions on foreign ownership in certain industries in several jurisdictions where we operate, such as Malaysia and Indonesia. The governments of these jurisdictions in which we operate may re-evaluate or amend the relevant laws and regulations or policies, and changes in the laws and regulations or policies, including their application or interpretation, could require us to remove or amend our existing arrangements or reduce our voting or economic interests in any existing or future subsidiaries and associates in these jurisdictions. Any such removal, amendment or reduction could affect our ability to successfully implement our business strategies and operate in the relevant jurisdictions. Furthermore, we cannot assure you that our subsidiaries or associates will be able to comply with any new restrictions on foreign ownership because compliance may be affected by whether other shareholders are considered domestic or foreign investors, as determined in accordance with the applicable laws and regulations. If foreign ownership restrictions are determined to have been violated, penalties could be imposed and relevant licenses or agreements could be cancelled or voided. Any of these events could affect our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to PRC and Hong Kong listing and regulatory requirements.

As we are listed on the Shenzhen Stock Exchange and will be listed on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the Shenzhen Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the Shenzhen Stock Exchange. Following the Global Offering, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

An active trading market for our H Shares may not develop or be sustained.

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of Global Offering. The initial Offer Price for our H Shares to the public will be the result of negotiations, and the Offer Price may differ significantly from the market price of the H Shares following the Global Offering.

We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). However, the listing on the Stock Exchange does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will not decline following the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

The price and trading volume of our H Shares may be volatile, which could materially and adversely affect the market price of our H Shares.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

Our Controlling Shareholders have significant influence over us, and their interests may not be aligned with the interest of our other Shareholders. Changes in our Controlling Shareholders' shareholdings in our Company may adversely affect our shareholding structure and the market price of our Shares.

As of the Latest Practicable Date, the equity interest in our Company was controlled directly and indirectly (through Shenzhen Weishun) as to approximately 55.27% by Mingde Holding, and Mr. Wang directly held 99.90% of the equity interest in Mingde Holding. Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan), Mr. Wang and Mingde Holding will, directly and indirectly (through Shenzhen Weishun), control approximately 53.39% of the voting rights in our share capital through Mingde Holding. Our Controlling Shareholders have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other securities, timing and amount of dividend payments, nomination of directors, and other significant corporate actions. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Subject to the Listing Rules, our Articles of Association and other applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other Shareholders. The concentration of voting power and the substantial influence of our Controlling Shareholders over our Company may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

According to the terms of the 2021 Mingde Exchangeable Bonds and the 2024 Mingde Exchangeable Bonds, Mingde Holding would be required to transfer the beneficial interest of the relevant number of A Shares to the bondholders upon receipt of the exercise request of any bondholders during the exercise period. Additional A Shares may be required to be transferred to the bondholders as a result of automatic and discretionary adjustments to the exchange price made under the terms of the 2021 Mingde Exchangeable Bonds and the 2024 Mingde Exchangeable Bonds. Mingde Holding does not intend to exercise discretionary adjustments to the extent it will cease to be a Controlling Shareholder during the twelve months from the date of Listing. Mingde Holding does not have absolute control over corporate actions which may trigger automatic adjustments and neither Mingde Holding nor our Company has control over when and whether (if not all) the bondholders exercise their exchange rights. In addition, as of the Latest Practicable Date, Mingde Holding has pledged 42,430,000 and 340,000,000 A Shares it held to the EB Pledge Agent, being the pledge agent, as security for the obligations of Mingde Holding under the 2021 Mingde Exchangeable Bonds and 2024 Mingde Exchangeable Bonds, respectively, representing 0.88% and 7.06%, respectively, of the total issued share capital of our Company. For details, see "Substantial Shareholders — Exchangeable Bonds Issued By Mingde Holding" in this prospectus. Furthermore, as of the Latest Practicable Date, Mingde Holding has pledged 737,400,000 A Shares to certain PRC financial institutions regulated by NAFR and/or CSRC, representing 15.31% of the total issued share capital of our Company. Based on the foregoing, as of the Latest Practicable Date, Mingde Holding has pledged 1,119,830,000 A Shares in aggregate, representing 23.25% of the total issued share capital of our Company as security for Mingde Holding's external financing activities. In the event that the beneficial interest of certain of the A Shares are transferred pursuant to the terms of the 2021 Mingde Exchangeable Bonds and/or the 2024 Mingde Exchangeable Bonds, or in the event that any of the aforementioned share pledges entered into by Mingde Holding are enforced, Mingde Holding may no longer be able to exert the same level of impact over our Company, which may have a material adverse impact on our shareholding structure.

Actual or perceived sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and Controlling Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. In addition, certain existing Shareholders of our Shares are not subject to lock-up agreements. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

We have declared dividends in the past. However, there is no assurance that we will declare dividends in the future. Under the applicable PRC laws, the payment of dividends may be subject to certain limitations, and the calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS. The declaration, payment and amount of our future dividends will depend upon our earnings and financial condition, operating requirements, capital requirements, applicable laws and regulations and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations, and would require approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. For details, see "Financial Information — Dividends and Dividend Policy" in this prospectus. There can be no assurance that dividends of any amount will be declared or distributed in any year in the future. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate", "believe", "could", "going forward", "intend", "plan", "project", "seek", "expect", "may", "ought to", "should", "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this prospectus to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

Certain facts, forecasts and other statistics in this prospectus are derived from various publicly available official sources and independent third-party sources, including the industry expert reports.

This prospectus, particularly the section headed "Industry Overview," contains information and statistics relating to the logistics industry and other economic data. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, the information derived from official government sources has not been independently verified by us, any of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information.

You should not place reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this prospectus. As a result, prospective investors in our H Shares are reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this prospectus. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and any formal announcements made by us in Hong Kong with respect to the Global Offering.

You should read the entire prospectus carefully and only rely on the information included in this prospectus to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the Global Offering.

There has been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering. We have not authorized the disclosure of any information concerning the Global Offering in the press or media. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our H Shares. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and any formal announcements made by us in Hong Kong with respect to the Global Offering.

In preparation for the Listing, we have sought the following waivers and exemptions from strict compliance with the relevant provisions of the Listing Rules, the SFO and the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

Rules	Subject matter
Rule 10.04 and paragraph 5(2) of Appendix F1 to the Listing Rules	Allocation of H Shares to existing minority Shareholders and their close associates
Rules 3.28 and 8.17	Appointment of joint company secretaries
Rules 8.12 and 19A.15	Management presence in Hong Kong
Paragraphs 26 of Appendix D1A to the Listing Rules and paragraphs 11 and 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Particulars of any alterations of capital and authorized debentures
Rule 14A.105	Continuing connected transactions
Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to the Listing Rules Paragraph 10(d) of the Third Schedule pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure requirements in respect of outstanding share options
Paragraph 3(b) of Practice note 15 to the Listing Rules	Three-year restriction on spin-offs
Paragraph 6 of the Third Schedule to Companies (Winding Up and Miscellaneous Provisions) Ordinance	Disclosure of executive Director's residential address
Rules 8.08(1)(b) and 19A.13A	Public float requirement
Rules 4.04(2) and 4.04(4)(a)	Acquisitions after the Track Record Period
Paragraph 4.2 of Practice Note 18 of the Listing Rules	Clawback mechanism

ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 10.04 of the Listing Rules requires that a person who is an existing shareholder of a listing applicant may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a listing applicant either in his/her/its own name or through nominees if the conditions in Rule 10.03 of the Listing Rules are fulfilled, namely that (i) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. Paragraph 5(2) of Appendix F1 to the Listing Rules states that, without the prior written consent of the Stock Exchange, no allocations will be permitted to be made to directors or existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

Chapter 4.15 of the Guide provides that the Stock Exchange will consider granting a waiver from Rule 10.04 of the Listing Rules and a consent, pursuant to paragraph 5(2) of Appendix F1 to the Listing Rules, to allow a listing applicant's existing shareholders or their close associates to participate in its initial public offering if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed.

Prior to the Listing, our share capital comprises entirely A Shares listed on the SZSE. As a company listed on the SZSE with its A Shares publicly traded thereon and with a large public A Shares shareholder base, it would be unduly burdensome for us to seek the prior consent of the Stock Exchange for each of our minority existing Shareholders or their close associates who subscribe for the H Shares in the Global Offering.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of, and a consent under paragraph 5(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the voting rights in our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the "**Permitted Existing Shareholder**"), on the following conditions:

(a) each Permitted Existing Shareholder to whom our Company may allocate the H Shares under the International Offering holds less than 5% of the voting rights in our Company prior to the completion of the Global Offering;

(b) each Permitted Existing Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

(c) none of the Permitted Existing Shareholders has the power to appoint any Directors nor have any other special rights in our Company;

(d) allocation to the Permitted Existing Shareholders and their close associates will not affect our Company's ability to satisfy the public float requirement as prescribed by the Stock Exchange under the waiver in respect of the strict compliance with the requirements of Rule 8.08(1)(b) of the Listing Rules;

(e) to the best knowledge and belief of our Company and the Joint Sponsors, and based on discussions between our Company and the Overall Coordinators and confirmations required to be submitted to the Stock Exchange by the Joint Sponsors, we will confirm to the Stock Exchange that:

  a. in case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders and/or their close associates by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, and the Permitted Existing Shareholders' cornerstone investment agreements do not contain any material terms which are more favorable to the Permitted Existing Shareholders than those in other cornerstone investment agreements; or

  b. in case of participation as placees, no preferential treatment will be given to the Permitted Existing Shareholders and/or their close associates in the allocation process by virtue of their relationship with our Company;

(f) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to any of the Permitted Existing Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the International Offering; and

(g) the Joint Sponsors will confirm to the Stock Exchange that based on (a) their discussions with our Company and the Overall Coordinators; and (b) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators, and to the best of their knowledge and belief, they have no reason to believe that the Permitted Existing Shareholders and/or their close associates received any preferential treatment in the allocation process either as cornerstone investors or as placees by virtue of their relationship with our Company, other than, in the case of participation as cornerstone investors, the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, and details of allocation to the Permitted Existing Shareholders and/or their close associates will be disclosed in this prospectus (for cornerstone investors) and allotment results announcement (for both cornerstone investors and placees) of our Company.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, we must appoint as our company secretary an individual, who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Gan Ling (甘玲) ("**Ms. Gan**") as our joint company secretary. As she has extensive experience in investment, corporate finance and corporate governance but presently does not possess any of the qualification required under Rules 3.28 and 8.17 of the Listing Rules, we have appointed Ms. So Ka Man (蘇嘉敏) ("**Ms. So**") of Tricor Services Limited to provide assistance to Ms. Gan. Ms. So is a member of the Hong Kong Chartered Governance Institute, and therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

Ms. Gan and Ms. So will be jointly discharging the duties and responsibilities of a company secretary. Ms. So will be assisting Ms. Gan in gaining the relevant experience required under Rules 3.28 and 8.17 of the Listing Rules. Also, Ms. Gan will be assisted by (1) the compliance advisor of our Company for the first full financial year starting from the Listing Date, particularly in relation to Hong Kong corporate governance practice and compliance matters; and (2) the Hong Kong legal advisor of our Company, on matters regarding our

Company's ongoing compliance with the Listing Rules and the applicable Hong Kong laws and regulations. In addition, Ms. Gan will endeavor to attend relevant trainings and familiarize herself with the Listing Rules and duties required of a company secretary of an issuer listed on the Stock Exchange. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Gan may be appointed as a joint company secretary of our Company.

Pursuant to Chapter 3.10 of the Guide, the waiver will be for a fixed period of time (the "**Waiver Period**") and on the following conditions: (1) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 and is appointed as a joint company secretary throughout the Waiver Period; and (2) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years on the condition that Ms. So will work closely with, and provide assistance to, Ms. Gan in the discharge of her duties as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. The waiver will be revoked immediately if Ms. So ceases to provide assistance to Ms. Gan during the three-year period after Listing.

Our Company will further ensure that Ms. Gan has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws and regulations and the Listing Rules. Before the end of the three-year period, the Company will demonstrate and seek the Stock Exchange's confirmation that Ms. Gan, having had the benefits of Ms. So's assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of a company secretary so that a further waiver would not be necessary.

For further information regarding the qualifications of Ms. Gan and Ms. So, see "Directors, Supervisors, Senior Management and Employees" in this prospectus.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived having regard to, among other considerations, the arrangements for maintaining regular communication with the Stock Exchange.

Since most of the business operations of our Group are managed and conducted outside of Hong Kong, and most of the executive Directors ordinarily reside outside Hong Kong, our Company considers that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) **Authorized representatives**: we have appointed Mr. HO Chit (何捷) and Ms. GAN Ling (甘玲) as the authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time. We will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives. For more information about our Authorized Representatives, see "Directors, Supervisors, Senior Management and Employees" in this prospectus;

(b) **Directors**: each of our Authorized Representatives has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of our Board for any matters. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number of him/her to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

(c) **Compliance advisor**: we have appointed Caitong International Capital Co., Limited (財通國際融資有限公司) as our compliance advisor (the "**Compliance Advisor**") upon Listing pursuant to Rules 3A.19 and 19A.05 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. The Compliance Advisor will have access at all times to our Authorized Representatives, the Directors, the Supervisors and other senior management and can act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange. The contact details of the Compliance Advisor have been provided to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in the Compliance Advisor; and

(d) **Hong Kong legal advisor**: we will retain a Hong Kong legal advisor to advise us on the on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing.

PARTICULARS OF ANY ALTERATIONS OF CAPITAL AND AUTHORIZED DEBENTURES

Paragraph 26 of Appendix D1A to the Listing Rules and paragraph 11 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance require this prospectus to include the particulars of any alterations of capital within two years immediately preceding the issue of this prospectus.

Paragraph 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires particulars of the authorized debentures of our Company and its subsidiaries to be disclosed in this prospectus.

Our Company had more than 1,000 subsidiaries as of the Latest Practicable Date. Our Company believes that it would be unduly burdensome to disclose the required information in respect of all of its subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material or meaningful to investors save for the major subsidiaries as referred to below, none of the other subsidiaries of our Company individually contributed to 5% or more of our revenue or profit before tax during each year in the Track Record Period, or total assets or net assets as of December 31, 2021, 2022 or 2023, or June 30, 2024, or hold any major licenses and permits for our integrated logistics business operations. The non-disclosure of the relevant information required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance of subsidiaries that are not major subsidiaries of the Company will not prejudice the interests of investors.

Our Company has identified 27 entities primarily responsible for the Track Record Period results of the Group as its major subsidiaries during the Track Record Period. During the Track Record Period, we disposed of all of our equity interests in Fengwang Express, a major subsidiary and as of the Latest Practicable Date, we operated our business through 26 major subsidiaries. For further details, see "History, Development and Corporate Structure — Our Major Subsidiaries" in this prospectus. These major subsidiaries were identified taking into account various factors including their significance from business segment, geographical and financial contribution perspectives. By way of illustration, these major subsidiaries accounted for (without eliminating intragroup transactions) (i) 48.4%, 41.2%, 46.0% and 40.0% of the revenue, 82.7%, 56.0%, 131.1% and 30.8% of the profit before tax, and 122.4%, 75.9%, 169.0% and 31.2% of the net profit of our Group for each of the years ended December 31, 2021, 2022 and 2023, and for the six months ended June 30, 2024, respectively; and (ii) 112.3%, 120.6%, 127.1% and 127.0% of the total assets of our Group as at December 31, 2021, 2022 and 2023, and June 30, 2024, respectively. In addition, certain of the major subsidiaries also hold the assets, intellectual property rights, proprietary technologies or licenses and permits that are considered by the Directors to be material to the Group and the major subsidiaries have covered all business segments of the Group. As mentioned above, none of the other subsidiaries of our Company that are not major subsidiaries individually contributes to

5% or more of our Group's revenue or profit before tax during each year or period in the Track Record Period, or total assets or net assets as of December 31, 2021, 2022 or 2023, or June 30, 2024, nor hold any assets, intellectual property rights, proprietary technologies or licenses and permits that is considered by the Directors to be material to the Group. Therefore, none of such other subsidiaries are individually significant to our overall results or operations. On the other hand, certain of our subsidiaries that were with relatively high loss-making amount (in absolute figure) on a single-entity basis were selected as major subsidiaries. Despite the selection of such loss-making subsidiaries would lead to a decrease in the aggregate contribution of the major subsidiaries to our profit before tax, selection of these subsidiaries helped to achieve a more balanced outcome and assessment on materiality of our Group on the whole. In addition, as the mid-year profits of a company do not reflect the dividends such company may receive from its own various subsidiaries by the end of a financial year, the profits before tax coverage of the major subsidiaries for the six months ended June 30, 2024 is relatively lower compared to that of the previous financial years. Moreover, none of the information required under the relevant paragraphs of Appendix D1A to the Listing Rules and the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance mentioned above pertain to the business operations of our Group. Accordingly, the disclosure of such information required under the requirements in the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of our Company and its major subsidiaries already provide sufficient information that is reasonably necessary to enable potential investors to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Company, of its profits and losses and of the rights attaching to the securities for which listing is sought, as required under Rule 11.07 of the Listing Rules. On the other hand, our Company believes that it would be unduly burdensome for our Company to disclose such information in respect of its non-major subsidiaries, as it would have to incur additional costs and devote additional resources in compiling and verifying the relevant information of more than 1,000 subsidiaries for such disclosure.

We have disclosed the particulars of the changes in share capital of our Company and the major subsidiaries in the sections headed "Statutory and General Information — 1. Further Information about our Company — B. Changes in Share Capital of our Company" and "Statutory and General Information — 1. Further Information about our Company — C. Changes in Share Capital of our Major Subsidiaries" in Appendix IV to this prospectus.

Our Company confirms that all information necessary for the public to make an informed assessment of the business, asset and liability, financial position, trading position, management and prospect of our Group have been disclosed in this prospectus, and that, as such, the granting of the waiver and exemption from strict compliance with the relevant content requirements under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance will not prejudice the interest of the investing public.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules. We have applied for, and the SFC has granted, a certificate of exemption from strict compliance with the requirements under paragraphs 11 and 25 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, to the extent not strictly met by the current disclosure in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions that will constitute partially-exempt continuing connected transactions of our Company under the Listing Rules upon Listing as described in the section headed "Connected Transactions" in this prospectus. Our Directors consider that strict compliance with the applicable requirement under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the applicable requirements under Chapter 14A of the Listing Rules upon Listing in respect of such partially-exempt continuing connected transactions. For further details, see "Connected Transactions" in this prospectus.

DISCLOSURE REQUIREMENTS IN RESPECT OF OUTSTANDING SHARE OPTIONS

Paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires our Company to disclose, among other things, details of the number, description and amount of any Shares in or debentures of our Company which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it, and the names and addresses of the persons to whom it was given. Rule 17.02(1)(b) of the Listing Rules requires that full details of all outstanding share options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards be clearly set out in the listing document. Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this prospectus particulars of the capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee (together the "**Share Option Disclosure Requirements**").

Pursuant to Chapter 3.6 of the Guide, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

Our Company and its subsidiaries may, from time to time, adopt equity incentive plans. As of the Latest Practicable Date, our Company had adopted the following equity incentive plan to which the Share Option Disclosure Requirements are applicable:

2022 Stock Option Incentive Plan

In order to establish and improve the incentive mechanism of our Company, to connect the interests of shareholders and our Company together with the individual interests of the core talents of our Company and to promote all parties to focus on the long-term development of our Company, and to attract and retain outstanding core talents, the 2022 Stock Option Incentive Plan was adopted by our Company. Pursuant to the 2022 Stock Option Incentive Plan, our Company had in aggregate granted 49,500,100 share options to 1,493 participants in two tranches, with the first tranche granted on May 30, 2022 ("**First Tranche**"), and the second tranche granted on October 28, 2022 ("**Reserved Tranche**"). On August 1, 2023, as (i) 99 grantees under the First Tranche were no longer eligible to hold share options under the 2022 Stock Option Incentive Plan and (ii) 257 grantees under the First Tranche whose share options reached the first period of exercise were not eligible to exercise their granted options in full based on their performance appraisal results in 2022, 6,676,212 option granted were therefore approved by the Board to be canceled. For the options under the First Tranche exercisable under the first period of exercise, 1,252 grantees have exercised an aggregate of 8,420,193 granted options representing 8,420,193 A Shares. On October 10, 2024, as (i) 116 grantees under the First Tranche were no longer eligible to hold share options under the 2022 Stock Option Incentive Plan, (ii) 64 grantees under the First Tranche voluntarily gave up their right of exercise under the first period of exercise, (iii) 281 grantees under the First Tranche whose share options reached the second period of exercise were not eligible to exercise their granted options in full based on their performance appraisal results in 2023, (iv) 12 grantees under the Reserved Tranche were no longer eligible to hold share options under the 2022 Stock Option Incentive Plan, and (v) 4 grantees under the Reserved Tranche whose share options reached the first period of exercise were not eligible to exercise their granted options in full based on their performance appraisal results in 2022, an aggregate of 6,691,167 options granted were therefore approved by the Board to be canceled. On October 29, 2024, as 16 grantees under the Reserved Tranche whose share options reached the first period of exercise did not exercise their granted options, an aggregate of 115,058 options granted were therefore approved by the Board to be canceled. On November 14, 2024, as four grantees under the Reserved Tranche whose share options reached the second period of exercise were not eligible to exercise their granted options in full based on their performance appraisal results in 2023, an aggregate of 26,312 options granted were approved by the Board to be canceled.

As of November 14, 2024, 57 grantees have exercised an aggregate of 275,763 options since October 2024, and the number of underlying A Shares pursuant to the outstanding options granted under the 2022 Stock Option Incentive Plan exercisable by an aggregate of 1,266 grantees amounts to 27,295,395, representing approximately 0.55% of the total issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan), with the number of Shares to be issued upon exercise of the relevant options ranging from 5,000 A Shares to 366,000 A Shares (assuming the actual exercisable options of the grantees equals to their respective outstanding options granted).

As of November 14, 2024, other than three Directors, four senior management members of our Company (who are not Directors) and seven connected persons of our Company who are director(s) or supervisor(s) of our subsidiaries, no options were granted to any Directors, senior management of our Company or connected persons of our Company under the 2022 Stock Option Incentive Plan.

For details of the 2022 Stock Option Incentive Plan, see "Statutory and General Information — 4. Our Incentive Schemes and Particulars of our Capital under Option — A. 2022 Stock Option Incentive Plan" in Appendix IV to this prospectus.

We have applied for: (i) a waiver from the Stock Exchange from strict compliance with the requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules and the condition to make available a full list of grantees with all the particulars required under paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, in relation to the options granted under the 2022 Stock Option Incentive Plan; and (ii) a certificate of exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the options granted under the 2022 Stock Option Incentive Plan, on the ground that strict compliance with the above requirements would be unduly burdensome for us on the basis of the following reasons:

(a) given that over 1,000 grantees are involved, strict compliance with the Share Option Disclosure Requirements in setting out full details of all the grantees who held options under the 2022 Stock Option Incentive Plan in this prospectus would be costly and unduly burdensome for our Company in light of a significant increase in cost and timing for information compilation and prospectus preparation;

(b) the disclosure of the personal details of each grantee, including the number of options granted and addresses, may require obtaining consent from all the grantees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of grantees;

(c) full disclosure on the options granted to each grantee either through disclosure in this prospectus or through making available a full list of grantees with all the particulars required would allow the employees of our Group to gain access to their peers' or colleagues' compensation, which could negatively affect employees' morale, give rise to negative internal competitions, and lead to an increase in the costs for recruitment and retention. The lack of full disclosure with the above disclosure requirements will on the contrary give us flexibility in terms of determining the compensation of our broader group of employees;

(d) full disclosure of the details of the grantees (which include their names and addresses), as well as the share options granted to each of them, would provide our competitors with our employees' compensation details and facilitate their soliciting activities which could impact our Group's ability to recruit and retain valuable personnel;

(e) the grant and exercise in full of the options under the 2022 Stock Option Incentive Plan will not cause any material adverse impact to the financial position of our Group;

(f) there will not be any new H Shares issued under the 2022 Stock Option Incentive Plan, as the option plan was an A Share incentive plan;

(g) non-compliance with the Share Option Disclosure Requirements would not prevent our Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

(h) material information relating to the options under the 2022 Stock Option Incentive Plan will be disclosed in this prospectus, including (i) the total number of share options granted and outstanding under the 2022 Stock Option Incentive Plan and the number of underlying Shares, (ii) the exercise price per Share and the exercise period, and (iii) impact on earnings per Share upon full exercise of the outstanding options granted under the 2022 Stock Option Incentive Plan (assuming A Shares will be issued for the exercise of the outstanding options and A Shares in the repurchase account of the Company will not be utilized). Our Directors consider that the information that is reasonably necessary for potential investors to make an informed assessment of our Company in their investment decision making process has been included in this prospectus.

In light of the above, our Directors are of the view that the grant of the abovementioned waiver and exemption will not prejudice the interests of the investing public.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and the condition to make available a full list of grantees with all the particulars required under paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, in relation to the options granted under the 2022 Stock Option Incentive Plan on the conditions that:

(a) on an individual basis, full details of the options granted under the 2022 Stock Option Incentive Plan to each of our (i) Directors, (ii) members of senior management (iii) other connected persons of our Company and (iv) grantees with 200,000 or more outstanding options granted and who are not a Director, member of senior management team or connected person of the Company, each with options not expected to be canceled, are disclosed in this prospectus as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted under the 2022 Stock Option Incentive Plan to the remaining grantees (other than those referred to in paragraph (a) above), disclosure will be made on an aggregate basis: (i) the aggregate number of grantees and number of Shares underlying the options granted under the 2022 Stock Option Incentive Plan; (ii) the dates of grant of the options under the 2022 Stock Option Incentive Plan; and (iii) the exercise period and exercise price of the options granted under the 2022 Stock Option Incentive Plan;

(c) the aggregate number of Shares underlying the options granted under the 2022 Stock Option Incentive Plan and the percentage to our total issued share capital represented by such number of Shares as of the Latest Practicable Date will be disclosed in this prospectus;

(d) a summary of the major terms of the 2022 Stock Option Incentive Plan will be disclosed in "Statutory and General Information — 4. Our Incentive Schemes and Particulars of our Capital under Option — A. 2022 Stock Option Incentive Plan" in Appendix IV to this prospectus;

(e) the particulars of the waiver are disclosed in this prospectus; and

(f) the grant of certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from the disclosure requirements provided in paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the SFC has granted, a certificate of exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the options granted under the 2022 Stock Option Incentive Plan on the conditions that:

(a) on an individual basis, full details of the options granted under the 2022 Stock Option Incentive Plan granted to each of our (i) Directors, (ii) members of senior management (iii) other connected persons of our Company and (iv) grantees with 200,000 or more outstanding options granted (but is not expected to be canceled) and who are not a Director, member of senior management team or connected person of the Company are disclosed in this prospectus as required by paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted under the 2022 Stock Option Incentive Plan to the remaining grantees (other than those referred to in paragraph (a) above), disclosure has been made, on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being (i) 1 to 25,000, (ii) 25,001 to 75,000 and (iii) 75,001 to 199,999 for each lots of Share, the following details are disclosed in this prospectus including (i) the aggregate number of grantees and number of Shares underlying the options granted under the 2022 Stock Option Incentive Plan; (ii) the consideration paid for and the dates of grant of the options under the 2022 Stock Option Incentive Plan; and (iii) the exercise period and exercise price of the options granted under the 2022 Stock Option Incentive Plan;

(c) the particulars of the exemption are disclosed in this prospectus; and

(d) this prospectus is issued on or before November 19, 2024.

THREE-YEAR RESTRICTION ON SPIN-OFFS

Paragraph 3(b) of Practice Note 15 (“**PN15**”) to the Listing Rules currently provides that the Stock Exchange would not normally approve a spin-off within three years of the date of the listing of the parent because the original listing of the parent will have been approved on the basis of the parent’s portfolio of businesses at the time of listing, and the expectation of investors at that time would have been that the parent would continue to develop those businesses.

Our Company is a leading global integrated logistics service provider offering a complete portfolio of logistics services, according to Frost & Sullivan, and has business operations in various logistics and supply chain solutions sub-sectors. Our Group concurrently operates more than one sizeable business within various logistics and supply chain solutions sub-sectors, and our Company intends to achieve a spin-off of certain of our infrastructure assets by way of a real estate investment trusts (“**REITs**”) listing on the SZSE.

In this regard, the CSRC and the NDRC jointly published the “Notice of the Work Related to Promoting the Pilot Program of Real Estate Investment Trusts (REITs) in the infrastructure Field” (《關於推進基礎設施領域不動產投資信託基金(REITs)試點相關工作的通知》) on April 24, 2020, and the “Notice by the NDRC and Other Authorities Regarding the Implementation of Several Recent Measures to Promote the Development of Private Economy” (《國家發展改革委等部門關於實施促進民營經濟發展近期若干舉措的通知》) published on July 28, 2023 both mentioned the national policy in the PRC to promote the issuance of infrastructure REITs by private investment projects.

In light of the aforementioned favorable policies and as a measure to positively respond to policies encouraged by the PRC government, our Company intends to spin off an infrastructure REIT named Southern SF Warehouse Logistics Closed-end Infrastructure Securities Investment Fund* (南方順豐倉儲物流封閉式基礎設施證券投資基金) (the “**SF Infrastructure REIT**”) through listing on the SZSE (the “**Proposed Spin-off**”), which is expected to be completed within nine months after the proposed Listing. The Proposed Spin-off has been approved by the Board of Directors on December 28, 2023. Subject to the approval of the regulatory authorities, the underlying assets of the SF Infrastructure REIT, which mainly comprise of logistic and industrial properties, shall include the following three projects only:

(i) our SF Huanan Logistics Complex project located near the Shenzhen Bao’an Airport in Bao’an District, Shenzhen, Guangdong Province, which is owned by a wholly-owned subsidiary of our Company;

(ii) our SF Fengtai Industrial Park (Wuhan) project located in Dongxihu District, Wuhan, Hubei Province, which is owned by a wholly-owned subsidiary of our Company; and

(iii) our SF Fengtai Industrial Park (Hefei) project located in Shushan District, Hefei, Anhui Province, which is owned by a wholly-owned subsidiary of our Company

(the aforementioned assets, collectively, the “**Projects**”; and the relevant companies holding such assets, collectively, the “**Project Companies**”).

The Proposed Spin-off is expected to be effected by way of setting up the SF Infrastructure REIT as a publicly offered infrastructure securities investment fund by China Southern Fund Management Co., Ltd.* (南方基金管理股份有限公司) as the public fund manager. For the purpose of the Proposed Spin-off and as required by the applicable PRC laws and regulations, an asset-backed special purpose plan (資產支持專項計劃) ("**ABS**") will be set up by China Southern Capital Management Co., Ltd.* (南方資本管理股份有限公司) as the ABS manager, which is an independent third party of our Company, to securitize the Project Companies and the Projects as underlying assets, and the SF Infrastructure REIT will acquire the entire interests of the ABS by subscribing for the securities to be issued by the ABS. The ABS will then acquire 100% equity interest of a special purpose vehicle, and the 100% equity interests of the Project Companies, which hold the Projects, will be transferred to such special purpose vehicle. The SF Infrastructure REIT will then be listed on the SZSE with its units to be subscribed by its investors, and our Group is expected to subscribe for at least 20% of the total issued units of the SF Infrastructure REIT.

Further details of the various projects are set forth below:

Project	Effective interest held by our Company	Gross floor area	Time of completion	Status	Usage of the underlying infrastructure	Primary source of revenue
		(sqm)				
Shenzhen Project. .	100%	74,219.10	July 2015	Completed	Transhipment port near the Shenzhen Bao'an Airport	Rent and management fees
Wuhan Project. .	100%	193,237.73	June 2021	Completed	Sorting business and warehousing leasing business	Rent and management fees
Hefei Project. .	100%	218,102.54	Phase One: January 2019 Phase Two: June 2022	Completed	Sorting business and industrial park leasing business	Rent, management fees and parking fees

Based on the financial information prepared based on PRC GAAP of the Project Companies, the revenue attributable to the Projects for the three years ended December 31, 2021, 2022 and 2023 were RMB140.42 million, RMB191.51 million and RMB240.25 million, respectively, and the net (loss)/profit attributable to the Projects for the three years ended December 31, 2021, 2022 and 2023 were -RMB4.44 million, RMB14.58 million and RMB71.86 million, respectively.

In connection with the Proposed Spin-off of the SF Infrastructure REITs and listing on the SZSE, our Group is expected to subscribe for at least 20% of the total issued units of the SF Infrastructure REITs (the "**Proposed REITs Subscription**") pursuant to the requirement of the "Provisional Guidance for the Public Offering of Infrastructure Real Estate Investment Trust" (《公開募集基礎設施證券投資基金指引(試行)》), where the original owner (or its affiliate under common control) of the asset underlying to the infrastructure REITs to be listed is required to participate in the strategic placing of such infrastructure REITs and is required to hold an interest of not less than 20%. The Proposed Spin-off is still subject to (among other things) approvals from the relevant regulatory authorities, including without limitation the CSRC and the SZSE and the entering into of relevant transaction documents with the managers of the SF Infrastructure REITs and the ABS scheme. As of the Latest Practicable Date, our Company has not yet entered into any legally binding agreement with respect to the Proposed REITs Subscription in connection with the Proposed Spin-off, and no agreement has been reached as to (among other things) the subscription price of the trust units of the SF Infrastructure REITs. The respective completion of the Proposed Spin-off and the Proposed REITs Subscription are inter-conditional.

The Proposed Spin-off will be subject to compliance with all applicable requirements under the Listing Rules, including PN15 (save and except for the three year requirement with respect to which this waiver application relates), unless otherwise waived by the Stock Exchange, and will not be dispensed with the requirement to obtain the approval of the Stock Exchange.

The Proposed Spin-off, together with details of the assets of our Group to be spun off and the listing plan for the SF Infrastructure REITs, has been approved by the Board and announced by our Company on December 29, 2023. Certain application materials with respect to the Proposed Spin-off, including the draft listing document for the SF Infrastructure REIT, has been submitted to the SZSE on September 24, 2024, and the first batch of comments from SZSE in relation thereto has been received on October 16, 2024. Under our Company's Articles, the SZSE Listing Rules and the relevant applicable PRC laws and regulations, the Proposed Spin-off is not subject to Shareholders' approval. Pursuant to paragraph 3(e) of PN15, shareholder approval will be required where, under Rule 14.07 of the Listing Rules, any of the percentage ratios of the transaction is 25% or more. On the basis of the total consolidated assets of our Company as at June 30, 2024 and the total revenue and profit before tax of our Company for the year ended December 31, 2023, it is currently expected that the Proposed Spin-off will not constitute a major transaction of our Company as the highest percentage ratios will not exceed 25% as stipulated under Rule 14.07 of the Listing Rules.

Our Directors believe that the Proposed Spin-off will not materially prejudice the interests and will be in the best interests of our Company's shareholders as a whole, given the Proposed Spin-off can further expand our Company's financing channels, support the sustainable and healthy development of its logistics industrial parks, and revitalize its existing assets. In addition, the raised funds from the Proposed Spin-off can be reinvested in infrastructure projects which will improve the efficiency of capital circulation, thus enhancing our Company's sustainable operating capabilities.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of paragraph 3(b) of PN15 with respect to the Proposed Spin-off on the conditions that:

(a) the book value of the assets of the Group subject to the Proposed Spin-off will not exceed 1.5% of the Company's consolidated total assets of RMB219.9 billion as of June 30, 2024;

(b) our Company will only spin-off the three Projects to the SF Infrastructure REITs;

(c) our Company will not within three years after the Listing spin off any of its business subsidiaries on the Stock Exchange until it confirms with the Stock Exchange with basis that the potential spin-off would not render our Company, excluding the subsidiary to be spun off, failing to meet the eligibility or suitability requirements under Rule 8.05 of the Listing Rules based on the financial information of the subsidiary to be spun off at the time of the Listing, and where more than one subsidiary is to be spun off, the assessment will be made on a cumulative basis;

(d) our Company will make full disclosures in this prospectus of details of the Proposed Spin-off, including the location, gross floor area, year of completion and status of the Projects subject to the Proposed Spin-off and the equity interests held by the Company in such Projects prior to the Proposed Spin-off, and the risks relating to the uncertainty and timing of the Proposed Spin-off (see "Risk Factors — Risks Relating to our Business and Industry — Divestitures of businesses and assets may have a material and adverse effect on our business and financial condition" in this prospectus);

(e) the Proposed Spin-off will be subject to the requirements of PN15 (other than paragraph 3(b) thereof), including that our Company will satisfy the applicable listing eligibility requirements on a standalone basis;

(f) our Company will comply with the applicable requirements under Chapters 14 and 14A of the Listing Rules with respect to the disposal of assets involved in the Proposed Spin-off;

(g) our Company will announce in accordance with the Listing Rules more concrete details of the Proposed Spin-off when it becomes available;

(h) our Company will update the status of the Proposed Spin-off in its annual and interim reports; and

(i) disclosure of this waiver in this prospectus.

DISCLOSURE OF EXECUTIVE DIRECTOR'S RESIDENTIAL ADDRESS

Paragraph 6 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires this prospectus to include the address of directors and paragraph 45 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that such address means the place of usual residence of the directors.

We have applied for, and the SFC has granted, a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 6 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of the disclosure of the residential address of

Mr. Wang, the founder of the Group and an executive Director and chairman of the Board, on the ground that such disclosure would be inappropriate having considered the following factors:

(a) Given the Listing is expected to be a high profile transaction on the basis of the expected size of the offering and our Company being a well-known logistics services operator servicing (among others) the general consumer public, and the scale of our business, Mr. Wang is a high profile public figure who would inevitably attract media and public attention.

In addition,

(b) Mr. Wang, being our founder, has been the key management figure driving the business operations and strategy of our Group since its inception. The corporate decisions and speeches made by him often generate interest in the general public and the media. Accordingly, the disclosure of Mr. Wang's residential address may expose him and his families to unnecessary disturbance and unwanted public attention to his private life;

(c) Given the scale of the business and "SF" brand name being well-known among the general public in Hong Kong and Mainland China, our Company, and Mr. Wang may from time to time be subject to malicious or frivolous complaints or allegations, and the disclosure of Mr. Wang's residential address in this prospectus would create a real risk of exposing him and his family to harassment and endanger his personal safety.

(d) The disclosure of the business address of Mr. Wang has been made in this prospectus, such that the intention behind such disclosure of ensuring the communicability and accountability of Mr. Wang as an executive Director is not compromised. All other material information in relation to Mr. Wang as an executive Director as required to be disclosed, including his name, age, and working experience, under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been properly disclosed in this prospectus.

(e) We are of the view that the non-disclosure of the residential address of Mr. Wang in this prospectus will not prejudice the interests of the investing public and would not affect potential investors' ability to make an informed investment decision as to the securities for which listing is sought and the performance and condition of our Group. In particular, the non-disclosure of the private residential address of Mr. Wang in this prospectus will not affect the provision of information to potential investors to make an informed assessment of his character, experience and integrity. On the contrary, Mr. Wang is a key figure to our business, and any disruption in our operations, or any reputational damage to our Company, or failure by our Company to attract or retain a key Director by virtue of an actual or threatened physical security breach by means of potential coercion or harassment facilitated by the public disclosure of his personal residential address would materially and adversely affect our business, financial position, and results of operations, thereby potentially exposing our Shareholders to a substantial loss of their investment.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) and (b) of the Listing Rules requires that there shall be an open market for the securities for which listing is sought, and that a sufficient public float of an issuer's listed securities shall be maintained. Generally, at least 25% of the issuer's total issued share capital must at all times be held by the public. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, having an expected market capitalization at the time of listing of not less than HK$125 million.

Based on the minimum Offer Price of HK$32.30 and assuming no exercise of the Over-allotment Option, we expected that the market capitalization of our H Shares will exceed the minimum expected market capitalization of HK$125 million required by Rules 8.08(1)(b) and 19A.13A of the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver that the minimum public float requirement under Rules 8.08(1)(b) and 19A.13A be reduced and the minimum percentage of our Company's H Shares (being the securities for which listing on the Stock Exchange is sought) upon completion of the Global Offering held by the public to be the higher of (a) 3.41% (assuming no exercise of the Over-allotment Option) and (b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering, as increased by the H Shares to be issued upon any exercise of the Over-allotment Option, of the total enlarged issued share capital of the Company.

In order to support the application of this waiver, the Company has confirmed to the Stock Exchange that the Company will

(a) comply with the public float requirement under Rule 8.08 of the Listing Rules where at least 25% of the Company's total number of issued shares (A Shares and H Shares in aggregate) must be held by the public from time to time;

(b) announce the percentage of H Shares held by the public immediately after the completion of the Global Offering (before any exercise of the Over-allotment Option and after any exercise of the Over-allotment Option);

(c) confirm the sufficiency of public float in successive annual reports after its Listing (with respect to the Rule 8.08(1)(a) only); and

(d) implement appropriate measures and mechanisms to ensure continual maintenance of the minimum 3.41% public float of H Shares (or such higher percentage upon completion of any exercise of the Over-allotment Option) upon Listing.

It is expected that after the Listing, our Company may consider the issuance of new H Shares for the implementation of employee incentive schemes or for other purposes, which may increase the total number and size of our H Shares and enhance the public float and liquidity of our H shares.

It is also expected that our H shares will be automatically qualified for trading through Shenzhen-Hong Kong Stock Connect after the Listing upon announcement by the Shenzhen Stock Exchange. Upon our H Shares become eligible for trading through Shenzhen-Hong Kong

Stock Connect, they can also be subscribed for and traded by public investors in the PRC in accordance with the rules of Shenzhen-Hong Kong Stock Connect, which will further enhance the liquidity of our H shares upon Listing.

Furthermore, our Company has been from time to time repurchasing our A Shares on the Shenzhen Stock Exchange which were cancelled by our Company afterwards. Our Company may further repurchase our A Shares pursuant to relevant mandate granted by the Board and the general meeting of the Company upon Listing, and such repurchases of A Shares which were cancelled afterwards will also increase the percentage of our H Shares in the total issued share capital of our Company and increase the public float percentage of our H Shares.

ACQUISITIONS AFTER THE TRACK RECORD PERIOD

Investments since June 30, 2024

On August 5, 2024, our subsidiary has entered into a capital increase agreement in respect of our strategic investment into a company primarily engaging in the business of autonomous driving technologies and products (the "**Investment Target A**"), pursuant to which we shall subscribe for registered capital of the Investment Target at a consideration of no more than RMB50 million (the "**Target A Investment**"). Under the Target A Investment, we have also acquired an option (the "**Option**") exercisable at our discretion to subscribe in separate tranches for additional registered capital in the Investment Target A up to a holding of 40% equity interests (on a fully diluted basis) in the Investment Target A in aggregate. The Target A Investment has been completed, and as of the Latest Practicable Date, we hold 7.31% equity interests in the Investment Target A. As of the Latest Practicable Date, we have not exercised the Option. The consideration for the Target A Investment is the result of commercial arm's length negotiations, based on factors including market dynamics, a mutually agreed valuation, and the target company's business operations and financial conditions. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the counterparty and the ultimate beneficial owners of the counterparty in respect of the Target A Investment is an Independent Third Party.

On September 18, 2024, our subsidiary has entered into a capital increase agreement in respect of our investment into a company primarily engaging in the business of consultation and engineering construction in respect of airport digitalization (the "**Investment Target B**", together with the Investment Target A, the "**Investment Targets**"), pursuant to which we shall subscribe for registered capital of the Investment Target B at a consideration of RMB10 million (the "**Target B Investment**", together with the Target A Investment, the "**Investments**"). The Target B Investment has been completed, and upon completion of the Target B Investment, we are expected to hold 16.67% equity interests in the Investment Target B. The consideration for the Target B Investment is the result of commercial arm's length negotiations, based on factors including market conditions, a mutually agreed valuation, and the target company's business operations and financial conditions. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the counterparty and the ultimate beneficial owners of the counterparty in respect of the Target B Investment is an Independent Third Party.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Investments on the following grounds:

(a) The requested waiver would not prejudice the interests of the investing public.

Upon completion of the Investments, we will only hold a minority equity interests in each of the Investment Targets, and we are not able to exercise control over the Investment Targets at board or shareholders' level. The financials of the Investment Targets will not be consolidated into the financials of our Company.

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for each of the Investments are all less than 5% by reference to the most recent fiscal year of the Track Record Period.

Accordingly, the Company believes that none of the Investments results in any significant changes to the Company's financial position since June 30, 2024, and all information that is reasonably necessary for the potential investors to make an informed assessment of the Company's activities or financial position has been included in this prospectus. As such, the Company considers that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

(b) The historical financial information of the Investment Targets is not available and would be unduly burdensome to obtain or prepare.

The Company confirms that the Investment Targets do not have available historical financial information which is readily available for disclosure in this document in accordance with the Listing Rules. In addition, it would require considerable time and resources for our Company and its reporting accountants to fully familiarize themselves with the management accounting policies of the Investment Targets and compile the necessary financial information and supporting documents for disclosure in this prospectus. As such, we believe that it would be impractical and unduly burdensome for us to disclose the audited financial information of the Investment Targets as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, having considered the Investments to be immaterial and that the Company does not expect the Investments to have any material effect on its business, financial condition or operations, our Company believes that it would not be meaningful and would be unduly burdensome for us to prepare and include the financial information of the Investment Targets during the Track Record Period in this prospectus. As our Company does not expect the Investments to result in any material changes to its financial position after the Track Record Period, we do not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interests of the investors.

(c) Alternative disclosures of the Investments have been provided in this prospectus.

The Company has provided alternative information about the Investments in this prospectus. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that the Company's directors consider to be material, including, for example, descriptions of the Investment Targets' principal business activities, the consideration for the Investment, and a statement that whether each of the counterparty and the ultimate beneficial owners of the counterparty in respect of the Investments is an Independent Third Party. The Company has however excluded disclosure on the names of the Investment Targets in connection with the Investments because the relevant agreements entered into by the Company in respect of each Investment imposed confidentiality obligations on the Company and the Company does not have consent from the other parties to either agreement for such disclosure. It is commercially sensitive to disclose the identities of the companies the Company invested in as such information may enable its competitors to anticipate the Company's investment strategy. Since the relevant percentage ratios of each of the Investments are less than 5% by reference to the most recent fiscal year of our Track Record Period, the current disclosure is adequate for potential investors to form an informed assessment of the Company. The Company will not use any proceeds from the Listing to fund the Investments.

Acquisition since June 30, 2024

Since June 30, 2024 and up to the Latest Practicable Date, our Group has made the following acquisition (the "**Acquisition**"), details of which are set out in the below:

Acquisition target	Consideration	Percentage of equity interest acquired	Principal business activities
Company C *Note*	RMB120,000	100%	Corporate management consultancy

Note:

* On August 20, 2024, our subsidiary entered into a sale and purchase agreement with respect to the transfer of 100% equity interests in Company C from the sellers. The Acquisition was completed on August 21, 2024. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the counterparty and the ultimate beneficial owners of the counterparty in respect of the Acquisition is an Independent Third Party.

The acquisition amount for the Acquisition is the result of commercial arm's length negotiations, based on factors including the target company's business operations and financial conditions.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Acquisitions on the following grounds:

(a) The percentage ratios of the Acquisition are all less than 5% by reference to the most recent fiscal year of the Track Record Period.

The relevant percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Acquisition are all less than 5% by reference to the most recent fiscal year of the Track Record Period. Accordingly, the Company believes that the Acquisition has not resulted in any significant changes to the Company's financial position since June 30, 2024, and all information that is reasonably necessary for the potential investors to make an informed assessment of the Company's activities or financial position has been included in this document. As such, the Company considers that a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

(b) The historical financial information of the target is not available and would be unduly burdensome to obtain or prepare.

The Company confirms that the target in respect of the Acquisition does not have available historical financial information which is readily available for disclosure in this document in accordance with the Listing Rules. In addition, it would require considerable time and resources for the Company and its reporting accountants to fully familiarize themselves with the management accounting policies of the target and compile the necessary financial information and supporting documents for disclosure in this document. As such, the Company believes that it would be impractical and unduly burdensome for the Company to disclose the audited financial information of the targets as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, having considered the Acquisition to be immaterial and that the Company does not expect the Acquisition to have any material effect on its business, financial condition or operations, the Company believes that it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of the target during the Track Record Period in this document. As the Company does not expect the Acquisition to result in any material changes to its financial position after the Track Record Period, the Company does not believe the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would prejudice the interests of the Investors.

(c) Alternative disclosure of the Acquisition has been provided in this document.

The Company has provided alternative information about the Acquisition in this document. Such information includes that which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that the Company's directors consider to be material, including, for example, descriptions of the target's principal business activities, the consideration for the Acquisition, and a statement that whether each of the counterparty and the ultimate beneficial owners of the counterparty in respect of the

Acquisition is an Independent Third Party. The Company has however excluded disclosure on the names of the target and the sellers in connection with the Acquisition because the relevant agreement entered into in respect of the Acquisition imposed confidentiality obligation on our Group and we do not have consent from the other parties to the agreement for such disclosure. Since the relevant percentage ratios of the Acquisition are less than 5% by reference to the most recent fiscal year of our Track Record Period, the current disclosure is adequate for potential investors to form an informed assessment of the Company. The Company does not expect to use any net proceeds from the Global Offering to fund the Acquisition.

WAIVER IN RESPECT OF CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached.

Subject to the Stock Exchange granting the waiver described below, the Hong Kong Public Offering and the International Offering will initially account for 9.5% and 90.5% of the Global Offering, respectively, subject to the clawback mechanism described below. We have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Paragraph 4.2 of Practice Note 18 to the Listing Rules such that the allocation of the Offer Shares in the Hong Kong Public Offering will be adjusted as follows:

(a) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 14 times or more but less than 47 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 23,800,000 Offer Shares, representing approximately 14.0% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised);

(b) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 47 times or more but less than 95 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 31,450,000 Offer Shares, representing approximately 18.5% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised); and

(c) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 95 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 62,050,000 Offer Shares, representing approximately 36.5% of the Offer Shares initially available under the Global Offering (assuming the Over-allotment Option is not exercised).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In addition, the Overall Coordinators would have discretion to allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. On the other hand, if the Hong Kong Public Offering is not fully subscribed, the unsubscribed Offer Shares under the Hong Kong Public Offering may be reallocated to the International Offering. See "Structure of the Global Offering — Pricing and Allocation — Reallocation" for further details.

CONSENT IN RESPECT OF THE PROPOSED SUBSCRIPTION OF H SHARES BY WISDOMSHIRE AM THROUGH GF SECURITIES AM

Paragraph 5(1) of Appendix F1 to the Listing Rules provides that no allocations will be permitted to "connected clients" of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s)) (collectively, the "**Distributors**", and each a "**Distributor**"), without the prior written consent of the Stock Exchange.

Paragraph 13(7) of the Appendix F1 to the Listing Rules states that "connected client" in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

As further described in the section headed "Cornerstone Investments" in this prospectus, Wisdomshire Asset Management Co., Ltd* (上海睿郡資產管理有限公司) ("**Wisdomshire AM**") has entered into a cornerstone investment agreement with the Company, the Joint Sponsors and the Overall Coordinators to subscribe for the Offer Shares. For the purpose of the cornerstone investment, Wisdomshire AM has engaged GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司) ("**GF Securities AM**"), an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authority, in the name of GFAM RUISHUN NO.1 ASSET MANAGEMENT ACCOUNT(QDII) (廣發資管睿順1號單一資產管理計劃), to subscribe for and hold such Offer Shares on a non-discretionary basis on behalf of Wisdomshire AM. GF Securities (Hong Kong) Brokerage Limited ("**GF Securities (Hong Kong) Brokerage**") has been appointed as one of the Capital Market Intermediaries of the Global Offering. GF Securities AM is a direct wholly-owned subsidiary of GF Securities Co., Ltd. (stock code: 1776.HK) ("**GF Securities**") and GF Securities (Hong Kong) Brokerage is an indirect wholly-owned subsidiary of GF Securities. Each of GF Securities AM and GF Securities (Hong Kong) Brokerage is a member of the same group of companies. As a result, GF Securities AM is a connected client of GF Securities (Hong Kong) Brokerage for the purpose of paragraph 13(7) of Appendix F1 to the Listing Rules.

We have applied for, and the Stock Exchange has granted, a consent under paragraph 5(1) of Appendix F1 to the Listing Rules to permit Wisdomshire AM (through GF Securities AM as the asset manager) to participate in the Global Offering as a cornerstone investor on the following basis and conditions as set out in Paragraph 5 of Chapter 4.15 of the Guide:

(a) any Offer Shares to be allocated to Wisdomshire AM (through GF Securities AM as the asset manager) will be held on behalf of independent third parties;

(b) the cornerstone investment agreement of Wisdomshire AM (through GF Securities AM as the asset manager) does not contain any material terms which are more favourable to Wisdomshire AM (through GF Securities AM as the asset manager) than those in other cornerstone investment agreements;

(c) no preferential treatment has been, nor will be, given to Wisdomshire AM (through GF Securities AM as the asset manager) by virtue of their relationship with GF Securities (Hong Kong) Brokerage in any allocation of Offer Shares in the International Offering other than the assured entitlement under the relevant cornerstone investment agreement;

(d) GF Securities AM confirms that to the best of its knowledge and belief, Wisdomshire AM (through GF Securities AM as the asset manager) has not received and will not receive preferential treatment in the allocation of Offer Shares in the Global Offering as a placee by virtue of their relationship with GF Securities (Hong Kong) Brokerage other than the assured entitlement under the relevant cornerstone investment agreement;

(e) each of the Company, the Overall Coordinators, GF Securities AM and GF Securities (Hong Kong) Brokerage has provided the Stock Exchange with written confirmations in accordance with Chapter 4.15 of the Guide; and

(f) details of the cornerstone investment and details of the allocation will be disclosed in this prospectus and the allotment results announcement.

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to invest in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward –Looking Statements" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Cap 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

CSRC FILING

According to the Overseas Listing Trial Measures, we are required to complete the filing procedures with the CSRC in connection with the proposed Listing. We have submitted a filing to the CSRC for application for the Listing on August 23, 2023. The CSRC filing was announced completed on May 31, 2024.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. The Global Offering comprises the Hong Kong Public Offering of initially 16,150,000 Offer Shares and the International Offering of initially 153,850,000 Offer Shares (subject to, in each case, reallocation on the basis referred to in "Structure of the Global Offering" in this prospectus and, in case of the International Offering, to any exercise of the Over-allotment Option).

The listing of our H Shares on the Stock Exchange is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement, subject to us and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters pursuant to the terms of the International Underwriting Agreement which is expected to be entered into on or around Monday, November 25, 2024. For further information regarding the Underwriters and the Underwriting Agreements, see "Underwriting" in this prospectus.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change or development in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any date subsequent to the date of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

For details of the structure of the Global Offering (including its conditions) and the arrangements relating to the Over-allotment Option and stabilization, see "Structure of the Global Offering" and "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Wednesday, November 27, 2024. Save as otherwise disclosed in this prospectus, no part of our Shares or loan capital is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought as of the Latest Practicable Date.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

H SHARE REGISTER AND STAMP DUTY

All of the Offer Shares will be registered on our H Share register of members to be maintained by our H Share Registrar, Tricor Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered on the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in respect of our H Shares will be paid to the Shareholders listed on the H Share register of members of our Company in Hong Kong, by ordinary post, at the H Shareholders' risk, to the registered address of each H Shareholder of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the H Shares or exercising rights attached to them. None of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, employees, partners, agents, advisers or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchasing, holding, disposition of, or dealing in, the H Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB7.14330 to US$1.00, (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.91906 to HK$1.00, and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.77240 to US$1.00, being the PBOC rates prevailing on November 8, 2024.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese name shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed in any table, chart or elsewhere in this prospectus are due to rounding.

DIRECTORS

Executive Directors

Name	Address	Nationality
Mr. WANG Wei (王衞)	Block B, TK Chuangzhi Tiandi Building Keji South 1st Road Nanshan District Shenzhen Guangdong Province PRC[1]	Chinese
Mr. HO Chit (何捷)	Flat G, 20/F, Tower 7 Park Avenue, 18 Hoi Ting Road Kowloon Hong Kong	Chinese (Hong Kong)
Ms. WANG Xin (王欣)	Flat 1805, Tower A Shuangxi Garden Phase II No. 1099 Wanghai Road Shekou, Nanshan District Shenzhen Guangdong Province PRC	Chinese
Mr. XU Bensong (徐本松)	Flat 21B, Tower D, Huifangyuan North Xuefu Road Nanshan District Shenzhen Guangdong Province PRC	Chinese

1. This is the business address of Mr. WANG Wei. We have applied for, and the SFC has granted, an exemption from strict compliance with paragraph 6 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance such that our Company will only need to disclose the business address of Mr. WANG Wei, instead of his residential address. See "Waivers and Exemptions — Disclosure of Executive Director's Residential Address" in this prospectus.

Independent non-executive Directors

Name	Address	Nationality
Mr. CHAN Charles Sheung Wai (陳尚偉)	Flat A, 12/F Queen Tower 1 St Michel 33 To Shek Street Sha Tin New Territories Hong Kong	Chinese (Hong Kong)
Mr. LEE Carmelo Ka Sze (李嘉士)	Flat A, 7/F Broadview Villa No. 20 Broadwood Road Happy Valley Hong Kong Island Hong Kong	Chinese (Hong Kong)
Dr. DING Yi (丁益)	No. 602, Unit 1, Building 3 No. 2 Taoranting Road Xicheng District Beijing PRC	Chinese

SUPERVISORS

Name	Address	Nationality
Ms. WANG Jia (王佳)	Room 605, Block B, Tower 3 Changcheng Mansion No. 2 Baihua Fourth Road Futian District Shenzhen Guangdong Province PRC	Chinese
Mr. LIU Jilu (劉冀魯)	No. 404, Building 8, Zone 1 Pearl Garden Huashan District Ma'anshan Anhui Province PRC	Chinese
Ms. LI Juhua (李菊花)	Room 302, Tower D Xiang Ge Li Yuan No. 2 Qiaoxiang Road Futian District Shenzhen PRC	Chinese
Mr. ZHANG Shun (張順)	Unit B, 31/F, Tower 3 Huang Ting Cai Yuan Fumin Road Futian District Shenzhen Guangdong Province PRC	Chinese

For further details, see "Directors, Supervisors, Senior Management and Employees" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors *(in alphabetical order)*	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F The Center 99 Queen's Road Central Hong Kong
	J.P. Morgan Securities (Far East) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
Overall Coordinators	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F The Center 99 Queen's Road Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
	(in alphabetical order)
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

(in alphabetical order)

Joint Global Coordinators

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F
The Center
99 Queen's Road Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

(in alphabetical order)

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

(in alphabetical order)

Joint Bookrunners	**Goldman Sachs (Asia) L.L.C.** 68/F, Cheung Kong Center 2 Queen's Road Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F The Center 99 Queen's Road Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
	(in alphabetical order)
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	UBS AG Hong Kong Branch 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	(in alphabetical order)
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	BOCI Asia Limited 26/F, Bank of China Tower, 1 Garden Road, Central Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road, Central
Hong Kong

DBS Asia Capital Limited
73rd Floor, The Center
99 Queen's Road Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower
81 Lockhart Road, Wan Chai
Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

(in alphabetical order)

Joint Lead Managers

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F
The Center
99 Queen's Road Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

(in alphabetical order)

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street Central
Hong Kong

(in alphabetical order)

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower,
1 Garden Road, Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road, Central
Hong Kong

DBS Asia Capital Limited
73rd Floor, The Center
99 Queen's Road Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower
81 Lockhart Road, Wan Chai
Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

(in alphabetical order)

Capital Market Intermediaries

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
62/F
The Center
99 Queen's Road Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

(in alphabetical order)

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

UBS AG Hong Kong Branch
52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

(in alphabetical order)

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower,
1 Garden Road, Central
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road, Central
Hong Kong

DBS Asia Capital Limited
73rd Floor, The Center
99 Queen's Road Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower
81 Lockhart Road, Wan Chai
Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

(in alphabetical order)

Legal Advisers to our Company	*As to Hong Kong and U.S. laws:* **Herbert Smith Freehills** 23rd Floor, Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC laws:* **CM Law Firm** Room 2805, Plaza 66 Tower 2 1366 West Nanjing Rd Shanghai PRC *As to PRC data compliance laws:* **Grandall Law Firm (Beijing)** 9/F, Taikang Financial Tower No. 38 North Dongsanhuan Road Beijing, China
Legal Adviser to the Controlling Shareholders	*As to Hong Kong laws:* **Bird & Bird** 6/F, The Annex, Central Plaza 18 Harbour Road Wanchai Hong Kong
Legal Advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27th Floor, Jardine House One Connaught Place Hong Kong *As to PRC laws:* **King & Wood Mallesons** 18/F, East Tower World Financial Center 1 Dongsanhuan Zhonglu Chaoyang District Beijing 100020 PRC

Auditor and Reporting Accountant	**PricewaterhouseCoopers** *Certified Public Accountants and* *Registered Public Interest Entity Auditor* 22/F, Prince's Building Central, Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc.,** **Shanghai Branch Co.** Room 2504-2505 Wheelock Square 1717 Nanjing West Road Shanghai, PRC
Compliance Adviser	**Caitong International Capital** **Co., Limited** Unit 2401-05, 24th Floor Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Receiving Banks	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong **Standard Chartered Bank (Hong Kong)** **Limited** 18/F Standard Chartered Tower 388 Kwun Tong Road Hong Kong

Registered Office and Headquarters in the PRC	3/F, Complex Building SF South China Transit Center No. 1111, Hangzhan 4th Road Shenzhen Airport, Caowei Community Hangcheng Sub-district, Bao'an District Shenzhen PRC
Principal Place of Business in Hong Kong	9/F, Asia Logistics Hub - SF Centre 36 Hong Wan Road Tsing Yi New Territories Hong Kong
Company's Website	www.sf-express.com *(The information contained in this website does not form part of this prospectus)*
Joint Company Secretaries	Ms. GAN Ling Block B, TK Chuangzhi Tiandi Building Keji South 1st Road, Nanshan District Shenzhen, Guangdong PRC Ms. SO Ka Man *(FCG, HKFCG (PE))* 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Authorized Representatives	Mr. HO Chit Block B, TK Chuangzhi Tiandi Building Keji South 1st Road, Nanshan District Shenzhen, Guangdong PRC Ms. GAN Ling Block B, TK Chuangzhi Tiandi Building Keji South 1st Road, Nanshan District Shenzhen, Guangdong PRC

Audit Committee	Mr. CHAN Charles Sheung Wai *(Chairman)* Mr. LEE Carmelo Ka Sze Dr. DING Yi
Nomination Committee	Mr. WANG Wei Mr. LEE Carmelo Ka Sze *(Chairman)* Dr. DING Yi
Remuneration and Appraisal Committee	Dr. DING Yi *(Chairlady)* Mr. CHAN Charles Sheung Wai Mr. LEE Carmelo Ka Sze
Strategy Committee	Mr. CHAN Charles Sheung Wai *(Chairman)* Dr. DING Yi Mr. WANG Wei
Risk Management Committee	Mr. HO Chit *(Chairman)* Mr. CHAN Charles Sheung Wai Mr. LEE Carmelo Ka Sze
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Banks *(in alphabetical order)*	**Bank of China** **Shenzhen Branch** International Financial Building No. 2022, Jianshe Road Luohu District, Shenzhen, China
	China Development Bank **Shenzhen Branch** CDB Financial Center, No. 2003, Fuzhong Third Road Futian District Shenzhen, China

China Merchants Bank
Shenzhen Branch
China Merchants Bank Shenzhen Branch
Building,
No. 2016, Shennan Boulevard
Futian District
Shenzhen, China

HSBC Bank (China) Company Limited
Shenzhen Branch
8th Floor, China Resources Building
No. 5001, Shennan East Road
Luohu District
Shenzhen, China

Industrial and Commercial Bank of China
Shenzhen Branch
North Block, Financial Centre,
No. 5055, Shennan East Road,
Shenzhen, China

Standard Chartered Bank (China)
Limited
Shenzhen Branch
11/F Tower A, Kingkey 100 Building
No. 5016, Shennan East Road
Luohu District,
Shenzhen, China

The information and statistics set out in this section and other sections of this prospectus were extracted from the F&S Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the F&S Report in connection with the Global Offering. The information from official government sources has not been independently verified by any of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering (other than Frost & Sullivan), and no representation is given as to its accuracy. For discussion of risks related to the Group's industry, see "Risk Factors — Risks Relating to Our Business and Industry" in this prospectus.

Global logistics represents an enormous market opportunity, with an estimated US$11.1 trillion spent on logistics in 2023. Specifically, outsourcing logistics requirements to third-party providers has become a secular trend across the world, resulting in sustainable growth in global logistics spending and the emergence of leading third-party logistics service providers. The overall logistics market remains highly fragmented, with a majority of third-party logistics service providers remaining small in scale and either focused on a particular sub-sector or a particular region or country. Globally, there are only around ten integrated logistics service providers that can provide a full spectrum of logistics services including express, freight, cold chain logistics, supply chain solutions, and international freight forwarding services, among others. Among the global leading integrated logistics service providers, a vast majority have adopted a directly operated model, directly operating all aspects of the delivery process. The directly operated model allows integrated logistics service providers to achieve superior service quality, provide customized and integrated solutions as customers' needs evolve, and maximize cost efficiencies through integrating multiple networks.

The global integrated logistics players have been consistently gaining market share in recent years. The top four integrated logistics service providers generated combined revenue of US$303.2 billion in 2023, representing an expanding market share of global third-party logistics spending from 4.3% in 2014 to 5.8% in 2023. During this ten-year period, the combined revenue of the top four integrated logistics service providers increased at a CAGR of 6.1%, compared with 2.7% for the overall global third-party logistics spending. This can be attributed to a number of factors, including (i) scale, (ii) global networks, (iii) scarce infrastructure, (iv) the ability to provide integrated and customized solutions, (v) superior service levels, (vi) deep customer relationships, (vii) leading technology and data insights, and (viii) financial strength.

GLOBAL LOGISTICS MARKET OVERVIEW

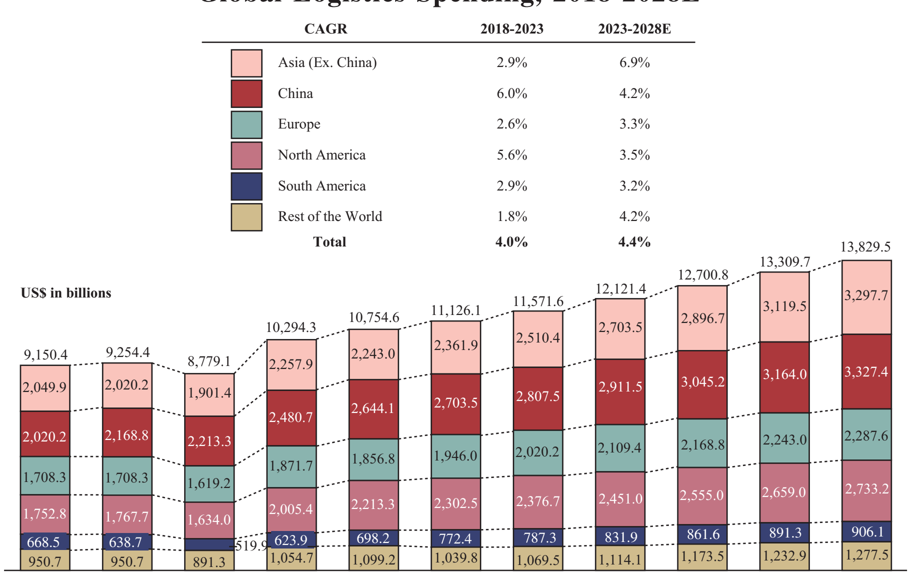
Enormous Market Opportunity, with Asia as a Key Driver of Growth

The global logistics sector presents a multi-trillion dollar market opportunity, enabling flow of goods and services across the world, as the backbone of the global economy. Total global logistics spending was US$11.1 trillion in 2023, and is expected to reach US$13.8 trillion in 2028 at a CAGR of 4.4%.

Among all the regions, Asia is the largest, fastest growing, and one of the most fragmented regions in the global logistics market, presenting the most attractive growth prospects. In 2023, Asia's logistics spending reached US$5.1 trillion, accounting for 45.5% of the global market, and is expected to grow at a CAGR of 5.5% between 2023 and 2028.

In particular, China represented the largest share of Asia at 53.4% in 2023, and is expected to grow at a CAGR of 4.2% from 2023 to 2028, supported by continued economic growth, upgrades in manufacturing and consumption. Outside of China, the remaining Asian market is expected to grow at a CAGR of 6.9% during the same period, driven by strong economic growth, ongoing urbanization, increasing demand for consumption and booming intra-Asia trade propelled by Southeast Asia's expanding role in global supply chain, cross-border e-commerce, favorable government policies and regional trade initiatives.

Global Logistics Spending, 2018-2028E

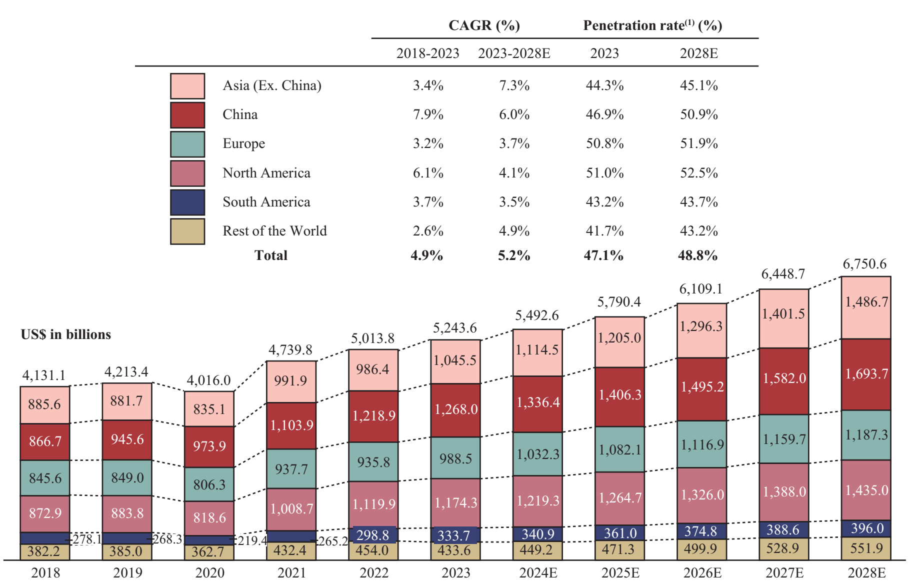


*Sources: National Bureau of Statistics of China ("**NBS**"), International Monetary Fund ("**IMF**"), World Bank, and Frost & Sullivan*

Outsourcing logistics' needs to third-party service providers is an increasing global trend. Global third-party logistics spending is expected to grow at a CAGR of 5.2% from 2023 to 2028, as compared to the CAGR of 4.4% for global logistics spending in the same period, reflecting an increasing penetration of global third-party logistics from 47.1% in 2023 to 48.8% in 2028. The transition from first-party to third-party logistics is mainly driven by proven benefits including superior service quality, operational efficiency, timeliness and cost savings. In-house, first-party logistics units often struggle to match dedicated third-party service providers in terms of service capabilities, quality and reliability, among other criteria. By outsourcing logistics to dedicated third-party service providers, companies can allocate more time and resources to focus on their core competencies and optimize logistics costs and end-customer experience.

Asia represents the largest and fastest growing region for third-party logistics spending. This is primarily driven by strong underlying growth in overall logistics spending and increasing penetration of third-party logistics.

Global Third-party Logistics Market Size, 2018-2028E



Sources: NBS, NDRC, IMF, World Bank, and Frost & Sullivan

Note:

(1) Calculated by third-party logistics spending as a percentage of total logistics spending.

Directly Operated vs Franchising Model

Logistics service providers generally utilize a directly operated model or a franchising model. Under the directly operated model, logistics service providers directly operate all aspects of the delivery process. This typically requires more upfront investment and operating know-how. In contrast, under the franchising model, logistics service providers will only directly control and operate parts of the logistics value chain and outsource other operations to third-party franchisees. This is typically more asset light and requires less operating expertise but in return leads to less control over service consistency and quality.

The global top four integrated logistics service providers all utilize the directly operated model, which has several critical advantages:

- **Superior timeliness and service quality:** Directly operated model offers superior control over the entire value chain to better manage timeliness, reliability and service quality. In particular, the directly operated model is in general regarded as a necessity to provide time-definite express services.

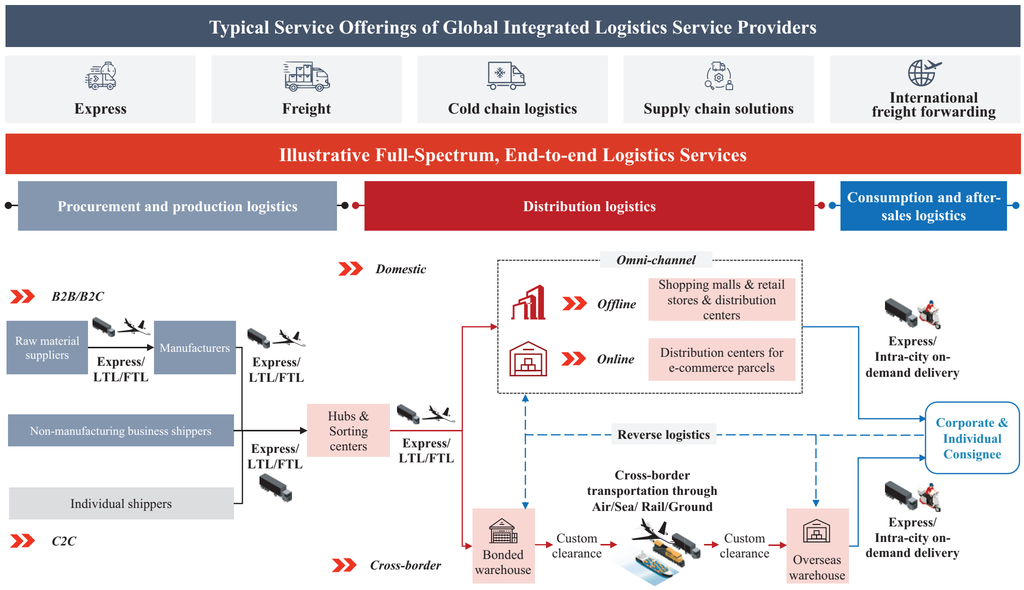
- **Greater ability to expand into adjacent logistics segments:** With direct control over operations, more owned infrastructure, and direct relationships with end-customers, directly operated logistics players can more easily enter into adjacent logistics segments and expand their service portfolio.

- **Customization capabilities:** Directly operated logistics service providers have a superior ability to offer customized solutions as they have greater control over the value chain and can therefore more flexibly tailor their solutions to meet specific needs and capture new demand from emerging industries and business scenarios. On the contrary, franchising model players provide their services through third-party franchisees, which given organization separation, typically provide services based on standardized operating procedures.

Integrated Logistics vs Single-Product Logistics Service Providers

Integrated logistics service providers typically offer a full spectrum of domestic and international logistics services and are able to provide one-stop solutions to multinationals, large corporations, small and medium enterprises and retail customers. Globally, there are only around ten integrated logistics service providers that are able to provide a full spectrum of logistics services. Their service offerings typically include but are not limited to express (including time-definite express), freight (through FTL and/or LTL modes), cold chain logistics, international freight forwarding services (by air, sea, rail or ground) and supply chain solutions. With such service capabilities, integrated logistics service providers are able to address diverse requirements from within (i) procurement and production logistics, from raw material suppliers to manufacturers to warehouses; (ii) distribution logistics, from warehouses to distribution channels either domestically or cross-border; and (iii) consumption and after-sales logistics, including but not limited to last-mile deliveries to or from end customers, and reverse logistics scenarios. Leveraging their extensive global logistics networks, comprehensive logistics infrastructure, deep operational expertise and technology, integrated logistics service providers are best positioned to capture the opportunities across the entire logistics value chain globally.

The following diagram illustrates the full-service spectrum of integrated logistics service providers:



Source: Frost & Sullivan

Over the past ten years, integrated logistics has proven to be a winning business model in the global logistics industry, and its leading proponents have been gaining market share. The market share of the global top four integrated logistics service providers increased from 4.3% in 2014 to 5.8% in 2023 in terms of global third-party logistics spending. During this ten-year period, the global top four integrated logistics service providers have grown at a CAGR of 6.1% by revenue, in comparison to that of 2.7% for the overall global third-party logistics industry.

The success and market leadership of the integrated logistics service providers are driven by the following factors:

- **Scale:** Substantial scale advantage, enabling lower unit costs and better service quality that cannot be achieved by smaller logistics players.

- **Global network:** Capability to fulfill comprehensive and end-to-end logistics demands of business and retail customers across many countries and regions.

- **Well-established infrastructure:** Ability to build infrastructure from resources that are scarce in nature or difficult to acquire, such as cargo-focused logistics hubs, large air cargo fleets, air traffic rights and airport take-off and landing slots. For example, in Asia, there was only one dedicated air cargo hub as of the Latest Practicable Date. Obtaining a cargo airline license and air cargo fleet is difficult and costly. The prime routes and slots have already been assigned to existing cargo airlines, making it difficult for new entrants to obtain such valuable resources. Beyond aviation infrastructure, integrated logistics service providers operate extensive global networks, including warehouses and sorting centers in prime locations. Even with years or decades of investments, potential new entrants may still not be able to match the same quality and depth of the networks among the global leading integrated logistics players.

- **Ability to provide integrated and customized solutions, addressing complex requirements and capturing greater customer wallet share:** The logistics demands of large corporates and small and medium enterprises are becoming increasingly sophisticated and complex. They increasingly seek logistics service providers that can (i) fulfill all their logistics needs, (ii) minimize the time and complexity of dealing with multiple logistics service providers, (iii) reduce overall logistics costs and improve operational efficiency, (iv) seamlessly integrate with their internal systems, and (v) add value with industry know-how and data insights. Integrated logistics service providers are best equipped to address these needs and cross-sell additional logistics services and solutions, enabling them to capture greater customer wallet share in a cost-efficient manner and improve customer stickiness.

- **Synergies across networks and operations:** Ability to optimize operational efficiency across multiple networks by consolidating shipments, sharing line haul transportation, sorting center and warehousing capacity, and developing multi-service outlets. This enables higher capacity utilization and lower unit costs.

- **Technology leadership and data insights:** With larger scale, global integrated logistics service providers can afford larger investments in research and development of technology to empower operations and in turn they possess larger volumes of data. This results in more accurate proprietary models for demand forecasting and resource allocation, generating higher operating efficiency.

- **Financial strength and ability to consolidate:** With greater financial strength, global integrated logistics service providers have greater ability to operate through different macroeconomic environments, and capacity to drive industry consolidation through mergers and acquisitions. More than 70 mergers and acquisitions have been completed or announced by the global top ten integrated logistics service providers over the past ten years.

Independent Third-Party Logistics vs Platform-Affiliated Logistics

Most of the global integrated logistics service providers are independent third-parties, without affiliation to or heavy reliance on a particular e-commerce platform. Out of the global top ten integrated logistics service providers in 2023, eight were independent players that are not affiliated with any particular e-commerce platform or retailer. Independence from any particular platform is becoming increasingly important in Asia for e-commerce logistics, especially in China and Southeast Asia, as new forms of e-commerce such as social e-commerce, livestreaming e-commerce, and cross-border e-commerce are taking market share from the traditional e-commerce platforms, and these companies have a strong preference for logistics service providers that are independent from their competitors.

Competitive Landscape

The Group was Asia's largest and the world's fourth largest integrated logistics service provider in terms of revenue in 2023. The Group was also the fastest growing integrated logistics service provider among the global top four integrated logistics service providers in terms of revenue CAGR from 2021 to 2023. In addition, among the global top ten integrated logistics service providers, the Group ranked third in terms of revenue CAGR from 2021 to 2023.

Global ranking and market share of integrated logistics service providers, by revenue in 2023

Ranking	Company[1]	Headquarter	Revenue[2] (US$ in Billions)	Market Share[3] (%)	Business model	Independence
Global top 4 integrated logistics service providers						
1	Company A	United States	91.0	1.7%	Directly-operated	Independent
2	Company B	United States	87.8	1.7%	Directly-operated	Independent
3	Company C	Germany	86.0	1.6%	Directly-operated	Independent
4	The Group	China	38.4	0.7%	Directly-operated	Independent
Other integrated logistics service providers						
5	Company D	China	24.7	0.5%	Directly-operated	Affiliated to E-Commerce platform
6	Company E	Japan	17.0	0.3%	Directly-operated	Independent
7	Company F	France	16.5	0.3%	Directly-operated	Independent
8	Company G	Japan	13.5	0.3%	Directly-operated	Independent
9	Company H	China	13.1	0.2%	Partially directly-operated	Affiliated to E-Commerce platform
10	Company I	Japan	10.0	0.2%	Directly-operated	Independent
	Others		4,845.6	92.4%		
	Total		**5,243.6**	**100.0%**		

Source: Frost & Sullivan

Notes:

1 *Company A: a global package delivery and supply chain management company established in the 1900s. It mainly offers small parcel delivery, freight brokerage, freight forwarding, and supply chain solutions. It is a publicly listed company;*

Company B: a global logistics services company, established in the 1970s. Specializes in international express delivery, international freight, and supply chain solutions. It operates worldwide and is a publicly listed company;

Company C: a global logistics and postal services company, founded in the 1960s. It offers express delivery, freight delivery, international freight forwarding and supply chain solutions. It operates globally and is a publicly listed company;

Company D: a logistics and supply chain management company founded in China in the 2000s. It is currently a subsidiary of an e-commerce platform and is a publicly listed company;

Company E: a global logistics company established in the 1930s. It offers a wide range of transportation, freight forwarding, supply chain management, and other logistics services domestically and internationally. It is a publicly listed company;

Company F: an international parcel delivery and logistics company established in the 1970s. It provides express delivery services, freight delivery services, and supply chain management solutions to both customers and businesses across Europe and beyond. It is not a publicly listed company;

Company G: a logistics and transportation company established in the 1910s. It offers parcel delivery, freight delivery, supply chain management and logistics services to individuals and businesses. It is a publicly listed company;

Company H: a logistics company established in the 2010s. It specializes in providing supply chain and logistics solutions. It is not a publicly listed company;

Company I: a logistics company established in the 1950s. It provides parcel delivery, freight delivery, and supply chain management services with operations in both domestic and international markets. It is a publicly listed company.

The abovementioned listed companies include Deutsche Post DHL Group, FedEx Corporation, JD Logistics, Inc., Nippon Express Co., Ltd., SG Holdings Co., Ltd., United Parcel Service, Inc. and Yamato Holdings.

2 *Financial year of Company B ends on May 31 and financial year of Company G and Company I ends on March 31. Calendarized to financial year ended December 31 for like-for-like comparison.*

3 *Market share calculated by revenue as a percentage of global third-party logistics spending.*

The following table summarizes how the Group compares with the leading global and Chinese integrated logistics players across a number of criteria:

		SF	Company A	Company B	Company C	Company D
Home market	Home market[1]	**Asia**	**North America**	**North America**	**Europe**	**China**
	Market size in 2023 (US$ trillion)[2]	5.1	2.3	2.3	1.9	2.7
	Market growth (2023-2028 CAGR)	5.5%	3.5%	3.5%	3.3%	3.6%
Scale	No. of parcels in 2023 (bn)	12.0	5.7	5.8[4]	1.8[3]	N/A
Growth	Revenue growth (2023-2028 CAGR)	11.7%	-3.3%	-1.4%[5]	0.01%	26.2%
Global coverage	No. of countries operated in	202	220+	220+	220+	Mainly China

Source: Frost & Sullivan

Notes:

1 *Home market: market where the majority of a company's revenue is generated from.*

2 *Market size: total logistics spending in respective home market.*

3 *Including domestic express logistics parcel volume and international shipment volume.*

4 *Including package volume of airborne and ground package businesses.*

5 *Financial year of Company B ends on May 31. Calendarized to financial year ended December 31 for like-for-like comparisons with peers.*

Across various services and geographies, the Group primarily competes with three major types of logistics service providers. The key success factors in competing with each type of logistics service providers are summarized as follows.

- ***vs. Other Leading Global Integrated Logistics Service Providers:***

  (i) ***Superior growth with multiple growth drivers:*** The Group has been growing rapidly, powered by growth across multiple business segments;

  (ii) ***Larger, faster growing and more attractive home market:*** The Group is based in Asia, the world's largest and fastest-growing region for logistics. The landscape in Asia is notably more fragmented, offering a significant growth opportunity through consolidation, especially when compared to the United States and Europe. In 2023, the top three integrated logistics service providers in Asia collectively accounted for only 3.5% of the Asia market in terms of revenue, as compared with 12.0% and 7.8% taken up collectively by the top three integrated logistics service providers in the United States and Europe markets, respectively. In addition, there is no other integrated logistics player in Asia with comparable scale, infrastructure, independence, and integrated services capabilities;

  (iii) ***More comprehensive services and leadership across sub-sectors:*** The Group is engaged in time-definite express delivery services, economy express services, freight, cold-chain logistics, intra-city on-demand services, supply chain solutions, international delivery services, and international freight forwarding services, the broadest spectrum of services among other leading global integrated logistics service providers. Furthermore, the Group is ranked first in nearly every logistics sub-sector in which the Group operated in Asia or China in terms of revenue in 2023, including express, freight, cold chain and intra-city on-demand delivery supply chain and international services;

  (iv) ***Strong positioning in Asia domestic and international express:*** With well-established last-mile networks in China and Southeast Asia, the largest air cargo fleet in Asia and a dedicated logistics complex in Asia's first and only dedicated air cargo hub, as well as the Group's premium brand name, strong talent pool, and cost leadership, the Group is strongly positioned to capture domestic and Asia-outbound express demand;

  (v) ***Competitive cost structure and superior operating efficiency:*** The Group is equipped with the ability to offer comparably high service levels with a more competitive cost structure. For example, on certain routes from China to Southeast Asia, the Group is able to provide international express services at 30-60% lower pricing with comparable service level compared to other global integrated logistics service providers. The Group's competitive cost structure and operating efficiency enabled the Group to achieve the highest average daily parcel pick-up and delivery frequency of seven to eight times in the world.

- ***vs. Other China-Based Integrated Logistics Service Providers:***

  (i) Greater scale and established leadership positions across various sub-segments;

  (ii) The Group has the broadest spectrum of logistics services, including time-definite express delivery services, economy express services, freight, cold-chain logistics, intra-city on-demand services, supply chain solutions, and international logistics services;

  (iii) Unparallel aviation infrastructure – As of June 30, 2024, the Group operated Asia's largest air cargo fleet with 99 aircraft, which exceeded the second-largest fleet over two times as of the same date. In addition, the Group accounted for 32.0% of the air cargo volume in China in the first half of 2024. The Group was also the only logistics company that owned a logistics complex at the Ezhou cargo hub as of June 30, 2024;

  (iv) Extensive directly operated networks, with minimum reliance on franchisees, enabling superior timeliness, reliability and high-quality services;

  (v) Independence from e-commerce platform, enabling the Group to fully benefit from the ongoing increase of volumes from new emerging e-commerce platforms;

  (vi) Larger international operations, broader global network coverage, local services capabilities in Southeast Asia and mission-critical air cargo fleet and infrastructure.

- ***vs. Other Single-Product Logistics Service Providers:***

  For detailed comparisons, see "— Integrated Logistics vs Single-Product Logistics Service Providers."

  Single-Product logistics service providers face numerous challenges to (i) transform into an integrated model, (ii) command mid to high-end pricing, and (iii) build presence in international logistics markets, for the following reasons:

  (i) An extensive global network and infrastructure requires heavy capital investments and many years to build;

  (ii) Scarce resources such as cargo hubs, air cargo fleet and airport take-off and landing slots are difficult to acquire, and require substantial scale to be cost-efficient;

  (iii) Requirement for deep operational know-how, strong control and advanced technology infrastructure to operate and integrate multiple networks;

(iv) The leading players have already established a premium brand and reputation for high quality services; and

(v) Franchising model players have limited access to customers, making it harder to provide a holistic solution and to cross-sell other services.

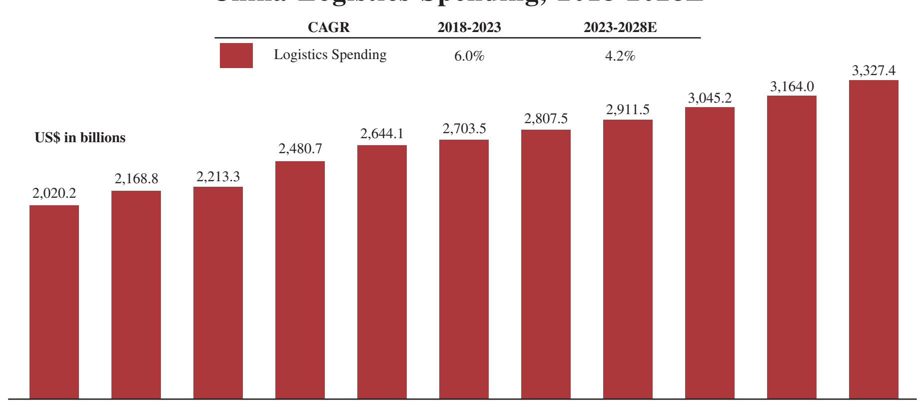
ASIA PRESENTS THE MOST ATTRACTIVE GROWTH OPPORTUNITIES

As the largest and fastest growing logistics market, Asia continues to present the most attractive growth prospects for the global logistics industry. There continues to be significant growth opportunities coming from (i) China, (ii) Asia (excluding China), including Intra-Asia and domestic Southeast Asia logistics, and (iii) Asia intercontinental logistics, especially between Asia to the US and Asia to Europe.

China Logistics Market Overview

China's GDP is expected to increase from US$19.6 trillion in 2024 to US$23.8 trillion in 2028. This sustained growth underscores China's continued economic expansion, fueled by technological innovation, infrastructure development, and a strategic shift towards a consumption-driven economy. China is the largest logistics market in the world in terms of logistics spending and one of the fastest growing. Along with the increase in its nominal GDP, China's total logistics spending increased from US$2.0 trillion in 2018 to US$2.7 trillion in 2023, representing a CAGR of 6.0%, and is expected to further increase to US$3.3 trillion in 2028, representing a CAGR of 4.2% from 2023 to 2028.

China Logistics Spending, 2018-2028E



Sources: NBS, NDRC, IMF, and Frost & Sullivan

The growth in the China logistics market from 2023 to 2028 is expected to be driven by the following factors: (i) growth in GDP; (ii) continued growth in manufacturing activity and consumption; (iii) continued urbanization, which creates a demand for efficient logistics services to support the flow of goods and services within and between urban areas; (iv) rapid advancement of new logistics technologies, further enhancing logistics efficiency and capacity; and (v) favorable governmental policies that promote sustainable growth and upgrades to the logistics services industry in China.

Key Trends in the China Logistics Market

China's logistics market is still at its early stage of development as compared to markets in other developed countries, and presents an enormous growth opportunity for integrated logistics service providers:

- **Shift in customer focus from price to service quality, and integrated logistics capabilities**: Fierce price competition is normally seen in lower-end logistics market, where competitive landscape is more scattered and customers are more price sensitive. Whereas in mid to high-end logistics market, the market share is more concentrated and the price is relatively stable. As more business and retail customers place greater emphasis on timeliness, reliability and service quality, the focus of competition is shifting away from offering the lowest price to providing higher service quality. In addition, in recent years, as supply chains become more complex, enterprises increasingly demand one-stop logistics services from third-party service providers. Integrated logistics service providers are best-positioned to capture such demand.

- **Independent third-party logistics service providers benefiting from diversifying e-commerce traffic**: Traditional e-commerce platforms used to command a dominant market share in China, until recent years when new forms of e-commerce such as social e-commerce and live streaming e-commerce emerged and have been rapidly gaining market share. These independent platforms are growing rapidly, and require more increasingly complex logistics solutions. These platforms also prefer logistics companies independent of traditional e-commerce platforms with no conflicts of interest.

- **Increasing demand for both tailored and standardized industry-specific packaged solutions across various emerging, high-growth verticals**: The fast-growing new economy industry verticals, such as electric vehicle, new energy, live-streaming e-commerce and new retail, have witnessed more complex logistics needs and increasing demand for industry-specific logistics solutions. For example, the global new energy vehicle industry, particularly that in China, has experienced rapid growth over the past few years. The new energy vehicle supply chain, including the power battery supply chain, is significantly more complex than traditional automotive powertrains. The production of power batteries relies heavily on rare materials like lithium, cobalt, and nickel. The agility of the supply chain is paramount in ensuring a stable supply of rare materials and maintaining the efficiency and quality of battery production. Therefore, tailored, integrated and industry-specific logistics solutions from licensed logistics service providers are increasingly in high demand. As another example, fresh retail and other consumer goods retail are growing rapidly, mainly catalyzed by the continued penetration of e-commerce and innovative formats like live-streaming. This growth has led to a pronounced demand for integrated express logistics services including cold-chain, time-definite express delivery, intra-city on-demand delivery and warehousing to meet the ever-growing expectations in terms of delivery speed, quality and seamless operations across distribution channels. To address this demand, logistics service providers must be equipped with the capabilities to offer integrated, timely, tailored and smart solutions.

Leveraging the experience serving sector leaders in various emerging industries, leading integrated logistics service providers are well-equipped to roll out standardized industry-specific packaged solutions in a cost-efficient way to capture the broader group of small and medium enterprises in the respective sectors, and effectively expand their market share in the target industry verticals and wallet share in target customers.

- **Highly fragmented market with enormous potential for further consolidation**: In terms of revenue in 2023, the Group, the largest integrated logistics service provider in Asia and China, accounted for approximately 2.6% of China's total third-party logistics spending in 2023. In contrast, the largest integrated logistics service provider in the US accounted for 6.2% of total third-party logistics spending in the country in 2023. This suggests substantial room for further consolidation in China's logistics market. Moreover, various logistics sub-segments, such as freight, cold chain, and supply chain solutions, are also characterized by a high degree of fragmentation, indicating significant room for further consolidation by industry leading players.

- **Technology and innovation**: Technology and innovation not only transformed the way logistics service providers operate but also created new business opportunities and enhanced customer experience. For instance, automation, IoT, and data analytics enabled cost reduction, efficiency improvement and service quality enhancement. Additionally, the application of technology has enabled the development of value-added services, such as inventory optimization, logistics and supply chain analytics, allowing logistics service providers to offer comprehensive solutions that go beyond traditional transportation and warehousing services.

- **Favorable government policies and regulations**: The PRC government has implemented a series of policies and initiatives to enhance logistics infrastructure and support the development and international expansion of logistics service providers. For example, in 2022, the State Council released the "14th Five-Year Plan for the Development of Modern Logistics", the first five-year plan for logistics in China. The plan aims to (i) accelerate the digital and intelligent transformation and service innovation in logistics industry; (ii) enhance services capabilities in certain specialized verticals, such as cold chain logistics and aviation logistics; (iii) encourage modern logistics to support the entire supply chain; (iv) enhance the connectivity between international and domestic logistics and expand international logistics coverage; and (v) develop high-quality and efficient international air cargo logistics and expand the coverage of the international air cargo logistics network.

Key Sub-Segments in the China Logistics Market

In China's logistics market, the Group operates in a number of sub-sectors, including express (time-definite and economy express), LTL freight, cold chain logistics, intra-city on-demand, and end-to-end supply chain solutions. The Group is the leaders across all of these sub-segments. The following tables set out the market size, market growth, and the Group's market position and market share in each of these sub-segments in China.

	Express	*LTL*	*Cold Chain Logistics*	*Intra-city On-demand*	*End-to-end Supply Chain Solutions*
2023 market size (US$ in billions)	**179**	**282**	**70**	**30**	**91**
2023-2028E CAGR	**11.9%**	**5.6%**	**8.1%**	**15.7%**	**9.1%**
The Group's market position[1]	**No.1** Express and time-definite delivery service provider	**No.1** LTL freight service provider	**No.1** Cold chain logistics service provider	**No.1** Third-party on-demand delivery service provider[3]	**No.1** Non-state-owned independent third-party supply chain solutions provider
The Group's market share[1]	**11.7%** (express) **63.9%** (time-definite express)	**1.7%**	**2.2%**	**13.8%**	**3.2%**
Industry concentration[2]	**CR5=29%** (express) **CR2=85%** (time-definite express)	**CR3=4%**	**CR3=5%**	**CR3=33%**	**CR3=9%**

Source: Frost & Sullivan

Notes:

1 *In terms of revenue in 2023.*

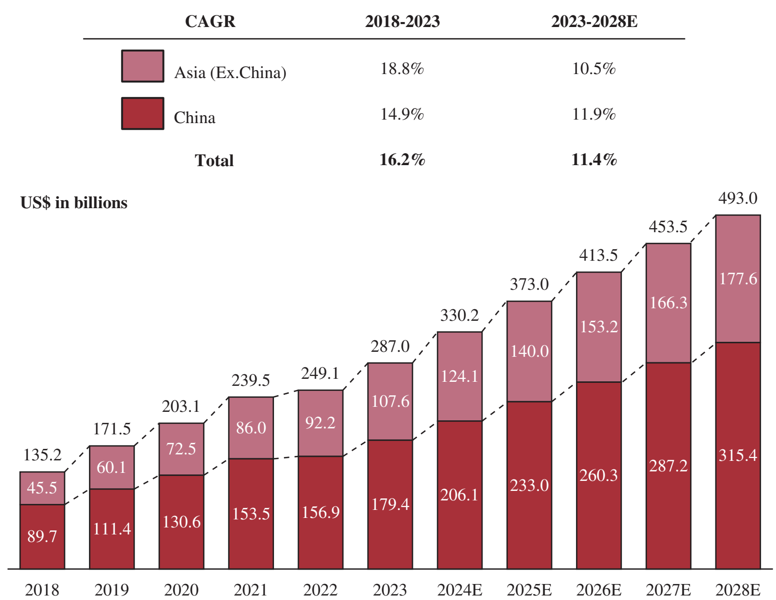
2 *CR# stands for concentration rate of top # players in the industry measured by combined market shares in 2023.*

3 *In terms of market share in the third-party on-demand delivery service in 2023.*

Express

China is the largest express delivery market in Asia and globally in terms of both revenue and parcel volume in 2023. China commanded a market share of 62.5% in Asia's express market in 2023 in terms of revenue, with a market size of US$179.3 billion. China's express market is expected to maintain rapid growth from 2023 to 2028 with a CAGR of 11.9%, driven by growth in e-commerce, further penetration into consumption and manufacturing scenarios, favorable policies such as promoting express services in manufacturing industries, and technological advancements such as automation. In particular, China's e-commerce transaction scale is expected to increase from US$7,597.0 billion in 2024 to US$9,499.3 billion in 2028. This growth highlights the robust expansion of China's digital economy, driven by increasing consumer demand for online shopping, advancements in digital payment systems, and the rapid development of logistics and infrastructure supporting e-commerce.

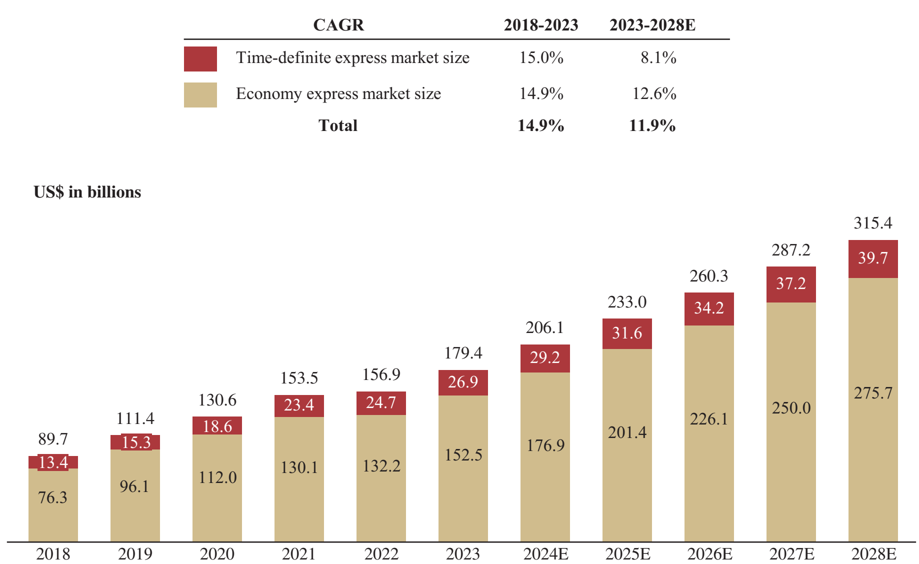
Asia Express Market Size, by Revenue, 2018-2028E



Sources: the State Post Bureau, NBS, NDRC, and Frost & Sullivan

The express market consists of time-definite and economy express services.

China Express Market Size, by Revenue, 2018-2028E



Sources: the State Post Bureau, NBS, NDRC, and Frost & Sullivan

Time-definite express in general refers to a type of express delivery services that guarantee the delivery of shipments within a specific, pre-determined timeframe. It offers precise and fixed delivery windows, typically ranging from a few hours to a maximum of two business days for domestic shipment, depending on the service level chosen. Over time, items eligible for time-definite express delivery have expanded to include a wider range of categories, size, and weight. The typical price for time-definite express is around RMB15 per shipment.

Economy express, also known as non-time-definite express, refers to a type of express delivery services that prioritize cost-effectiveness over strict time commitments. Unlike time-definite express services that guarantee specific delivery windows, economy express services do not include fixed or guaranteed delivery timelines. Economy express can be further divided into mid to high-end and low-end services with price range of RMB6-8 and RMB2-3 per shipment respectively.

Time-definite express is the fastest growing and most profitable segment within express delivery services, primarily attributable to: (i) the increasing trend of online consumption of mid to high-end products, which requires fast and reliable delivery; (ii) accelerating forward/reverse logistics demand fueled by the rise of emerging e-commerce platforms, which benefits independent third-party logistics platforms; (iii) growing time-definite express demand among industrial sectors characterized by supply chain disruptions, customer-to-manufacturer ("**C2M**") transitions and just-in-time practices; (iv) increasing industrial B2B online penetration that requires swift and dependable delivery of goods between businesses; and (v) customers' increased willingness to pay a premium for high-quality services.

Mid to high-end economy express is a fast growing segment within express delivery services, primarily attributable to (i) increasing demand for quality express services at reasonable price, due to increased e-commerce penetration, and tiered consumption and (ii) logistics demand from emerging e-commerce platforms.

The barriers to entry for time-definite express delivery are exceptionally high. Service providers in China need to be equipped with the following features to succeed in the market: (i) extensive and dense nationwide network; (ii) strong control over their network, services and capacity; (iii) mission-critical and scarce resources such as air cargo fleets, air cargo hubs, airport slots and ground networks; (iv) brand recognition, as customers tend to trust established brands and are more likely to use their services; (v) operational know-how accumulated over decades; and (vi) strong technological capabilities. This is typically only possible when a service provider utilizes the directly operated model.

As a result, only very few logistics service providers can provide time-definite express services and the market remains highly concentrated. The top two time-definite express service providers, namely, the Group and a leading state-owned enterprise in China, affiliated with a large state-owned enterprise primarily engaged in postal delivery and postal savings services in the PRC, specializing in providing express mail and logistics services, accounted for 85.1% of the market share in China in terms of revenue in 2023, and the Group was the clear leader in China with a market share of 63.9% in 2023.

For economy express, the Group strategically focuses on the mid to high-end sub-segment and was the largest player within this sub-segment with a market share of 49.9% in terms of revenue in 2023, while the Tongda Operators adopt the franchising models and mainly compete in the lower-end sub-segment.

The revised "Express Delivery Market Management Measures" by the Ministry of Transport of the PRC came into effect on March 1, 2024. It clarified that without recipients' consent, express delivery companies cannot confirm receipt of parcels on behalf of the recipient, nor arbitrarily deliver parcels to smart parcel lockers, service outlets, or other terminal delivery outlets. The impact of the new measures on the Group is anticipated to be limited as compared to other franchising players, mainly because: i) the Group has always been primarily focused on doorstep deliveries; ii) the Group's marginal cost for doorstep deliveries is lower than industry peers given the Group's higher density of service outlets and couriers, and the economies of scale from higher volume of time-definite parcels; iii) the Group's industry-leading data and technological capabilities continue to deepen its understanding and smart prediction of customer behaviors, leading to higher operational efficiency in delivery; iv) more and more e-commerce platforms offer customers with the option of doorstep delivery, which will ultimately benefit premium logistics brands with strong last-mile capabilities who are best equipped to provide high-quality and reliable doorstep delivery services.

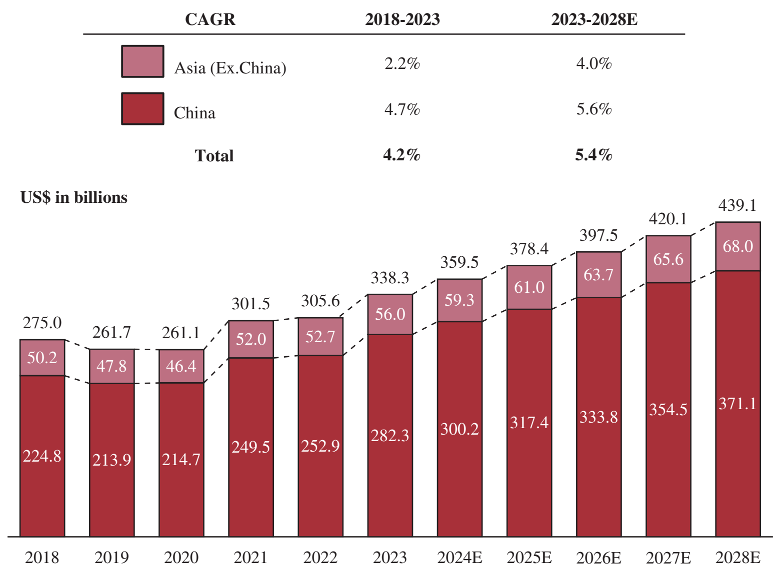
Leveraging the Group's directly operated network and high-quality service capabilities, the Group is able to maintain price premium in both time-definite express and economy express. The Group also has the best service quality among all express players in China, and was ranked by the State Post Bureau as (i) 1st for 15 consecutive years (2009 to 2023) in overall customer satisfaction, (ii) 1st for nine consecutive years (2013 to 2021) in delivery timeliness (within 48 hours), and (iii) 1st for nine consecutive years (2013 to 2021) in delivery punctuality (within 72 hours). The State Post Bureau has not published new rankings for delivery timeliness and delivery punctuality since 2021.

The Group was the largest express service provider in China in terms of revenue in 2023, with a market share of 11.7%. The Group was also the largest express and time-definite express delivery service provider in Asia, in terms of revenue in 2023.

LTL Freight

Ground freight delivery is carried out mainly through FTL and LTL modes, with LTL mode being the fastest growing sub-segment in freight delivery services. The market size of LTL freight in China in terms of revenue increased from US$224.8 billion in 2018 to US$282.3 billion in 2023, representing a CAGR of 4.7%, and is expected to increase to US$371.1 billion in 2028, representing a CAGR of 5.6% from 2023. In addition, China represents the largest LTL freight market in Asia. In 2023, China's LTL freight market accounted for 83.4% of the market share in LTL freight market in Asia in terms of revenue. This dominance of China's LTL freight market significantly mirrors the overall landscape of LTL freight market in Asia.

Asia LTL Freight Market Size, by Revenue, 2018-2028E



Sources: China Federation of Logistics and Purchasing, NBS, NDRC, and Frost & Sullivan

The following factors are expected to drive the development of the LTL freight market in China: (i) increasing penetration of business-to-business, or B2B, industrial and business-to-consumer, or B2C, heavy freight online platforms, which are reshaping the way businesses and consumers transport goods; (ii) C2M transitions and the adoption of just-in-time manufacturing practices, creating a demand for efficient and timely freight delivery services to support production; (iii) more deliveries directly from product origin to end market propelled by e-commerce; (iv) the multi-layered distribution channels in many industries are becoming flatter, generating increased demand for nationwide and timely LTL freight services; and (v) omni-channel distribution, where goods are distributed through multiple channels, requiring a flexible and reliable freight delivery network.

The LTL freight market is highly fragmented with substantial opportunities for consolidation. The LTL freight landscape in China is made up of a small number of nationwide network players and more than 200,000 small and medium regional and direct-line operators. The aggregate market share of nationwide network players in China's LTL freight market was 6.2% in 2023, and is expected to increase to 10.9% in 2028. The Group was the largest LTL freight service provider in China in terms of both revenue and volume in 2023, with a market share of 1.7% in terms of revenue and 0.4% in terms of volume, respectively. The Group was also the largest LTL freight service provider in Asia, in terms of revenue and volume in 2023.

LTL freight service providers in China need to obtain the following capabilities in order to succeed: (i) nationwide network coverage, with the ability to deliver across the country; (ii) streamlined and efficient operational process, maximizing operational and cost-efficiency; (iii) commitment to superior service quality and stringent network control; and (iv) advanced technological capabilities.

Integrated logistics players with strong network and capabilities from express delivery services enjoy strong advantages against traditional LTL freight service providers, including: (i) established nationwide full-capability network with unparalleled density; (ii) superior last-mile delivery capabilities that offer to-door services; (iii) a trusted brand that results in increased customer willingness to accommodate installation services at home, creating additional value-added services opportunities; (iv) revenue synergies from cross-selling; and (v) cost synergies from sharing infrastructure and resources with express networks, which allows providers to offer high-quality services with competitive pricing. As a result, the Group managed to overtake the former largest LTL freight player* in only six years since the Group launched the business.

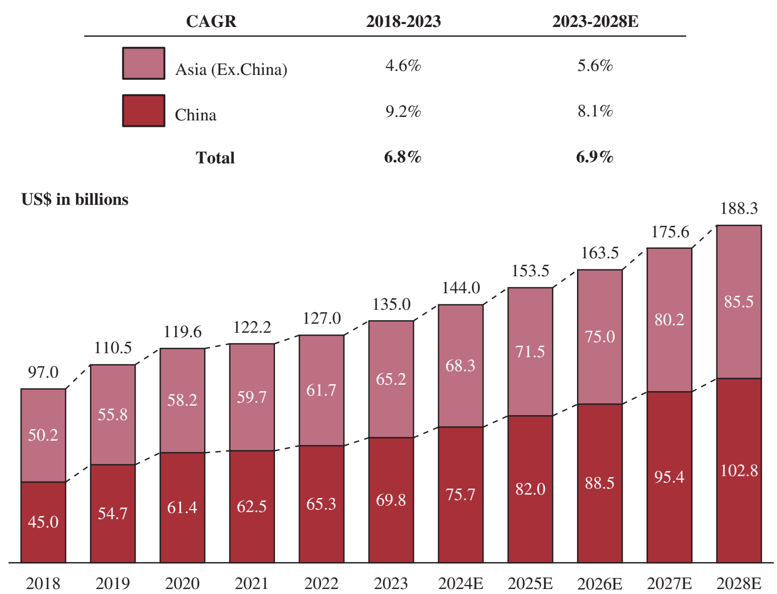
Cold Chain Logistics

Cold chain logistics refers to specialized handling, storage, and transportation of temperature-controlled products or goods that require specific temperature conditions to maintain their quality, integrity, and safety throughout the logistics process. The Chinese cold chain logistics market has emerged as a crucial component of the Asian cold chain logistics landscape, representing more than 50% of Asian market in 2023. The market size of cold chain logistics in China in terms of revenue increased from US$45.0 billion in 2018 to US$69.8 billion in 2023, representing a CAGR of 9.2%, and is expected to further increase to US$102.8 billion in 2028, representing a CAGR of 8.1% from 2023.

Pharmaceutical logistics services account for a significant portion of the cold chain logistics market in China. The market size of pharmaceutical logistics services in China in terms of revenue increased from US$2.1 billion in 2018 to US$4.6 billion in 2023, representing a CAGR of 17.0%, and is expected to further increase to US$8.1 billion in 2028, representing a CAGR of 12.0% from 2023.

* A Chinese logistics company established in the 1990s. It provides express delivery services, freight delivery and warehouse management. It is currently a subsidiary of Company D and is a publicly listed company.

Asia Cold-chain Logistics Market Size, by Revenue, 2018-2028E



Sources: China Federation of Logistics and Purchasing, NBS, NDRC, and Frost & Sullivan

The following factors are expected to drive the development of cold chain logistics services market in China: (i) favorable policy support from the PRC government to promote the development of cold chain logistics infrastructure; (ii) increasing popularity of livestreaming e-commerce, driving the need for cold chain logistics for pre-made and fresh food delivery; (iii) rise of omni-channel retail and the demand for frequent and low-volume deliveries for fresh food in communities; and (iv) fast-growing pharmaceutical industry in China, driving the demand for dedicated and high-quality logistics services to transport temperature-sensitive products.

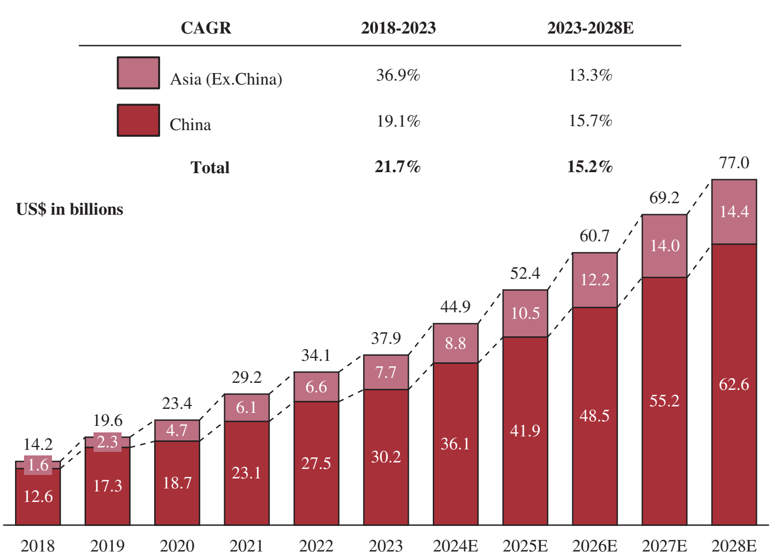
The cold chain logistics services market is also highly fragmented with substantial room for consolidation. In China, there are over 2,000 small and medium-sized cold chain logistics service providers. However, very few leading players have the capability to provide end-to-end cold chain logistics services that cover the entire process from production, storage, transportation and distribution to the end-consumer, while ensuring constant temperature control and stable services quality. The Group was the largest cold chain logistics service provider in China in terms of revenue in 2023, with a market share of 2.2%.

Cold chain logistics service providers in China need to obtain the following capabilities in order to succeed in the market: (i) high-quality services to meet the stringent requirements of handling temperature-sensitive products, including maintaining precise temperature control, implementing strict quality control measures, and ensuring timely deliveries; (ii) control over directly operated network; (iii) end-to-end multi-temperature solutions to address customers' wide-ranging temperature requirements for products such as frozen and chilled food products; and (iv) well-established and specialized cold chain infrastructure, which requires access to scarce resources and ability to make capital investments.

Intra-City On-Demand

Intra-city on-demand delivery refers to the provision of delivery services upon demand within a specific city or urban area, and typically involves delivery of cooked meals, groceries and consumer goods. Intra-city on-demand delivery services are most commonly provided by riders using two-wheel vehicles. The market size of intra-city on-demand delivery in China in terms of revenue increased from US$12.6 billion in 2018 to US$30.2 billion in 2023, representing a CAGR of 19.1%, and is expected to further increase to US$62.6 billion in 2028, representing a CAGR of 15.7% from 2023 to 2028. The third-party on-demand delivery services market is a key component in the intra-city on-demand delivery market in China. The market size of third-party intra-city on-demand delivery in China in terms of revenue increased from US$3.0 billion in 2018 to US$7.8 billion in 2023, representing a CAGR of 21.1%, and is expected to further increase to US$21.0 billion in 2028, representing a CAGR of 21.9% from 2023. Built upon China's vast food delivery and urban retail markets, the intra-city on-demand delivery market in China commanded a dominant market share in Asian market of 79.7% in 2023 in terms of revenue.

Asia Intra-city On-demand Delivery Market Size, by Revenue, 2018-2028E



Sources: NBS, NDRC, and Frost & Sullivan

The following factors are expected to drive the development of the third-party intra-city on-demand delivery market in China: (i) continued urbanization and increases in consumer purchasing drive greater demand for convenient and efficient intra-city on-demand delivery services; (ii) growing demand for food and beverage delivery driven by increased online penetration in local services; (iii) emerging new service scenarios driven by local e-commerce, including, but not limited to, various goods such as groceries, electronics, apparel, cosmetics, and pharmaceuticals; and (iv) increased demand from merchants to build direct internet traffic and reduce reliance on internet platforms. The transformation has led to growing demand for sophisticated third-party delivery services.

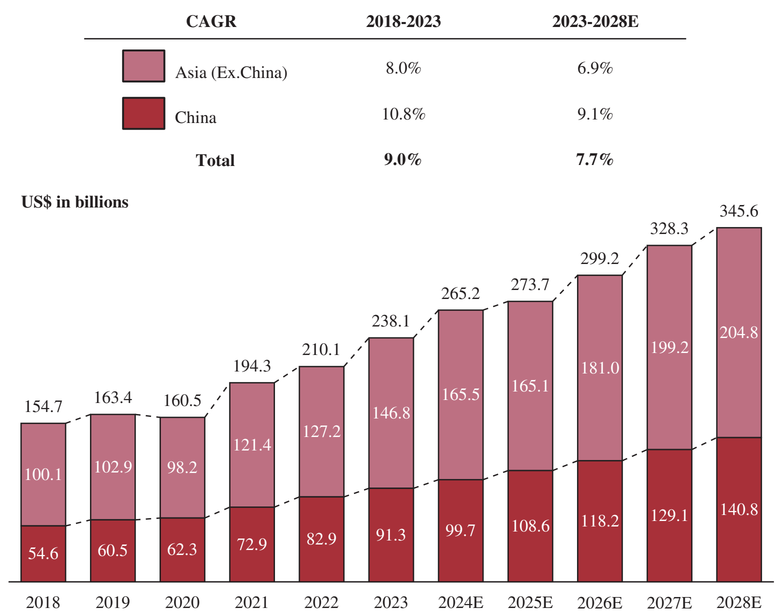
The third-party intra-city on-demand delivery services market is relatively fragmented. Currently, many merchants' orders are fulfilled by less organized local delivery teams. The aggregate market share of China's top three third-party intra-city on-demand delivery service providers in terms of revenue was 32.6% in 2023. The Group was the largest third-party intra-city on-demand delivery service provider in China in terms of revenue in 2023, with a market share of 13.8%. The Group was also the largest third-party intra-city on-demand delivery service provider in Asia, in terms of revenue in 2023.

Intra-city on-demand delivery service providers in China will need to obtain the following capabilities in order to succeed in the market: (i) well-established customization capabilities to cater to various customer needs, including different types of goods, delivery timeframes, and special requirements; (ii) flexibility in catering to diverse scenarios; (iii) a high-quality and diverse pool of riders, who play a vital role in customer satisfaction through their reliable, professional and capable services, requiring service providers' investment in compensation and trainings; advanced technological capabilities, which help enhance operational efficiency, improve delivery accuracy, and provide a seamless user experience; and (iv) high-level independency and reliability.

End-to-end Supply Chain Solutions

End-to-end supply chain solutions comprehensively optimize the entire flow of goods, information, and services from initial procurement to the final delivery of products to end users. This demands an intricate understanding of procurement, production, inventory management, transportation, warehousing, and distribution, alongside advanced technologies for real-time tracking and data analysis, helping customers to tackle the complexities of managing the entire supply chain. Unlike companies that only provide partial supply chain solutions such as warehousing distribution, the core competency of end-to-end supply chain solutions providers lies in orchestrating the seamless coordination and integration of diverse functions, partners, and processes across the entire supply chain life cycle. As a result, end-to-end solution providers are able to serve a wider group of customers from various industry verticals, who demand for integrated solutions with higher value-added in a comprehensive range of logistics scenarios. On the other hand, building end-to-end capabilities requires established domestic and international network and infrastructure, technologies, and cross-functional expertise, which set a high entry barrier for potential competitors. The market size of end-to-end supply chain solutions in Asia increased from US$154.7 billion in 2018 to US$238.1 billion in 2023, representing a CAGR of 9.0%. This market is expected to further increase to US$345.6 billion in 2028, representing a CAGR of 7.7% from 2023. End-to-end supply chain solutions continue to experience significant demand in China, outgrowing the overall logistics market in China. The market size of end-to-end supply chain solutions in China increased from US$54.6 billion in 2018 to US$91.3 billion in 2023, representing a CAGR of 10.8%, and is expected to further increase to US$140.8 billion in 2028, representing a CAGR of 9.1% from 2023 to 2028. As a result, supply chain solutions as percentage of total third-party logistics spending is also expected to grow from 7.2% in 2023 to 8.3% in 2028.

Asia End-to-end Supply Chain Solutions Market Size, by Revenue, 2018-2028E



Sources: China Federation of Logistics and Purchasing, NBS, NDRC, and Frost & Sullivan

The following factors are expected to drive the development of end-to-end supply chain solutions market in China: (i) increasingly complex and sophisticated customer needs across industry verticals, requiring customized supply chain solutions tailor-made for specific industry requirements; (ii) vast efficiency improvement potential at the manufacturing end of the supply chain, driven by customer demand for manufacturing process optimization and cost savings; (iii) demand for data insights and other value-added services, which support an enhanced decision-making process, improved forecasting accuracy, and disruption avoidance; and (iv) favorable governmental policies that encourage the development of integrated supply chain solutions.

The Group was the largest non-state-owned third-party end-to-end supply chain solutions provider in China in terms of revenue in 2023, with a market share of 3.2%. The top ten supply chain solution providers in China collectively accounted for 38.0% of the market share in China in terms of revenue in 2023, reflecting a relatively more concentrated landscape as compared to the broader logistics market. Historically, many leading supply chain solutions providers in China were associated with either traditional e-commerce platforms or large-scale manufacturing corporates. There are few independent third-party providers who are capable of providing sophisticated supply chain solutions at scale, given high entry barriers such as industry knowhow, advanced technology requirement, extensive infrastructure and established customer relationships. Independent, sizable third-party supply chain solutions providers like the Group are well positioned to gain market share, given (i) outsourcing demand driven by medium-to-large corporates' increasingly complex supply chain, and (ii) e-commerce traffic diversification driven by new emerging platforms.

Supply chain solutions providers in China will need to obtain the following capabilities in order to succeed in the market: (i) integrated and end-to-end services capabilities along the entire supply chain; (ii) third party independence that enables supply chain solutions providers to fully collaborate with various stakeholders along the industry value chain, not having to rely on a specific number of customers and industries; (iii) direct control over supply chain infrastructure and service processes to ensure service reliability, efficiency and quality; (iv) application of advanced technologies and data to optimize operations, enhance visibility, and enable data-driven decision-making; (v) deep understanding of specific industries and their supply chain dynamics, which enables tailored solutions to address industry-specific challenges; and (vi) well-established brand image and premium services.

Asia (Excluding China) and Asia Intercontinental Logistics Market Overview

Over the past decades, globalization presented significant growth opportunities for U.S. and European companies outside of their home markets, leading to emergence of a number of multi-national corporations. During that period, the global top three integrated logistics service providers played a critical role in enabling their customers' expansion into overseas markets, and as a result, benefited by capturing those growth opportunities in parallel. Today, a similar set of structural growth opportunities are presented to leading, Asia-based integrated logistics players, given (i) Asian companies are increasingly expanding their traditional cross-border trade, enhancing international brand recognition, and extending their production capacities overseas, (ii) global multinational corporations expanding and diversifying their supply chain across emerging Asian countries, and (iii) continued penetration of cross-border e-commerce between Asia and other global markets.

Outside of China, total logistics spending in Asia reached US$2,361.9 billion in 2023, accounting for 21.2% of the global market. Asia (excluding China) is also expected to be one of the fastest growing markets globally, with total logistics spending expected to reach US$3,297.7 billion in 2028, growing at a CAGR of 6.9% from 2023. The penetration rate for outsourced logistics for Asia (excluding China) was 44.3% in 2023, below the global average of 47.1% and 50% or above in developed markets such as North America and Europe, indicating further growth potential for third party logistics service providers. Within this market, (i) Intra-Asia logistics and (ii) Southeast Asia domestic logistics represent two highly attractive growth opportunities.

Beyond Asia, intercontinental logistics represents a significant opportunity, with total logistics spending increasing from US$1,089.1 billion in 2018 to US$1,182.7 billion in 2023, representing a CAGR of 1.7%, and is expected to further increase to US$1,431.4 billion in 2028, representing a CAGR of 3.9% from 2023. The Group had the largest international operations among Asia-based integrated logistics service providers in terms of international revenue in 2023.

	Intra-Asia Logistics	SEA Domestic Logistics	Asia-Intercontinental Logistics
2023 market size (US$ in billions)	254	475	1,183
23-28 CAGR	6.9%	5.9%	3.9%

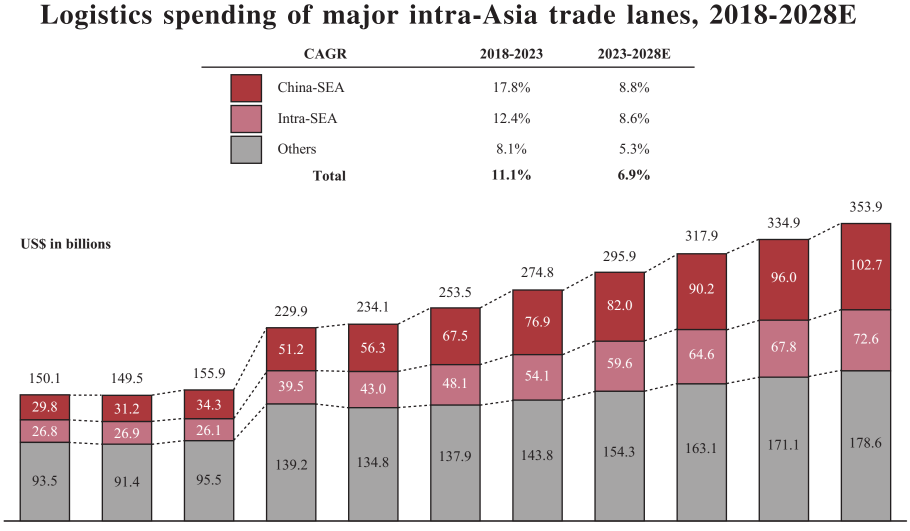
Source: Frost & Sullivan

Intra-Asia Logistics Markets

Intra-Asia trade comprised of 36.5% of the world's total trade flow in 2023, generating significant demand for cross-border logistics services. Intra-Asia logistics spending increased from US$150.1 billion in 2018 to US$253.5 billion in 2023 at a CAGR of 11.1%, and is expected to further increase to US$353.9 billion in 2028, representing a CAGR of 6.9% from 2023. China and Southeast Asia both have dominant representation in Intra-Asia logistics, each associated with three of the top five trade lanes by logistics spending. In particular, China-Southeast Asia represents the largest share of 26.6% in intra-Asia logistics spending in 2023 and is expected to grow the fastest in the region, with a CAGR of 8.8% from 2023 to 2028.

The strong growth prospects for Intra-Asia and in particular, the China-Southeast logistics markets, are mainly driven by (i) growth in cross-regional trade flow propelled by the expanding role of Southeast Asia in the global supply chain; (ii) accelerating regional integration underpinned by initiatives such as China-ASEAN Free Trade Agreement and the Regional Comprehensive Economic Partnership, which promotes regional trade and reduces barriers among SEA countries and their trading partners; (iii) boom in cross-border e-commerce across the region; and (iv) Belt and Road Initiative, which aims to enhance economic connectivity between China and countries in Southeast Asia, among other regions.

Logistics spending of major intra-Asia trade lanes, 2018-2028E



Sources: United Nations Conference on Trade and Development, World Bank, and Frost & Sullivan

In order to succeed in the China-Southeast Asia logistics market, logistics service providers will need to acquire the following capabilities: (i) integrated cross-border capabilities, such as time-definite express, freight forwarding and supply chain solutions to fulfill the evolving demand of customers; (ii) ownership and/or access to infrastructure, such as aviation, cargo fleet and warehouses; (iii) strong foothold and extensive last-mile capabilities in both China and Southeast Asia; (iv) timeliness, service quality and diverse product offerings at competitive pricing; and (v) self-operation across key logistics capabilities including express, freight forwarding and warehousing, allowing for seamless coordination, control and hence service quality across the end-to-end supply chain.

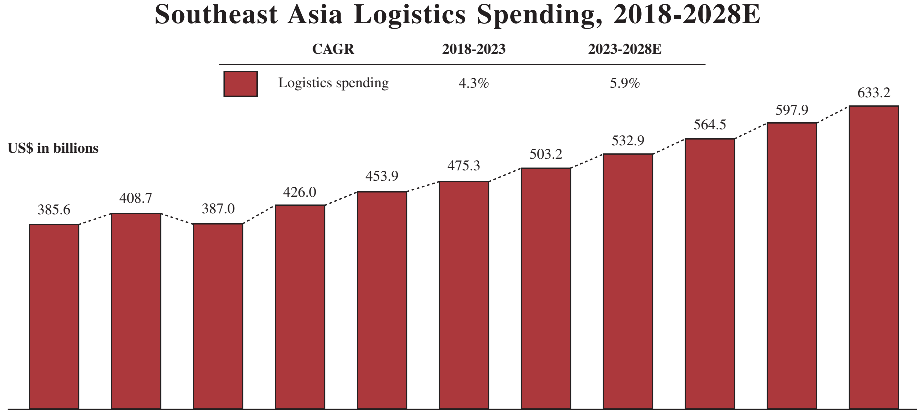
Integrated logistics service providers, with directly operated cross-border express, domestic last-mile capabilities in both China and Southeast Asia, freight forwarding and supply chain capabilities are well-positioned to capture the significant growth opportunities in the Intra-Asia logistics markets.

Within the China-Southeast Asia cross-border logistics market, the freight forwarding market is highly fragmented with hundreds of global and regional market participants. The aggregate market share of top ten players in this market was less than 20% in 2023. In contrast, the international express market is highly concentrated with global and China-based integrated logistics players dominating 73% of the total market share by revenue in 2023. Integrated logistics service providers are the only players that can offer a combination of high-quality international express and freight forwarding logistics services. These companies have established themselves as leaders with extensive networks and superior aviation and cross-border capabilities.

Southeast Asia Domestic Logistics Markets

Outside of China, Southeast Asia represents a major and one of the fastest growing logistics markets in Asia (excluding China) based on logistics spending in 2023. Southeast Asia accounted for 9.4% and 20.1% of overall Asia and Asia (excluding China) market, respectively. Logistics spending in Southeast Asia increased from US$385.6 billion in 2018 to US$475.3 billion in 2023 at a CAGR of 4.3%, and is expected to further increase to US$633.2 billion in 2028, representing a CAGR of 5.9% from 2023, which is higher than in China, Japan and South Korea.

Southeast Asia Logistics Spending, 2018-2028E



Sources: IMF, World Bank, and Frost & Sullivan

The strong growth prospects of the Southeast Asia logistics market is mainly driven by the following factors: (i) strong economic growth across Southeast Asian economies, resulting in growing GDP per capita and consumer purchasing power; (ii) continued proliferation of Southeast Asia e-commerce; (iii) continued improvements in logistics infrastructure; (iv) Southeast Asia's growing importance in the global supply chain, which attracts more multi-national enterprises to build manufacturing and distribution centers in the region, driving logistics demand, and (v) favorable government policies promoting e-commerce and the development of and logistics infrastructures.

In order to succeed in Southeast Asia, logistics service providers will need to acquire the following capabilities: (i) the ability to customize services and operations in accordance with the local competitive landscape, regulatory requirements, and cultural nuances across different Southeast Asian countries; (ii) extensive domestic coverage, last-mile, line-haul and warehouse network in Southeast Asia which all requires significant of time and capital to establish; and (iii) timeliness, service quality and diverse product offerings at competitive pricing.

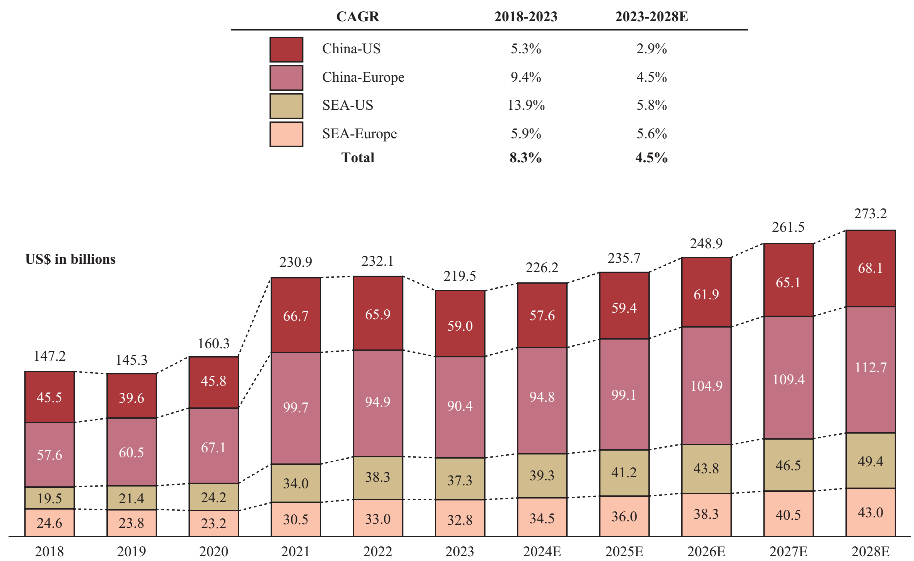
Integrated logistics service providers, with their directly operated last-mile network and extensive experience in local markets, expertise across the full-spectrum of logistics services, use of proprietary technologies and leading operational efficiency are well-positioned to capture the significant growth opportunities in Southeast Asia.

The domestic logistics markets across Southeast Asian countries are characterized by high competition and fragmentation, including logistics companies operating in one single market or in multiple markets. E-commerce penetration has significantly increased in Southeast Asia from 4.6% in 2018 to 18.2% in 2023, and is expected to further reach 33.1% in 2028. As a result, e-commerce express has become a primary growth driver for logistics spending in Southeast, benefiting leading express companies across the region.

Asia Intercontinental Logistics Markets

Intercontinental logistics services mainly refer to express delivery services and freight forwarding services carried out on intercontinental trade routes. Asia intercontinental logistics spending increased from US$1,089.1 billion in 2018 to US$1,182.7 billion in 2023, representing a CAGR of 1.7%, and is expected to further increase to US$1,431.4 billion in 2028, representing a CAGR of 3.9% from 2023. Among all Asia intercontinental trade routes, China-US and China-EU continued to be the two largest routes in terms of revenue in 2023. The fastest growing trade routes are represented by Southeast Asia to US and Southeast Asia to EU, and are expected to grow by a CAGR of 5.8% and 5.6% from 2023 to 2028, respectively.

Logistics Spending of Major Asia Intercontinental Trade Lanes, 2018-2028E



Sources: United Nations Conference on Trade and Development, World Bank, Expert Interview and Frost & Sullivan

The superior growth in the Asia intercontinental logistics markets is underpinned by the following factors: (i) China-US and China-EU trade volume, which is expected to continue to contribute the largest share in Asia intercontinental trade from 2023 to 2028, generating significant demand for cross-continental logistics services; (ii) Southeast Asia-US and Southeast Asia-Europe trade volume, which is expected to grow from US$834.2 billion in 2023 to US$1,049.9 billion in 2028, representing a CAGR of 4.7% from 2023. Southeast Asia's fast-growing economies, ever-growing economic linkage with the rest of the world, and its rising role in the global supply chain are expected to be key growth catalysts for cross continental logistics traffic between Asia and the rest of world; and (iii) structured development opportunities of Chinese and global enterprises' global expansions.

The Asia intercontinental express market is relatively concentrated and dominated by global and leading Asia-based integrated logistics companies. In particular, the market for time-definite intercontinental express services, which requires advanced and comprehensive capabilities, is dominated by only a very few global leading integrated logistics service providers who have established high barriers to entry such as decades of capital investments, extensive network, aviation capabilities, operational know-how and technological expertise. The Asia intercontinental freight forwarding market, is also primarily dominated by global leading freight forwarders who can utilize their extensive global networks and resources to provide a wide range of intercontinental end-to-end integrated freight solutions.

Intercontinental integrated logistics service providers need to obtain the following capabilities in order to succeed in Asia intercontinental market: (i) extensive global network and infrastructure coverage in Asia and across the globe, to enable efficient connections and faster fulfillment; (ii) established brand and long-standing relationships with a diverse customer base; (iii) strong control in air cargo and shipping capacity; (iv) deep industry knowledge and insights to address complex and customized logistics needs; and (v) advanced technological capabilities to enhance efficiency, visibility, and customer experiences.

Cross-border E-commerce Logistics Market

Cross-border e-commerce is emerging as a new growth engine for intra-Asia and Asia intercontinental logistics. In particular, China cross-border e-commerce logistics is expected to grow at a CAGR of 17.3% from 2023 to 2028.

China cross-border logistics market witnessed multiple underlying secular trends, including:

(1) the demand from cross-border e-commerce platforms is becoming more and more diverse. For instance, many platforms are now demanding for both air and ocean freight services, as well as capabilities to handle shipments at customized volume and weight. Such demand is likely to favor logistics vendors equipped with integrated logistics capabilities.

(2) geographically, e-commerce platforms are also expanding their operations to cover more regions across countries and continents. As a result, logistics vendors with global footprints and service capabilities are better positioned to serve those platforms.

(3) cross-border e-commerce platforms are turning to segmented tendering, which refers to the process of dividing the procurement of cross-border e-commerce logistics services into different segments or stages and conducting separate tenders for each segment, when selecting logistics service providers. Consequently, logistics players owning or self-operating mission-critical assets across logistics processes (such as pickup, line-haul, customs clearance, warehousing and delivery) are better positioned to acquire larger customer wallet share across the logistics value chain, due to better service quality, broader product capabilities and higher cost efficiency.

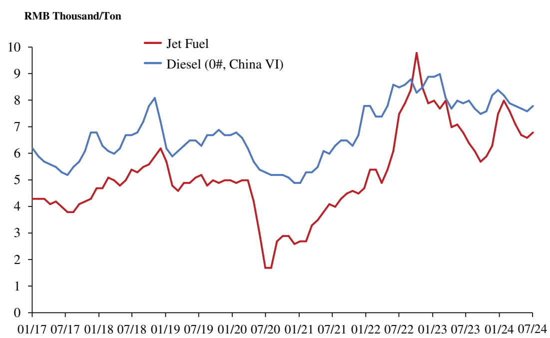
As a result, China-based integrated logistics players with i) direct operations, ii) integrated capabilities and iii) third-party independence are strategically positioned to capitalize on the continued high growth of China's cross-border e-commerce logistics sector.

COST ANALYSIS

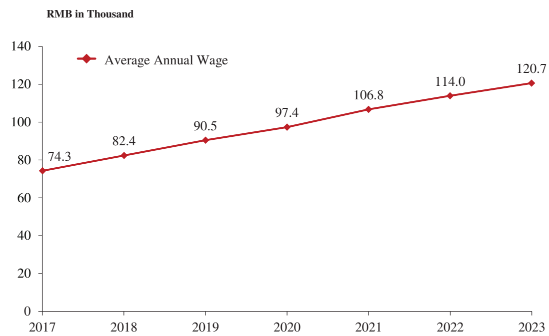
Transportation costs are primarily driven by the prices of petroleum products. Since 2017, the prices of petroleum products, including diesel and jet fuel, have shown a volatile trend. Key factors included a significant drop in global petroleum product prices in 2020 due to the impact of the pandemic. In 2022, crude oil prices continued to rise. However, since mid-2022, several countries have released substantial strategic crude oil reserves to alleviate supply pressures. Additionally, with demand expectations weakening against a backdrop of global interest rate hikes, petroleum product prices gradually retreated from their highs. Looking ahead, international oil price trends will depend more on global economic developments, Organization of the Petroleum Exporting Countries production policies, increased focus on energy security by various countries, and energy transition.

Against the backdrop of continuous economic growth in China since 2017, the average wage of urban employees has shown a steady upward trend. Looking ahead, this growth trend is expected to continue.

Monthly Price of Diesel and Jet Fuel in China, January 2017 to March 2024



Average Annual Wage of Urban Employees in China, 2017 to 2023



Sources: NBS, Frost & Sullivan

SOURCE OF INFORMATION

This section contains information extracted from the F&S Report prepared by Frost & Sullivan independently, which is commissioned by us in connection with the Global Offering. We expect to pay Frost & Sullivan a total of RMB1,208,400 for the F&S Report and our use of the report. Frost & Sullivan is a consulting company which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the F&S Report. We have extracted certain information from the F&S Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this prospectus to provide our potential investors with a more comprehensive presentation of the industry in which we operate.

During the preparation of the F&S Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information on and industry insights into the logistics markets in China and globally. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. Exchange rate used in the F&S Report are set out as following: (i) the translations between Renminbi and U.S. dollar are made at the rate of RMB6.7319 to US$1.00, (ii) the translations between Euro and U.S. dollar are made at the rate of Euro 0.9511 to US$1.00, and (iii) the translations between Japanese yen and U.S. dollar are made at the rate of Japanese yen 131.448 to US$1.00. The F&S Report was compiled based on the following assumptions: (1) the overall social, economic, and political environment in China and globally is expected to remain stable during the forecast period; (2) relevant key drivers are likely to drive the continued growth of the logistics markets in China and globally throughout the forecast period; and (3) there is no extreme force majeure or unforeseen industry regulations in which the industry may be affected in either a dramatic or fundamental way. Our Directors have confirmed, after making reasonable inquiries and exercising reasonable care, that there is no adverse change in the market information since the date of the F&S Report which may qualify, contradict or impact the information disclosed in this section.

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

REGULATIONS ON CORPORATION

On December 29, 1993, the Standing Committee of the National People's Congress (the "SCNPC") issued the *PRC Company Law* (《中華人民共和國公司法》) (the "Company Law"), which was recently amended by the SCNPC on December 29, 2023 and will come into force on July 1, 2024. All companies established in the PRC are subject to the Company Law. The Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares.

General Meeting

According to the Company Law, a shareholders' general meeting of a company limited by shares shall be constituted by all the shareholders; the shareholders' general meeting shall be the authority of the company and shall exercise duties and powers in accordance with the provisions the Company Law.

A shareholders' general meeting shall be convened once every year. An extraordinary shareholders' general meeting shall be convened within two months in case of the certain events specified in the Company Law.

The Company Law has no specific provisions on the quorum of shareholders to attend the general meeting of shareholders.

Under the Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights or the classified shares held by the shareholders.

Under the Company Law, resolutions of the general meeting shall be passed by more than half of the voting rights held by shareholders (including those represented by the appointed representative), with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the Articles of Association, which in each case shall be passed by at least two-thirds of the voting rights held by the shareholders (including those represented by the appointed representative).

The shareholders may entrust the entrusted representative to attend the general meeting of shareholders, and the power of attorney shall specify the scope of exercising the voting right.

The Company Law has no specific provisions on the quorum of shareholders.

Transfer of Shares

Shares may be transferred in accordance with relevant laws and regulations. Registered shares shall be transferred by means of endorsement or other means prescribed by laws or administrative regulations; after the transfer, the company shall record the name and domicile of the transferee in the register of shareholders of the company. Within 20 days before the general meeting of shareholders or within 5 days before the record date of dividend distribution determined by the company, the above-mentioned register of shareholders shall not be changed. The transfer of bearer shares shall take effect when the shareholder delivers the shares to the transferee.

Restrictions on Shareholding and Transfer of Shares

Generally, the target investors of H shares offering by domestic companies shall be overseas investors. Where domestic investors subscribe H shares issued by domestic companies, domestic investors shall be compliant with relevant provisions of the cross-border investment, such as qualified domestic institutional investors (QDII), or overseas investment filing (ODI), etc.

Under the Company Law, the shares issued before the public offering shall not be transferred within one year from the date of the stocks of the company are listed and traded on the stock exchange. The directors, supervisors and senior management personnel of the company shall report to the company the shares held by them and their changes, and the shares transferred each year during their term of office shall not exceed 25% of the total shares of the company held by them during their tenure. The above-mentioned personnel shall not transfer their shares of the company within half a year after their resignation. The Articles of Association may make other restrictive provisions on the transfer of shares held by the directors, supervisors, and management personnel of the company.

Variation of Class Rights

The Company Law has no special provision relating to variation of class rights. However, the Company Law states that The State Council may formulate separate regulations on companies issuing other types of shares which are not provided in the Company Law.

REGULATIONS ON EXPRESS DELIVERY SERVICES

The *PRC Postal Law* (《中華人民共和國郵政法》), which was promulgated on December 2, 1986 and latest amended in 2015, sets out the fundamental rules on the establishment and operation of an express delivery company. Pursuant to the *PRC Postal Law*, an enterprise that operates and provides express delivery services must run its express delivery business by obtaining a Courier Service Operation Permit. The *PRC Postal Law* also states that, a company must meet all the requirements as a corporate legal person and satisfy certain prerequisites with respect to its service capacity and management system before obtain a business permit for express delivery services, and its registered capital must be no less than RMB500,000 to operate within a province, autonomous region, or municipality directly under the central government, no less than RMB1,000,000 in the case of cross-provincial operation, and no less than RMB2,000,000 to operate international express delivery services.

In addition, after the effectiveness of the PRC Postal Law, (i) the *Administrative Measures for Express Delivery Market*, (ii) the *Express Delivery Market Measures and the Administrative Measures on Courier Service Operation Permits* (《快遞業務經營許可管理辦法》), which was first promulgated on September 1, 2009 and latest amended on November 28, 2019, and (iii) the *Provisional Regulations on Express Delivery Business* (《快遞暫行條例》), which was mostly recently amended on March 2, 2019, further state that, any entity engaging in express delivery services must obtain a Courier Service Operation Permit from the State Post Bureau or its local counterpart and is subject to their supervision and regulation. Entities applying for a permit to operate express delivery services in a certain province should apply to the provincial-level post bureau, while entities applying for a permit to operate express delivery services across multiple provinces should apply to the State Post Bureau. If an entity operates express delivery services without obtaining a Courier Service Operation Permit in accordance with the above measures, it may be compelled to make corrections, subject to the confiscation of its earnings generated from its unlicensed operating express delivery services, imposed a fine ranging from RMB50,000 to RMB200,000, and/or ordered to suspend its business operation for rectification. If a permit-holder does not operate any express delivery services for over six months without due grounds after obtaining the Courier Service Operation Permit, or suspends its business for more than six months without authorization, the postal administrative departments have the authority to cancel the Courier Service Operation Permit of such holder.

Moreover, an express delivery company is required to file with the postal administrative department while setting up branches. The requirements for the establishment of a branch of express delivery company are specified in the *Administrative Measures for Express Delivery Market* (《快遞市場管理辦法》) (the "**Express Delivery Market Measures**"), which was promulgated by the Ministry of Transportation on January 11, 2013, recently amended on December 17, 2023 and became effective on March 1, 2024. Pursuant to the Express Delivery Market Measures, express delivery companies shall make public announcements and/or publish service areas or service time limit as required and make an announcement to the public in advance for the change of service areas or service time limit. Express delivery operators shall limit the access to the personal information of users to what is necessary for the performance of express delivery service contracts, and shall not excessively collect the personal information. In addition, express delivery operators shall establish the management systems and operating procedures for the production, use, custody and destruction of express waybills, and take the encryption, de-identification and other security technical measures to protect the information security of express waybills. Where an express delivery company entrusts its express delivery service to another enterprise without Courier Service Operation Permit, it may be imposed a fine ranging from RMB5,000 to RMB30,000. With regard to any express delivery company committing any of the following acts, competent postal administration authority shall order it to make rectifications, issue a warning or circulate a notice of criticism against it, and it may imposed a fine of not more than RMB30,000: (i) acknowledge receipt of courier items on behalf of a user without the consent of the user; (ii) using smart courier boxes, courier service stations etc. to deliver courier items without consent of a user; or (iii) throwing or treading on courier items. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Adviser, neither our Company nor our relevant domestic major subsidiaries have been subject to any administrative penalty due to violation of Express Delivery Market Measures, that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

The express delivery business must be operated within the permitted scope and valid term of the Courier Service Operation Permit, and enterprises engaged in express delivery services other than postal enterprises may not engage in posting and mail delivery business exclusively operated by postal enterprises, and may not deliver any official documents of state organs. The Courier Service Operation Permit is valid for 5 years upon its issuance and comes with an annual reporting obligation. According to the Express Delivery Market Measures and the *Administrative Measures on Courier Service Operation Permits*, an enterprise engaged in express delivery services must complete annual reporting on its operation status for the previous year with the postal administrative authority which issued its Courier Service Operation Permit. Where an express delivery service company fails to submit its annual report to the relevant postal administrative authority in a timely manner or conceals any facts or commits fraud in its annual report, such express delivery service company may be imposed a fine below RMB10,000. Moreover, in February 2013, the State Post Bureau issued the *Circular on Implementing the Administrative Measures for the Express Delivery Market and Strengthening the Administration of Express Delivery Service Operations* (《關於貫徹實施<快遞市場管理辦法>加強快遞業務經營活動管理的通知》), which further clarifies that the postal administrative department must examine whether an entity operates express delivery service within the permitted business scope and geographic scope of its Courier Service Operation Permit, and the geographic examination must be carried out down to the district-level within cities. Failure to conduct express delivery services within the permitted operation scopes would subject the express delivery company to a correction order by the postal administrative department and a fine from RMB5,000 to RMB30,000.

In accordance with the *Decision of the State Council on Issues concerning Cancelling and Adjusting a Batch of Administrative Examination and Approval Items* (《國務院關於取消和調整一批行政審批項目等事項的決定》) in February 2015, a company operating express delivery services must apply for and obtain the Courier Service Operation Permit prior to the application of its business license, and the obtaining of Courier Service Operation Permit is subject to industrial and commercial registration with prior examination.

Pursuant to the *Risk Assessment and Reporting for Major Operation and Management Issues of Express Delivery Companies Headquarters (Trial)* (《快遞企業總部重大經營管理事項風險評估和報告制度(試行)》), which was issued by the State Post Bureau on October 20, 2020, the headquarters of an express delivery company must submit a report to the State Post Bureau within 3 days after making a major decision on business that may cause an impact on the nationwide postal industry, including but not limited to nationwide price adjustment, capital reduction, dissolution and bankruptcy, and any failure to submit such report in a timely manner may cause such express delivery company to make correction, subject to a fine ranging from RMB50,000 to RMB100,000 and ordered to suspend business operation until cancelation of its Courier Service Operation Permit.

Companies engaging in express delivery service must establish and implement a system for the examination of parcels or articles received for delivery. Pursuant to the *PRC Postal Law* and *Measures for the Supervision and Administration of Postal Security in the Postal Industry* (《郵政業寄遞安全監督管理辦法》) which became effective on February 15, 2020 and amended on December 20, 2023, express delivery companies must examine the postal articles so as to inspect whether the postal articles are prohibited or restricted from express delivery. Express delivery companies must also examine whether the names, nature and quantity of the postal articles have been properly disclosed on delivery form. According to the *PRC Postal Law*, any failure to establish or implement such inspection system, or any unlawful acceptance or delivery of prohibited or restricted parcels/articles may result in the sanctions to the in-charge persons bearing direct responsibility and other persons subject to direct liability of the express delivery companies and the suspension of the company's business operation for rectification or even cancelation of its Courier Service Operation Permit, being compelled to make corrections and being imposed a fine up to RMB5,000.

According to the *Provisional Regulations on Express Delivery Business*, express delivery operators and their branches may open express delivery terminal outlets which are required to file with the local post administrations in the places where they are located for record within 20 days from the date of opening their express delivery terminal outlets. The delivery terminal outlets are not required to obtain a business license. Where an express delivery service operator fails to file with the local post administrations for opening their express delivery terminal outlets, such express delivery service company may be compelled to make corrections, imposed a fine ranging up to RMB50,000 and/or ordered to suspend business for rectification. In case an express delivery service company intends to suspend operating express delivery services, it shall (i) make public announcement ten days in advance, (ii) submit a written notice to the postal administrative departments, (iii) return the Courier Service Operation Permit and (iv) make proper arrangement on undelivered express parcels. Failure to comply with such requirement may be compelled to make corrections, imposed a fine ranging up to RMB50,000 and/or ordered to suspend business for rectification. According to the *Provisional Regulations on Express Delivery Business*, express delivery operators shall also verify the identity of senders and register their identity information when receiving express parcels. Where senders refuse to furnish their identity information or furnish false identity information, express delivery operators shall not receive their express parcels. Moreover, if any express delivery operator fails to verify the identity of senders and registers their identity information, or identifies that the senders provide false identity information, but still receives the express parcels, such express delivery operator may be subject to a fine ranging from RMB100,000 to RMB500,000 or ordered to suspend business operation until cancelation of its Courier Service Operation Permit, and the personnel directly in charge and other persons directly liable may be subject to a fine ranging up to RMB100,000, according to the *Provisional Regulations on Express Delivery Business*, the *PRC Postal Law* and the *Anti-Terrorism Law* (《反恐怖主義法》). The *Provisional Regulations on Express Delivery Business* also indicates that two or more express delivery operator may use a unified trademark, corporate name or express waybill to conduct the express delivery business.

Pursuant to the *E-commerce Law of the People's Republic of China* (《中華人民共和國電子商務法》) (the "**E-commerce Law**") promulgated by Standing Committee of the National People's Congress, which took effect on January 1, 2019, express delivery service providers shall remind consignees to examine the commodities immediately on the spot; where the commodities are received by others for consignees, such providers shall obtain the consent of consignees. In addition, the E-commerce Law also stipulates that express delivery service providers shall use environmental-friendly packaging materials in accordance with the relevant provisions in an effort to reduce the consumption of and recycle packaging materials, which is further mentioned in the *Measures for Administration of Packaging of Mails and Express Mails* (《郵件快件包裝管理辦法》) promulgated by the Ministry of Transport on February 8, 2021 and has come into effect on March 12, 2021. Pursuant to the *Measures for Administration of Packaging of Mails and Express Mails*, where an express delivery company uses packaging that is not in compliance with the law, or uses a toxic substance as filling material, it would be subject to a correction order by the postal administration authority; if the express delivery company fails to make corrections within a time limit, it would be fined from RMB5,000 to RMB10,000.

REGULATIONS ON TRANSPORTATION

Regulations relating to Road Transportation Permit

Pursuant to the *Regulations on Road Transportation of PRC* (《中華人民共和國道路運輸條例》), promulgated by the State Council on April 30, 2004 and most recently amended on July 20, 2023, and the *Provisions on Administration of Road Freight Transportation and Stations (Sites)* (《道路貨物運輸及站場管理規定》) issued by the Ministry of Transport in June 2005 and most recently amended in November 10, 2023 (the "**Road Freight Provisions**"), the business operations of road freight transportation refer to commercial road freight transportation activities that provide public services. The road freight transportation includes general road freight transportation, special road freight transportation, road transportation of large articles, and road transportation of hazardous cargos. Special road freight transportation refers to freight transportation using special vehicles with containers, refrigeration equipment, or tank containers, etc.

The Road Freight Provisions set forth detailed requirements with respect to vehicles and drivers, pursuant to which, anyone engaging in the business of operating road freight transportation must obtain a Road Transportation Operation Permit from the local county-level road transportation administrative bureau, and each vehicle used for road freight transportation must have a Road Transportation Certificate (道路運輸證) from the same authority. Except international freight transportation and transportation of dangerous goods, such individual or institution applying for the operation of freight transportation shall have: (i) qualified vehicles for operations; (ii) competent drivers under 60 with relevant driving licenses who (except for drivers who use general freight vehicles with a total mass of 4.5 metric tons or less) have passed requisite knowledge tests and obtained qualification certificates, and (iii) sound and proper administrative systems for safe operation. The transportation administrations at the county level (districted city level for transportation of dangerous goods) are responsible for the issuance of the operating permits for the freight transport operating enterprises and the operating licenses for the freight transport operating vehicles. An enterprise shall conduct freight transportation operation in accordance with the scope specified under its road transportation operation permit and shall not transfer or rent such permit to others. Pursuant to the *Notice on the Cancelation of the Road Transportation Certificate and the Driver Qualification Certificate for Ordinary Freight Vehicles with a Total Mass of 4.5 Tons or Less* (《交通運輸部辦公廳關於取消總質量4.5噸及以下普通貨運車輛道路運輸證和駕駛員從業資格證的通知》) promulgated by the PRC Ministry of Transport, which took effect on January 1, 2019, local transportation management departments will no longer issue road transportation certificate for ordinary freight vehicles with a total mass of 4.5 tons or less.

Although the Road Transportation Operation Permits have no limitation with respect to geographical scope, several provincial governments in China, including Shanghai and Beijing, promulgated local rules on administration of road transportation, stipulating that permitted operators of road freight transportation registered in other provinces should also make record-filing with the local road transportation administrative bureau where it carries out its business.

Regulations relating to Cargo Vehicles

On August 19, 2016, the *PRC Ministry of Transport promulgated the Administrative Provisions concerning the Running of Cargo Vehicles with Out-of-Gage Goods* (《超限運輸車輛行駛公路管理規定》), and latest amended on August 11, 2021, which stipulates that cargo vehicles running on public roads shall not carry cargo weighing more than the limits prescribed by this regulation and their dimensions shall not exceed those as set forth by the same regulation. Vehicle operators who violate this regulation may be subject to a fine of up to RMB30,000 for each violation. In the event of repeated violations, the regulatory authority may suspend the operating license of the vehicle operator and/or revoke the business operation registration of the relevant vehicle. In the event more than 10% of the total vehicles of any road transportation enterprise are not in compliance with this regulation in any year, such road transportation enterprise shall suspend its business for rectification and its road transportation license may be revoked.

Regulations relating to Public Air Transport Enterprise

Pursuant to the Regulation on Business Permits for Public Air Transport Enterprises (《公共航空運輸企業經營許可規定》) promulgated by the Ministry of Transport in 2004 and recently amended in 2018, business entities that uses civil aircraft to engage in the transport of passengers, luggage, goods and parcels for the purpose of making profits, referred to as "public air transport enterprise", shall obtain a Business Permit for Public Air Transport Enterprises and abide by state laws, administrative regulations and rules related to civil aviation management. Public air transport enterprises shall carry out business activities within the business scope as stated in their permit, and may not exceed the approved business scope without permission, and no air transport business activities shall be conducted without a Business Permit for Public Air Transport Enterprises.

Regulations Relating to International Freight Forwarding Business

The *Administrative Provisions on International Freight Forwarders of the PRC* (《中華人民共和國國際貨物運輸代理業管理規定》) promulgated in 1995 and its detailed rules issued in 2004 regulate the business of international freight forwarding. According to the provisions and its detailed rules, the minimum amount of registered capital must be RMB5 million for an international freight forwarder by sea, RMB3 million for an international freight forwarder by air and RMB2 million for an international freight forwarder by land or for an entity operating international express delivery services. An international freight forwarder must, when each time applying for setting up a branch, increase its registered capital (or the excess amount over its minimum registered capital) by RMB500,000. Under the *Measures on Filing of International Freight Forwarders (Interim)* (《國際貨運代理企業備案(暫行)辦法》) announced in March 2005 and amended in August 2016, all international freight forwarders and their branches registered with the SAMR must be filed with the MOFCOM or its authorized organs.

Regulations Relating to Tariff and Export Control

Pursuant to the *Regulations on Import and Export Duties of the PRC* (《中華人民共和國進出口關稅條例》) promulgated by State Council on March 7, 1985 and latest amended on March 1, 2017, where an enterprise making customs declaration is engaged by a taxpayer to complete customs declaration and make payment of customs duties for and on behalf of the taxpayer violates the provisions and thus causes a shortfall or omission in the collection of customs duties, such enterprise shall assume joint liability together with the taxpayer for payment of the shortfall amount or amount payable and any overdue fine. Where an enterprise making customs declaration is engaged by a taxpayer to complete customs declaration and make payment of customs duties for and on behalf of the taxpayer, the enterprise and the taxpayer shall assume joint liability for payment of customs duties. The *Customs Duties Law of the PRC* (《中華人民共和國關稅法》), issued by SCNPC on April 26, 2024 and effective as of December 1, 2024, will replace *Regulations on Import and Export Duties of the PRC*. Pursuant to the *Customs Duties Law of the PRC*, logistics enterprises are withholding obligors for customs duties.

Pursuant to the *Export Control Law of the PRC* (《中華人民共和國出口管制法》) issued by SCNPC on October 17, 2020, no organization or individual may provide exporters with services such as agency, freight, delivery, customs declaration, third-party e-commerce transaction platforms and finance services, etc., that are engaged in illegal acts related to export control. Where any party is aware that an exporter engages in illegal acts concerning export control but still provides it with aforementioned services, it shall be given a warning, ordered to stop the illegal acts, its illegal gains shall be confiscated, and a fine of not less than three times but not more than five times the illegal turnover shall be imposed on it concurrently if its illegal turnover is more than RMB100,000, or a fine of not less than RMB100,000 but not more than RMB500,000 shall be imposed on it concurrently if there is no illegal turnover or the illegal turnover is less than RMB100,000. Pursuant to the *Measures of the Customs of the PRC for the Supervision and Administration of Inward and Outward Express Consignments* (《中華人民共和國海關對進出境快件監管辦法》), which promulgated by General Administration of Customs of the PRC in 1993 and latest amended on March 9, 2023, any operator may not undertake or carry any of the articles listed in the *List of Articles Prohibited from Entry into or Exit from the PRC* (《中華人民共和國禁止進出境物品表》), nor shall it discretionally dispose of any of such articles it has found but shall forthwith notify the customs and assist the customs in the disposal instead. The *Measures of the Customs of the PRC on Regulation of Inbound and Outbound Transportation Vehicles* (《中華人民共和國海關進出境運輸工具監管辦法》) promulgated in 2018 specifies the supervision on the inbound and outbound transportation vehicles and protection of legitimate rights and interests of persons-in-charge and service providers of such vehicles. The logistics service provided by the Company does not belong to the controlled items as defined in the Export Control Law of the PRC, and the logistics company itself is not responsible for the customs duties of the goods it carries, whereas the logistics carriers still be subject to the supervision of relevant export control and customs laws and regulations. Based on the foregoing, during the Track Record Period and up to the Latest Practicable Date, there wasn't any material trade restrictions or tariffs that was applicable to us.

REGULATIONS ON FOREIGN INVESTMENT

Investment activities in the PRC by overseas investors are principally governed by the *Catalog of Encouraged Industries for Foreign Investment* (《鼓勵外商投資產業目錄》) (the "**Encouraged Catalog**"), and the *Special Administrative Measures (Negative List) for Foreign Investment Access* (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**"), which are promulgated and amended from time to time by the Ministry of Commerce (the "**MOFCOM**") and the National Development and Reform Commission (the "**NDRC**"), and together with the *Foreign Investment Law of PRC* (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") and its respective implementation rules and ancillary regulations.

In March 2019, the Foreign Investment Law was promulgated by National People's Congress and came into effect on January 1, 2020, which replaced three then existing laws on foreign investments in China, namely, the *Sino-Foreign Equity Joint Venture Enterprise Law of PRC* (《中華人民共和國中外合資經營企業法》), the *Sino-Foreign Cooperative Joint Venture Enterprise Law of PRC* (《中華人民共和國中外合作經營企業法》) and the *Wholly Foreign-owned Enterprise Law of PRC* 《中華人民共和國外資企業法》. The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list", and the State Council shall promulgate or approve a list of special administrative measures for access of foreign investments. To ensure the effective implementation of the Foreign Investment Law, the *Regulations on Implementing the Foreign Investment Law of PRC* (《中華人民共和國外商投資法實施條例》) (the "**Implementation Regulations**"), was promulgated by State Council in December 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of overseas investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

The NDRC and the MOFCOM jointly revised and issued the *Special Administrative Measures (Negative List) for Foreign Investment Access (2024 version)* (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**") on September 6, 2024, which came into effect on November 1, 2024, to replace the previous negative list thereunder (the NDRC and MOFCOM commonly revise the list every 1-3 years), and the latest update of the Negative List has decreased the total number of foreign investment access-restricted industries from 31 to 29, removing two sectors compared to the previous version. Pursuant to the Foreign Investment Law, the Implementation Regulations and the Negative List, overseas investors shall not make investments in prohibited industries as specified in the Negative List unless certain conditions and contexts are met, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments. According to the Negative List, the domestic express delivery services for letters, which form a very small part of our business, remain among those prohibited industries, and any domestic enterprise engaging in the fields prohibited by the Negative List may issue shares abroad and list and trade such shares overseas, if they have obtained the consent from the relevant competent authorities of the PRC, the overseas investors shall not participate in the operation and management of the enterprise, and overseas investors' shareholding percentage shall be subject to the relevant provisions on administration of domestic securities investment by overseas investors. According to the NDRC's further clarification through the Answers to Reporters' Questions on the Negative List (2021 version) by relevant officials of the NDRC disclosed on its official website, the current regulations require that the shareholding percentage of a single overseas investor and its affiliates shall not exceed 10% of the total number of shares of the company, and the shareholding percentage of all overseas investors and their affiliates in aggregate shall not exceed 30% of the total number of shares of the company.

For companies engaged in industries prohibited by the Negative List for foreign investment and listed both domestically and overseas, the holdings of overseas investors in both domestic and overseas listed shares of the same company are combined for calculation.

Pursuant to the *Implementing Rules of SZSE on Securities Trading by Qualified Foreign Institutional Investors and Renminbi Qualified Foreign Institutional Investors (Revised in 2020)* (the "**Implementing Rules**") (《深圳證券交易所合格境外機構投資者和人民幣合格境外機構投資者證券交易實施細則(2020年修訂)》) and the *Rules of the Exchange* (《交易所規則》), when the sum of A-shares of a single listed company held by all Qualified Foreign Investors and other overseas investors reaches or exceeds 24% of the total shares of the company, the SZSE shall, prior to the opening of the next trading day, announce the total number of A-shares of the company held by them and the proportion thereof to the total shares of the company through the website of the SZSE. Where overseas investors (including investors holding China Connect Securities through CCASS) hold 28% or more of the issued shares of a relevant issuer in aggregate, SZSE will notify the The Stock Exchange of Hong Kong Ltd. (the "**SEHK**") Subsidiary, and the SEHK and SEHK Subsidiary will as soon as practicable thereafter suspend accepting China Connect buy orders (for A-shares) in respect of the relevant China Connect Securities until the aggregate shareholding of overseas investors is reduced to below 26%, as advised by SZSE.

According to the *Securities Law of the PRC (2019 Revision)* (《中華人民共和國證券法(2019修訂)》) and the *Administrative Measures on Acquisition of Listed Companies* (《上市公司收購管理辦法》), where the shares held by an investor (including an overseas investor) through securities transactions on a stock exchange or jointly with others through an agreement or other arrangements attain 5% of the issued voting rights shares (including A-shares and H-shares) of a listed company, the investor shall submit a written report to the CSRC and SZSE within three days, notify the listed company and make an announcement. Whenever the investor's shares with voting rights in the said listed company are increased or reduced by 1%, the investor shall notify the listed company on the day following such occurrence, and make an announcement.

The Company will closely monitor overseas shareholder holdings through the monthly register of A-shareholders provided by CSDC, maintain effective communication with overseas investors and cooperate with domestic securities regulatory agencies (including the SEHK, in the case of A-shares held by Hong Kong investors through Shenzhen-Hong Kong Stock Connect), CSDC, and comply with applicable laws and regulations.

According to the *Measures for the Security Review of Foreign Investment* (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A overseas investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

REGULATIONS ON COMMERCIAL FRANCHISING

Pursuant to the *Administrative Regulations on Commercial Franchising Operations* (《商業特許經營管理條例》) promulgated by the State Council on February 6, 2007, which became effective on May 1, 2007, and *Administrative Measures on the Record Filing of Commercial Franchises* (《商業特許經營備案管理辦法》) issued by MOFCOM on December 12, 2011, and amended on December 29, 2023, collectively the Regulations and Provisions on Commercial Franchising, commercial franchising refers to the business activities where a franchisor, being an enterprise possessing registered trademarks, corporate logos, patents, proprietary technology, or other business resources, licences through contracts its business resources to the franchisees, being other business operators, and the franchisees carry out business operation under a uniform business model and pay franchising fees to the franchisor pursuant to the contracts. Under the Regulations and Provisions on Commercial Franchising, within 15 days of the first conclusion of franchising contract, the franchisor must carry out record-filing with MOFCOM or its local counterparts and must report the status of its franchising contracts in the previous year in the first quarter of each year after record-filing. If the franchisor fails to comply with these Regulations and Provisions on Commercial Franchising, the MOFCOM or its local counterparts have the discretion to take administrative measures against the franchisor, including fines and public announcements.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATIONS SERVICES

The *Telecommunications Regulations of the PRC* (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), promulgated on September 25, 2000 by the State Council and most recently amended on February 6, 2016, are the primary regulations governing telecommunications services. Under the Telecommunications Regulations, a telecommunications service provider is required to procure operating licences prior to the commencement of its operation. The Telecommunications Regulations categorize all telecommunication services in China as either basic telecommunications services or value-added telecommunications services and operators of value-added telecommunications services shall obtain value-added telecommunications business operation licenses from the Ministry of Industry and Information Technology (the "**MIIT**") or its provincial branches prior to the commencement of such services.

Moreover, according to the *Classification Catalogue of Telecommunications Services (2015 version)* (《電信業務分類目錄(2015年版)》) (the "**Classification Catalogue**"), which was promulgated by the MIIT, in 2015, and latest amended in 2019, information services provided for users through the public communication network or the Internet by relying on the information collection, development, processing and information platform construction are value-added telecommunications services.

As a subcategory of the value-added telecommunications services, internet information services are regulated by the *Administrative Measures on Internet Information Service* (《互聯網信息服務管理辦法》), which was promulgated by the State Council in 2000 and was last amended in 2011. Internet information services are divided into services of commercial nature and non-commercial nature. Commercial internet information services refer to for-profit services which provide information to or create web pages for online users through the Internet, and a commercial internet information service provider shall obtain a license to operate value-added telecommunications business in internet-based information services from appropriate telecommunications authorities.

Furthermore, the *MIIT Circular on Regulating the Use of Domain Names in Internet Information Services* (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), issued on November 27, 2017 and came into effect on January 1, 2018, requires internet information service providers to register and own the domain names they use in providing internet information services.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

Regulations relating to Privacy Protection

Pursuant to the *PRC Civil Code* (《中華人民共和國民法典》), personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

Further, the *Ninth Amendment to the Criminal Law of the PRC* (《中華人民共和國刑法修正案(九)》), which issued by the SCNPC on August 29, 2015, and became effective on November 1, 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

On August 20, 2021, the SCNPC promulgated the *Personal Information Protection Law of PRC* (《中華人民共和國個人信息保護法》) (the "**Personal Information Protection Law**") and became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) purpose of processing personal information, processing method, type of personal information processed, and retention period; (iii) methods and procedures for individuals to exercise their rights under the Personal Information Protection Law; and (iv) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorized access and personal information leakage, tampering, and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulating and organizing the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business license; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

The *Administrative Provisions on the Security of Personal Information of Express Service Users* (《寄遞服務用戶個人信息安全管理規定》), promulgated by State Post Bureau on March 26, 2014, recently amended on February 13, 2023, provides for the protection of the personal information of users of express delivery services, and the supervision on the express operations of postal enterprises and express delivery companies. In accordance with these provisions, the state postal administrative department and its local counterparts are the supervising and administering authority responsible for the security of the personal information of users of express or express delivery services, and postal enterprises and express delivery companies must establish and refine systems and measures for the security of such personal information. Specifically, express delivery companies must enter into confidentiality agreements with its employees regarding the personal information of its clients or users to specify confidentiality obligations and liabilities for violation thereof. Express delivery companies shall establish and complete systems and measures for safeguarding the personal information of express delivery service users, clarify the responsibility for security protection of enterprise departments and positions, reasonably determine the operational authority for the handling of personal information of express delivery service users, and periodically conduct security education and training for employees. When an express delivery company entrusts a third party to carry out services to complete the entire process of operation of the delivery service, it shall conduct an impact assessment of the personal information protection of the trustee in advance and supervise the personal information processing activities thereof. Where trustees causing damages to the users of express delivery services, the entrusting express delivery company shall bear corresponding liabilities.

Regulations relating to Internet Information Security

In recent years, PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. The *Decisions on Protection of Internet Security enacted by the SCNPC* (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) in 2000, as amended on August 27, 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (i) intrusion into a strategically significant computer or system; (ii) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby damaging the computer system and the communications networks; (iii) violating national regulations, suspending the computer networks or the communication services without authorization, causing the computer network or communication system to fail to operate normally; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet.

On July 1, 2015, the SCNPC issued the *National Security Law of the PRC* (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the *Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**") and become effective as of June 1, 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the *Data Security Law of PRC* (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On July 6, 2021, the General Office of the CPC Central Committee, and the General Office of the State Council jointly promulgated the *Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law* (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and improve the legislation on data security, cross-border data transmission, and confidential information management.

On September 24, 2024, the CAC announced the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the Cyber Data Security Regulations), which will be effective on January 1, 2025. It regulates that Cyber data processors who carry out Cyber data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations.

In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the data processing activities conducted by Cyber data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of network platform service providers.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the *Measures for Cybersecurity Review* (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**") which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) critical information infrastructure operators that the purchase of cyber products and services or network platform operators that engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC has promulgated the *Measures for the Security Assessment of Cross-border Data Transfer* (《數據出境安全評估辦法》), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or providing personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall apply for cross-border data transfer security assessment.

Regulations relating to Consumer Protection

A user of express delivery services may seek remedies by following the *Measures on Settling the Complaints of the Postal Users* (《郵政業用戶申訴處理辦法》) issued by State Post Bureau, which took effect on September 8, 2020. The Postal Users Complaints Settling Center implements the regime of mediation to handle the complaints from users on the quality of the express delivery services. According to the *Interim Regulations on Express Delivery* (《快遞暫行條例》), an express delivery service company shall not sell, reveal or illegally provide any information of client that has been exposed during the provision of express services. In case the information of client is revealed or may be revealed, the express delivery service company shall take remedial measures immediately and report to the local post administrations. Failure to comply with such requirement may be subject to penalties including a fine ranging from RMB10,000 to RMB100,000, suspension of business for rectification or revoke of its Courier Service Operation Permit.

REGULATIONS ON LEASING

According to the *PRC Civil Code*, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the *PRC Civil Code*, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the *Administrative Measures on Leasing of Commodity Housing* (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the *Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings* (2020 version) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the leasee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

On July 14, 2023, the National Fire and Rescue Administration promulgated *Administrative Measures for the Administration of Fire Safety in Leased Factory Buildings and Warehouses (for Trial Implementation)* (《租賃廠房和倉庫消防安全管理辦法(試行)》), which clarifies the respective fire safety management responsibilities of the lessor and lessee of the leased plant warehouse, and allows the lessor and lessee to stipulate their respective fire safety management responsibilities through the contract. According to the *Administrative Measures for the Administration of Fire Safety in Leased Factory Buildings and Warehouses (for Trial Implementation)*, the lessor and lessee of a leased factory building or warehouse shall clarify the fire safety responsibilities of all parties concerned in writing, and if they fail to clarify such responsibilities in writing, the lessor shall be responsible for unified management of the common evacuation passages, safety exits, building fire control facilities and fire control engine passages, and the lessee shall be responsible for fire safety of the leased factory building or warehouse.

REGULATIONS ON ANTI-MONOPOLY

The currently effective *Anti-Monopoly Law of PRC* (《中華人民共和國反壟斷法》) (the "Anti-Monopoly Law") was promulgated by SCNPC in 2007 and latest amended in 2022. The Anti-Monopoly Law elaborates several circumstances that undertakings might be prohibited from monopolistic conducts, including:

Entering into monopolistic agreements. The "monopolistic agreements" refer to agreements, decisions or other concerted actions that eliminate or restrict competition, such as fixing or changing the price of a commodity, limiting the production or sales amount of a commodity, segmenting the sales market or the raw material procurement market, restricting the purchase of new technology or new equipment or the development of new technology or new product, boycotting transactions and other monopolistic agreements as determined by the Anti-monopoly Law Enforcement Agency of the State Council.

Abuse of dominant market position. The "abuse of dominant market position" refers to that an undertaking with a dominant market position engages in the following practices of abuse of such position: (i) selling commodities at an unfairly high price or buying commodities at an unfairly low price; (ii) selling commodities at a price lower than cost without justifiable reasons; (iii) refusing to trade with its trading counterparties without justifiable reasons; (iv) restricting its trading counterparties to trade exclusively with the said undertaking or trade exclusively with the designated undertakings without justifiable reasons; (v) conducting tie-in sales or add other unreasonable trading conditions to the trading without justifiable reasons; (vi) giving discriminatory treatments to trading counterparties with the same conditions with respect to trading price and other trading conditions without justifiable reasons; and (vii) other practices determined as abuse of dominant market position by the Anti-monopoly Law Enforcement Agency of the State Council.

Concentration of undertakings which has or may have an effect of eliminating or restricting competition. The "concentration of undertakings" refers to any of the following circumstances: (i) the merger of undertakings; (ii) acquiring control over other undertakings by virtue of acquiring their equities or assets; and (iii) acquiring control over other undertakings or ability of exercising decisive influence on other undertakings by virtue of contract or any other means. Pursuant to the Anti-Monopoly Law, where a concentration of undertakings concludes the threshold of declaration prescribed by the State Council, it shall be declared to the Anti-monopoly Law Enforcement Agency of the State Council in advance and shall not be implemented without such declaration. Specifically, as clarified by the *Provisions of the State Council on the Threshold of Filings for Undertaking Concentrations* (《國務院關於經營者集中申報標準的規定》) issued by the State Council in 2008 and latest amended in January 22, 2024, the anti-monopoly agency (i.e., the State Administration for Market Regulation) shall be notified in advance of any concentration of undertaking if either of the following filing thresholds was met: (i) the total global turnover of all operators participating in the transaction exceeds RMB12 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the transaction exceeded

RMB4 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year. No concentration shall be implemented until the anti-monopoly enforcement agency clears the applicable anti-monopoly filing.

On March 10, 2023, the SAMR promulgated the Provisions on Prohibition of Monopoly Agreements (《禁止壟斷協議規定》), the Provisions on Prohibiting Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》), and the Provisions on the Examination of Concentrations of Undertakings (《經營者集中審查規定》). These provisions further elaborate on some more detailed factors which shall be considered in assessing monopoly agreements, abusive practices of dominant market positions and concentrations of undertakings, based on the principles established by the Anti-monopoly Law.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

According to the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and the *Implementation Regulation of the Trademark Law of the PRC* (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the *Trademark Law of the PRC* has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Copyright

According to the *Copyright Law of the PRC* (《中華人民共和國著作權法》) promulgated by the SCNPC, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation, and other rights shall be enjoyed by the copyright owners.

Pursuant to the *Regulation on Computers Software Protection* (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the *Measures for the Registration of Computer Software Copyright* (《計算機軟件著作權登記辦法》) promulgated on February 20, 2002, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Patent

In accordance with the *Patent Law of the PRC* (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended in October 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain Names

The *Measures on Administration of Internet Domain Names* (《互聯網域名管理辦法》) was promulgated by the MIIT in 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are the *PRC Labor Law* (《中華人民共和國勞動法》), the *PRC Labor Contract Law* (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the *Interim Provisions on Labor Dispatch* (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The *PRC Social Insurance Law* (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the *Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

In accordance with the *Regulations on the Administration of Housing Provident Funds* (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON FOREIGN EXCHANGE

Regulations relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the *Foreign Exchange Administration Regulations of the PRC* (《中華人民共和國外匯管理條例》), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the *Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises* (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**") on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the *Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account* (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), which was amended on December 4, 2023, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the *Circular of Further Facilitating Cross-border Trade and Investment* (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended on December 4, 2023, or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or SAFE Circular 8, issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to substantial uncertainties given they are newly issued regulations.

Regulations relating to Stock Incentive Plans

Pursuant to the *Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company* (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**SAFE Circular 7**"), promulgated by SAFE in February 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the *Regulation on the Implementation of the Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council and was latest amended in April 2019, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

Value-added Tax

Pursuant to the *Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the *Implementation Rules for the Provisional Regulations the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the *Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates* (《財政部、稅務總局關於調整增值稅稅率的通知》) effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform* (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

Dividends Distribution

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the Company Law, promulgated in 1993 and amended in 2018 and 2023, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

According to the *Civil Procedure Law of the People's Republic of China* (《中華人民共和國民事訴訟法》) which was promulgated by the National People's Congress on April 9, 1991 and most recently amended and became effective on January 1, 2024, the limitation period for an action to recover a debt (including the recovery of declared dividends) is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Pursuant to the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018, and the *Implementation Provisions of the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the EIT Law and the *Regulation on the Implementation of the Enterprise Income Tax Law of China* provides that since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors' jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The *Securities Law of the People's Republic of China*, which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the *Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies* (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "**Overseas Listing Regulations**"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the *Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises* (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

OVERVIEW

Founded in 1993 by Mr. Wang, our business originated in Guangdong Province providing express delivery services in the Pearl River Delta, and our services network has further expanded to cover other parts of China since 1996 and overseas markets since 2010. Throughout our three decades in operation, we have, through expansion into new business segments and collaborations with reputable international logistics service providers such as UPS, DHL and HAVI Group, expanded into various links within the logistics services value chain. We have also expanded our geographical footprint to cover not only the rest of China, but also the global market. We have become a leading global integrated logistics company, the largest player in China and Asia, and the fourth largest player globally, in terms of revenue in 2023, with clear market leadership in five segments in China and four segments in Asia, offering a complete portfolio of logistics services.

Since January 23, 2017, our business has been listed on the SZSE (stock code: 002352.SZ) through the Material Asset Restructuring of Dingtai New Materials. As of the Latest Practicable Date, our total issued share capital was RMB4,816,186,983, comprising 4,816,186,983 A Shares, of which approximately 55.27% was controlled by Mr. Wang, Mingde Holding and Shenzhen Weishun, our Controlling Shareholders.

KEY DEVELOPMENT MILESTONES

The following table sets out a summary of our Group's key development milestones:

Year	Development Milestones
1993	We were founded by Mr. Wang in Shunde, Guangdong Province.
Late 1990s . . .	We launched the courier incentive model, which tied courier compensation to the number of parcels delivered and delivery fees.
2004	Mr. Wang through his controlled entity acquired the entire share capital in Chengxingye International Delivery, which became our operating entity. The company name of Chengxingye International Delivery was changed to S.F. Express Limited* (順豐速運有限公司).
2009	S.F. Airlines Co., Ltd* (順豐航空有限公司) was established in March.
2010	We expanded into the international market through the launch of our Singapore business.
2013	We became an integrated logistics service provider by expanding into new business segments of cold chain and pharmaceutical logistics and the LTL freight.

Year	Development Milestones
2016	The Material Asset Swap and Share Subscription Agreement was entered into in respect of the Material Asset Restructuring, which was subsequently approved by the CSRC.
2017	Our business listed on the SZSE (stock code: 002352.SZ) in January, and the name of the Company was changed to S.F. Holding Co., Ltd. in February.
2018	We completed the acquisition of 75% shareholding interest in SXH China Logistics (formerly named as SF\HAVI China Logistics), a company engaging in cold chain business in mainland China, Hong Kong and Macau from HAVI China Holding LLC in July to further expand our business in cold chain logistics.
	We completed the acquisition of relevant express business assets of Guangdong Xinbang Logistics Co., Ltd. to establish "SX Freight" as our independent LTL freight brand using the franchising model.
2019	We completed the acquisition of the supply chain business of Deutsche Post DHL Group in mainland China, Hong Kong and Macau in February.
2021	SF REIT was listed on the Main Board of the Stock Exchange in May (stock code: 2191.HK). Upon the listing of SF REIT, we indirectly hold 35% of the total real estate investment trust units in issue of SF REIT.
	We completed the acquisition of a 51.5% stake in Kerry Logistics, a company listed on the Main Board of the Stock Exchange (stock code: 0636.HK), and Kerry Logistics became a member of the Group in September.
	The Company completed a private A Shares placement in November, raising gross proceeds of approximately RMB20.0 billion.
	SF Intra-city, a subsidiary of the Company that operates our intra-city on-demand delivery services, was spun off and listed on the Main Board of the Stock Exchange in December (stock code: 9699.HK).
2022	We became a Fortune Global 500 Company and were ranked first out of Chinese Top 50 Private Logistics Enterprises by the China Federation of Logistics and Purchasing.
2023	The Ezhou cargo hub, the first dedicated air cargo hub in Asia, and we officially commenced operation of the logistics complex therein in September 2023.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we conducted our business operations through more than 1,000 subsidiaries. The following table sets forth the principal activities, the date and place of incorporation/establishment, and the equity interest attributable to our Group in respect of each of our major subsidiaries as of the Latest Practicable Date:

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
SF Taisen	August 15, 2008	PRC	100%	Investment holding company
S.F. Express Co., Ltd.* (順豐速運有限公司)	July 25, 2013	PRC	100%	Provision of international freight forwarding, domestic and international express services
SF Holding (HK)	October 24, 2006	Hong Kong	100%	Investment holding company
Shenzhen Fengtai E-commerce Industrial Park Asset Management Co., Ltd.* (深圳市豐泰電商產業園資產管理有限公司)	April 16, 2013	PRC	100%	Operation and management of our logistics industrial parks
SF Airlines Company Ltd.* (順豐航空有限公司)	March 30, 2009	PRC	100%	Operation of our cargo airline, SF Airlines
SF Intra-city	June 21, 2019	PRC	58.48%	Investment holding company and provision of third-party on-demand delivery services
SF Technology	April 7, 2009	PRC	100%	Investment holding company and provision of technical maintenance and development services
S.F. Holding Group Finance Co., Limited* (順豐控股集團財務有限公司)	September 18, 2016	PRC	100%	Provision of cash management services internally

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
Shenzhen S.F. Freight Corporation* (深圳順豐快運股份有限公司)	October 9, 2019	PRC	100%	Provision of express delivery and supply chain services
Anhui S.F. Telecommunication Services Co., Ltd.* (安徽順豐通訊服務有限公司)	February 5, 2013	PRC	100%	Provision of value-added telecommunication services
Shenzhen Shunlu Logistics Co., Ltd.* (深圳順路物流有限公司)	December 23, 2004	PRC	100%	Investment holding company and provision of cargo transportation and freight forwarding services
Shenzhen SF Intra-city Logistics Co., Ltd* (深圳市順豐同城物流有限公司)	October 26, 2018	PRC	A wholly-owned subsidiary of SF Intra-city	Provision of third-party on-demand delivery services
Guangzhou S.F. Express Co., Ltd.* (廣州順豐速運有限公司)	November 7, 2000	PRC	100%	Provision of international freight forwarding, domestic and international express services
Beijing S.F. Express Co., Ltd.* (北京順豐速運有限公司)	May 20, 2004	PRC	100%	Provision of international freight forwarding, domestic and international express services
Guangdong SF E-commerce Co., Limited* (廣東順豐電子商務有限公司)	June 5, 2014	PRC	100%	Provision of logistics services

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
Zhejiang S.F. Express Co., Ltd.* (浙江順豐速運有限公司)	July 7, 1999	PRC	100%	Provision of international freight forwarding, domestic and international express services
Shanghai Shunheng Logistics Co., Ltd.* (上海順衡物流有限公司)	May 24, 2010	PRC	100%	Provision of international freight forwarding, domestic and international express services
Jiangsu S.F. Express Co., Ltd.* (江蘇順豐速運有限公司)	July 4, 2001	PRC	100%	Provision of international freight forwarding, domestic and international express services
Shenzhen S.F. Shuntai Logistics Co., Ltd.* (深圳順豐順泰物流有限公司)	October 13, 2020	PRC	100%	Provision of cargo transportation and freight forwarding services
Suzhou S.F. Express Co., Ltd.* (蘇州順豐速運有限公司)	May 25, 2001	PRC	100%	Provision of express delivery services
Zhejiang Fengchi Network Technology Co., Ltd.* (浙江豐馳網絡科技有限公司)	January 16, 2018	PRC	100%	Provision of cargo transportation and freight forwarding services
TREND POWER INVESTMENTS LIMITED (興威投資有限公司)	January 2, 2019	Cayman Islands	91.77%	Investment holding company
SF Holding Investment 2021 Limited	January 5, 2021	BVI	100%	Investment holding company
Flourish Harmony	December 21, 2020	Cayman Islands	100%	Investment holding company

Name of major subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Equity interest attributable to the Group	Principal activities
KEX Thailand	January 17, 2014	Thailand	81.43%	Provision of express parcel delivery services and payment solutions in Thailand
K-APEX LOGISTICS (HK) CO., LIMITED	December 6, 2016	Hong Kong	A wholly-owned subsidiary of Kerry Logistics	Operation of freight forwarding business

Note:

- During the Track Record Period, we also conducted our business operation through Shenzhen Fengwang Express Co., Ltd* (深圳豐網速運有限公司) ("**Fengwang Express**"), a major subsidiary established in the PRC on April 7, 2020, in which our Group indirectly held 63.75% equity interests and the principal activities of which were the operation of our franchise model economy express services. We subsequently disposed of all of our equity interests in Fengwang Express on June 27, 2023 through our disposal of Shenzhen Fengwang Information Technology Co., Ltd.* (深圳市豐網信息技術有限公司) ("**Fengwang Information Technology**"), and therefore, Fengwang Express was not a subsidiary of our Company as of the Latest Practicable Date. For details, see "— Major Acquisitions and Disposals — Disposal of Fengwang Information Technology in June 2023."

OUR EARLY HISTORY

Our Group was founded in 1993 by Mr. Wang in Shunde, Guangdong Province, China as a parcel express delivery service provider serving customers within the Pearl River Delta region.

On August 3, 2004, Mr. Wang, through his controlled entity, acquired 90% and 10% of the equity interests in Chengxingye International Delivery from Shenzhen Chengxingye Investment Development Co., Ltd.* (深圳市成興業投資發展有限公司) and LIU Jingqiu, respectively, being Chengxingye International Delivery's original shareholders and Independent Third Parties. On the same day, the company name of Chengxingye International Delivery was changed to S.F. Express Limited* (順豐速運有限公司) and it became the operating entity of our business.

On September 1, 2010, the then-shareholder of SF Express (Group), transferred 99% of the equity interest it held in SF Express (Group) to Mr. Wang and the remaining 1% of the equity interest it held in SF Express (Group) to Taihai Investment, the predecessor of SF Holding (Group) and SF Taisen and a company controlled by Mr. Wang.

On August 5, 2013, CITIC Capital (Tianjin) Investment Management Partnership (Limited Partnership)* (中信資本(天津)投資管理合夥企業(有限合夥)) ("**CITIC Capital**"), China Merchants Group Limited ("**China Merchants**"), Suzhou Oriza Holdings Co., Ltd. (蘇

州元禾控股有限公司) ("**Suzhou Oriza**") and Jade Capital Management Co., Ltd. (古玉資本管理有限公司) ("**Jade Capital**") agreed to make investments in SF Holding (Group) (the predecessor of SF Taisen). Each of Jiaqiang Shunfeng (Shenzhen) Equity Investment Partnership (Limited Partnership)* (嘉強順風(深圳)股權投資合夥企業(有限合夥)) ("**Jiaqiang Shunfeng**"), Shenzhen Zhaoguang Investment Co., Ltd.* (深圳招廣投資有限公司) ("**Zhaoguang Investment**") and Suzhou Industrial Park Oriza Shunfeng Equity Investment Enterprise (Limited Partnership)* (蘇州工業園區元禾順風股權投資企業(有限合夥)) ("**Oriza Shunfeng**"), being the investment entities of CITIC Capital, China Merchants and Suzhou Oriza, respectively, subscribed for RMB5,071,875 in the registered capital of SF Holding (Group) at a consideration of RMB2,437,500,000 and Suzhou Jade Capital Qiuchuang Equity Investment Partnership (Limited Partnership)* (蘇州古玉秋創股權投資合夥企業(有限合夥)) ("**Jade Capital Qiuchuang**"), being the investment entity of Jade Capital, subscribed for RMB1,014,375 in the registered capital of SF Holding (Group) at a consideration of RMB487,500,000. Each of CITIC Capital, China Merchants, Suzhou Oriza, Jade Capital and their respective investment entities were Independent Third Parties.

Along with the above strategic investment, various restructuring steps were adopted to transfer all assets of our business to SF Holding (Group) and its subsidiaries, upon the completion of which SF Holding (Group) became the holding and operating entity controlling our PRC and overseas businesses commencing from May 2014.

Subsequently, SF Holding (Group) was converted into a joint stock limited company in November 2015 and its registered capital was converted into RMB1,800,000,000. On December 25, 2015, Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)* (寧波順達豐潤投資管理合夥企業(有限合夥)) ("**Shunda Fengrun**") and Ningbo Shunxin Fenghe Investment Management Partnership (Limited Partnership)* (寧波順信豐合投資管理合夥企業(有限合夥)) ("**Shunxin Fenghe**"), our employee shareholding platforms at the time, agreed to subscribe for 198,600,000 shares and 1,400,000 shares, respectively, of SF Holding (Group) at a consideration of RMB3,894,546,000 and RMB27,454,000, respectively.

Immediately prior to the Material Asset Restructuring, the shareholding structure of SF Holding (Group), the holding entity of our business at the time, was as follows:

Name of Shareholder	Number of Shares	Approximate percentage of shareholding
		(%)
Mingde Holding	1,368,000,000	68.40
Shunda Fengrun	198,600,000	9.93
Jiaqiang Shunfeng	135,000,000	6.75
Zhaoguang Investment	135,000,000	6.75
Oriza Shunfeng	135,000,000	6.75
Jade Capital Qiuchuang	27,000,000	1.35
Shunxin Fenghe	1,400,000	0.07
Total	**2,000,000,000**	**100.00**

MAJOR SHARE CAPITAL CHANGES OF OUR COMPANY

Material Asset Restructuring in 2016 and our A Share Listing on the SZSE in 2017

On June 14, 2016, the then-shareholders (the "**SFHG Shareholders**") of SF Holding (Group) (including Mingde Holding, Shunda Fengrun, Jiaqiang Shunfeng, Zhaoguang Investment, Oriza Shunfeng, Jade Capital Qiuchuang and Shunxin Fenghe) entered into the Material Asset Swap and Share Subscription Agreement with Dingtai New Materials, LIU Jilu, the actual controller of Dingtai New Materials at the time, and his person acting-in-concert, LIU Lingyun to implement the Material Asset Restructuring. The Material Asset Restructuring was implemented by way of an asset swap between all assets and liabilities of Dingtai New Materials and 100% of the equity interests of SF Holding (Group), which was the holding entity of our business at the time, such that upon completion of the Material Asset Restructuring, Dingtai New Materials shall hold the entire equity interest in SF Holding (Group), and we shall achieve a listing on the SZSE using Dingtai New Materials as the listing entity. The Material Asset Restructuring involved the following three transactions:

(1) Asset swap between Dingtai New Materials and equity interests in SF Holding (Group)

Pursuant to the Material Asset Swap and Share Subscription Agreement, the parties to such agreement shall conduct an asset swap, which involved (i) the sale by Dingtai New Materials of all its assets and liabilities of Dingtai New Materials prior to the Material Asset Restructuring to Ma'anshan Shuntai Rare Earth New Materials Co., Ltd.* (馬鞍山市順泰稀土新材料有限公司) ("**Shuntai New Materials**"), a company established in the PRC on August 25, 2016 for the purpose of acquiring such assets and liabilities of Dingtai New Materials sold as part of the Material Asset Restructuring and whose shareholders were the SFHG Shareholders, and (ii) the acquisition by Dingtai New Materials from the SFHG Shareholders of such portion of the equity interests in SF Holding (Group) held by the SFHG Shareholders with a value that was equivalent to the consideration for the sale of all assets and liabilities of Dingtai New Materials subject to the asset swap.

The consideration for the sale of all assets and liabilities of Dingtai New Materials was RMB796,000,000, determined with reference to the valuation of the assets and liabilities of Dingtai New Materials at RMB811,530,000 as of December 31, 2015 (the valuation base date for the Material Asset Restructuring) based on an asset valuation report issued by an independent professional valuer and as adjusted by the amount of cash dividends paid by Dingtai New Materials for 2015. The consideration for the acquisition of the entire equity interests in SF Holding (Group) was RMB43,300,000,000, determined with reference to the valuation of SF Holding (Group)'s entire equity interest at RMB44,830,000,000 as of December 31, 2015 based on a valuation report issued by an independent professional valuer and as adjusted by the amount of cash dividends declared by SF Holding (Group) on May 3, 2016. As a result of the foregoing, Dingtai New Materials exchanged all its assets and liabilities for approximately 1.84% of the equity interests in SF Holding (Group).

(2) Issuance of A Shares to the SFHG Shareholders

In order to further acquire the remaining 98.16% of the equity interests in SF Holding (Group) that was not subject to the above asset swap, Dingtai New Materials shall issue certain number of A Shares to the SFHG Shareholders to make up for the shortfall in the consideration for the sale of all assets and liabilities of Dingtai New Materials, as compared with the consideration for the acquisition of the entire equity interests in SF Holding (Group), being RMB42,504,000,000 (the "**Consideration Shortfall**"). The A Share issuance was priced at RMB10.76 per A Share, which was determined with reference to the monetary volume and number of the A Shares traded in the secondary market for the 60 trading days preceding the date of pricing and as adjusted for the cash dividend declared and the capitalization issue of A Shares to all shareholders of Dingtai New Materials in its 2015 annual general meeting. As a result, Dingtai New Materials shall issue a total of 3,950,185,873 A Shares to the SFHG Shareholders in respect of the Consideration Shortfall and on a pro-rated basis to each such shareholder's respective shareholding interest in SF Holding (Group).

On December 12, 2016, the administrative approval was granted under the *CSRC Approval (2016) No. 3016* (證監許可[2016]3016號) in respect of the Material Asset Restructuring. On December 23, 2016, the acquisition by Dingtai New Materials of the entire equity interests in SF Holding (Group) (then under the company name of SF Taisen) was completed, and SF Taisen became a wholly-owned subsidiary of Dingtai New Materials, and subsequently on December 26, 2016, the sale of all assets and liabilities of Dingtai New Materials was completed. In addition, 3,950,185,873 A Shares was issued to the SFHG Shareholders in respect of the Consideration Shortfall on January 18, 2017 and such A Shares were listed on the SZSE on January 23, 2017.

Upon completion of steps (1) and (2) of the Material Asset Restructuring, our business was injected into the Company and became listed on the SZSE. The shareholding structure of our Company was as follows:

Name of Shareholder	**Number of A Shares held**	**Approximate percentage of shareholding**
		(%)
LIU Jilu[(1)]	100,164,338	2.39
LIU Lingyun[(1)]	14,394,704	0.34
Other shareholders of Dingtai New Materials prior to the Material Asset Restructuring[(2)]	118,933,298	2.84
Mingde Holding	2,701,927,139	64.58
Shunda Fengrun	392,253,457	9.38
Jiaqiang Shunfeng	266,637,546	6.37
Zhaoguang Investment	266,637,546	6.37
Oriza Shunfeng	266,637,546	6.37
Jade Capital Qiuchuang	53,327,509	1.27
Shunxin Fenghe	2,765,130	0.07
Total	**4,183,678,213**	**100.00**

Notes:

(1) Mr. LIU Jilu was the chairman of Dingtai New Materials prior to the Material Asset Restructuring and has been our Supervisor since December 28, 2016. Ms. LIU Lingyun was a person acting-in-concert with Mr. LIU Jilu.

(2) To the best knowledge of the Directors having made all reasonable enquiries, such other shareholders of Dingtai New Materials prior to the Material Asset Restructuring were Independent Third Parties.

(3) Private placement of A Shares to strategic investors

In order to enhance our business performance and sustainability of our development upon completion of the Material Asset Restructuring, on August 23, 2017, our Company completed the private placement of 227,337,311 A Shares to eight investors, which were all Independent Third Parties, at a price of RMB35.19 per A Share, which was determined with reference to various factors (including the average share price for the 20 trading days prior to the date of pricing and the subscription price quotes made by potential investors), raising net proceeds of approximately RMB7,822.18 million. The net proceeds raised from the private placement were used for our procurement of aviation equipment and aviation project development, our procurement of cold chain vehicles and temperature control equipment, the development of information services platform and next-generation logistics information technology advancement projects, and the construction of sorting centers.

Following completion of the aforementioned A Shares placement in August 2017, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of A Shares held	Approximate percentage of shareholding
		(%)
Mingde Holding	2,701,927,139	61.25
Other Shareholders	1,709,088,385	38.75
Total	**4,411,015,524**	**100.00**

Issuance of the SF Convertible Bonds in November 2019

Since our A Share listing in 2016, there have been several instances of share capital changes of our Company as a result of the repurchase and/or issuance of A Shares and cancellation of restricted A Shares by our Company for employee incentive purpose. On November 18, 2019, the Company conducted a public issuance of convertible bonds (the "**SF Convertible Bonds**") in the principal amount of RMB5.8 billion with a maturity period of 6 years, which was listed on the SZSE. Pursuant to the offering circular of the SF Convertible Bonds, the convertible bonds shall be convertible into A Shares at a specified conversion price as stipulated in the offering circular during the period from May 22, 2020 to November 18, 2025. On July 7, 2020, the Company resolved to exercise its conditional redemption rights under the SF Convertible Bonds to redeem all outstanding SF Convertible Bonds at the time at face value plus accrued interests. Up to the date of completion of the redemption on August 3, 2020, the Company's share capital increased by 144,311,758 A Shares to 4,556,440,455 A Shares as a result of the exercise of conversion right under the SF Convertible Bonds.

Private Placement of A Shares in November 2021

After the issuance and redemption of the SF Convertible Bonds as aforementioned, there have been several instances of share capital changes of our Company as a result of the repurchase and/or issuance of A Shares and cancellation of restricted A Shares by our Company for employee incentive purpose. For details of the repurchase of A Shares and cancellation of restricted A Shares by our Company within the two years immediately preceding the date of this prospectus, see "Statutory and General Information — 1. Further Information about our Company — B. Changes in Share Capital of our Company" in Appendix IV to this prospectus.

Upon the approval from our Shareholders in March 2021 and from the CSRC in August 2021, our Company conducted a private placement of its A Shares to raise funds for our various development initiatives, including the upgrade of our express delivery equipment automation, construction of the Ezhou cargo hub, development of our supply chain digitalization system solutions, upgrade of our land transport capacity and procurement and maintenance of our aviation materials, and for our working capital needs. 349,772,647 A Shares were eventually placed in the private placement to 22 investors, which were all Independent Third Parties, at a price of RMB57.18 per A Share, which was determined with reference to various factors (including the average share price for the 20 trading days prior to the date of pricing and the subscription price quotes made by potential investors), raising net proceeds of approximately RMB19,907 million.

Following completion of the aforementioned A Shares placement in November 2021, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of A Shares held	Approximate percentage of shareholding
		(%)
Mingde Holding	2,701,927,139	55.07
Other Shareholders	2,204,285,963	44.93
Total	**4,906,213,102**	**100.00**

MAJOR ACQUISITIONS AND DISPOSALS

Acquisition of SXH China Logistics

On February 12, 2018, SF Holding (HK) (our wholly-owned subsidiary) entered into a sale and purchase agreement with HAVI China Holding LLC ("**HAVI China**") and HAVI Group, pursuant to which we agreed to purchase 75% of the issued share capital of SXH China Logistics (formerly named as SF\HAVI China Logistics) at a consideration of approximately US$140 million. The consideration for the acquisition was determined on the basis of arm's length negotiation, taking into account the business operations and industry conditions of the businesses and assets being acquired. The acquisition of the 75% issued share capital of SXH China Logistics was completed on July 31, 2018. Along with the 75% acquisition, Jolly Union Limited (our wholly-owned subsidiary and a 75% shareholder of SXH China Logistics at the relevant time) was granted a call option to request HAVI China to sell all or part of the 25% issued share capital of SXH China Logistics it held upon the occurrence of specified events (the "**HAVI Call Option**"). Pursuant to the HAVI Call Option exercised by Jolly Union Limited, on April 12, 2022, HAVI China transferred the remaining 25% of the issued shares of SXH China Logistics to Jolly Union Limited at a consideration of approximately US$96 million, and SXH China Logistics became a wholly-owned subsidiary of our Company. The acquisitions have been properly and legally completed and settled, and all relevant approvals required from the relevant authorities have been obtained.

Acquisition of DHL Supply Chain HK and DHL Logistics Beijing

On October 26, 2018, our Company reached a strategic cooperation with Deutsche Post DHL Group ("**DHL Group**") to acquire DHL Group's supply chain business in mainland China, Hong Kong and Macau. On the same date, SF Holding (HK), a subsidiary of our Company, entered into a sale and purchase agreement (the "**DHL Sale and Purchase Agreement**") with several subsidiaries of DHL Group, including Deutsche Post Beteiligungen Holding GmBH ("**Deutsche Post Holding**"), Ocean Overseas Holdings Limited ("**Ocean Holding**") and DHL Global Forwarding (Hong Kong) Limited (敦豪全球貨運物流(香港)有限公司) ("**DHL Forwarding**"). Pursuant to the DHL Sale and Purchase Agreement, SF Holding (HK) shall acquire the entire share capital in DHL Supply Chain (Hong Kong) Limited (敦豪供應鏈(香港)有限公司) ("**DHL Supply Chain HK**") from Deutsche Post Holding and Ocean Holding and the entire equity interest in DHL Logistics (Beijing) Co., Ltd.* (敦豪物流(北京)有限公司) ("**DHL Logistics Beijing**") from DHL Forwarding at a total cash consideration of RMB5,500,000,000. The consideration was determined on the basis of arm's length negotiation, the target companies' financial forecast based on discounted cash flow at the time and financial figures as at June 30, 2018, and took into account the business operations and industry conditions of the target companies. Each of DHL Group, Deutsche Post Holding, Ocean Holding and DHL Forwarding is an Independent Third Party.

DHL Supply Chain HK and DHL Logistics Beijing were the operating entities of the supply chain business of DHL Group in mainland China, Hong Kong and Macau. Upon completion of the above acquisition, we became the sole shareholder of DHL Supply Chain HK and DHL Logistics Beijing. According to the relevant provisions of the Rules Governing the Listing of Securities on the Shenzhen Stock Exchange and our Articles of Association, shareholders' approval was not required for the aforementioned acquisitions. The acquisitions were completed in February 2019 and have been properly and legally completed and settled, and all relevant approvals required from the relevant authorities have been obtained.

Acquisition of 51.5% Stake in Kerry Logistics in September 2021

To further enhance our business capability as an international integrated logistics solutions provider and the strategic layout of our freight forwarding and international business, our Group, through our wholly-owned indirect subsidiary, Flourish Harmony, acquired approximately 51.5% of the shareholding of Kerry Logistics through a voluntary partial cash offer to the then shareholders of Kerry Logistics at a price of HK$18.80 per share. The offer price per share of HK$18.80 was determined based on arm's length negotiation considering, among others, the value of Kerry Logistics taking into account the sale of certain warehouses in Hong Kong and the sale of its Taiwan business concurrently with the acquisition, the payment of special dividend from the Hong Kong warehouses sale proceeds, and the historical share price of Kerry Logistics on the Stock Exchange.

Our Shareholders' approval for the acquisition was obtained on June 15, 2021. The voluntary partial cash offer was closed on September 16, 2021 and was settled on September 28, 2021. Upon completion of the acquisition, Kerry Logistics continues to be listed on the Main Board of the Stock Exchange and Kerry Logistics' results of operations have been consolidated into our Company's financial information since September 28, 2021. This acquisition has been properly and legally completed and settled, and all relevant approvals required from the relevant authorities have been obtained. After completion of the acquisition, Kerry Logistics contributed to (i) RMB20.3 billion, RMB74.3 billion, RMB45.9 billion and RMB24.0 billion, representing 9.8%, 27.8%, 17.8% and 17.8%, of the revenue of our Group, and was reflected in our supply chain and international segment; and (ii) RMB371.0 million, RMB1.4 billion, RMB209.8 million and RMB25.5 million, representing 7.8%, 21.9%, 2.6% and 0.5%, of the profit attributable to owners of our Company, for each of the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively. The decrease in net profit contribution of Kerry Logistics for the year ended December 31, 2023 was primarily attributable to the slowdown experienced by the international sea and air freight market, mainly due to the softening demand, and the de-stocking in certain countries, as the global supply chain continued to normalize gradually post-pandemic. For details, see "Financial Information — Period-to-Period Comparison of Results of Operations — Year Ended December 31, 2023 Compared with the Year Ended December 31, 2022 — Revenue — By Segment" in this prospectus.

Shareholders' agreement with respect to Kerry Logistics

In connection with the acquisition of Kerry Logistics, in February 2021, Flourish Harmony and our Company entered into a shareholders' agreement with Kerry Holdings and Kerry Properties, the controlling shareholders of Kerry Logistics prior to the completion of the acquisition, in respect of certain corporate governance matters of Kerry Logistics. The shareholders' agreement became effective on September 16, 2021. Principal terms of the shareholders' agreement are set out below:

Board composition	For so long as Kerry Holdings and its associated companies in aggregate hold 10% or more of the total issued share capital of Kerry Logistics, the board of directors of Kerry Logistics shall comprise 11 directors, including (i) seven directors (excluding independent non-executive directors), of whom four shall be nominated by Flourish Harmony, two shall be nominated by Kerry Holdings and one shall be nominated by Kerry Properties, and (ii) four independent non-executive directors, of whom three shall be nominated by Flourish Harmony and one shall be nominated by Kerry Holdings. For so long as Kerry Holdings and its associated companies in aggregate hold 5% or more but less than 10% of the total issued share capital of Kerry Logistics, one director shall be nominated by Kerry Holdings.
Reserved matters	Certain matters to be undertaken by Kerry Logistics and its subsidiaries, including any change to the issued share capital or the creation or issue of any shares of Kerry Logistics or any other security convertible into shares of Kerry Logistics or the grant of any option or rights to subscribe for or to convert any instrument into such shares of Kerry Logistics, and any acquisition (or a series of related acquisitions) by Kerry Logistics or any of its subsidiaries with a value of HK$3 billion or more, shall be subject to the approval by two-thirds or more of the directors of Kerry Logistics.

Business arrangements	Subject to our Company obtaining the requisite corporate approvals (or shareholders' approvals and/or regulatory approvals, where applicable) and (1) our Group and (2) Kerry Holdings and Kerry Properties (and their respective associated companies) legally and beneficially holding not less than 50% and 30%, respectively, of the shares of Kerry Logistics, Flourish Harmony and our Company agree to procure that our Group carries out its logistics businesses outside of mainland China, Hong Kong, Macau and Taiwan through Kerry Logistics and its subsidiaries, subject to: (i) the exclusion of any international freighter operations; (ii) consent having been obtained from relevant partners of certain joint venture businesses; and (iii) no existing contracts (as at the date of the shareholders' agreement) of our Group having been breached as a result. Our Group would otherwise be free to pursue any new logistics business opportunities which Kerry Logistics and its subsidiaries elect not to pursue.
Public float	In the event the public float of Kerry Logistics falls below 15% of the total number of issued shares of Kerry Logistics immediately following completion of the acquisition on September 28, 2021, Kerry Holdings and Kerry Properties agree to restore the public float to 15% by placing down up to 6.9% of the total number of issued shares of Kerry Logistics as at February 10, 2021, and Flourish Harmony agrees to take action to restore the public float to 15% to the extent in excess of 6.9% of the total number of issued shares of Kerry Logistics as at February 10, 2021.

Mandatory takeover offer waiver and non-compete undertaking in respect of KEX Thailand

Given Flourish Harmony would be deemed to have acquired indirect control of KLN Logistics (Thailand) Limited, an indirect subsidiary of Kerry Logistics that is interested in approximately 52.06% of the issued ordinary share capital of KEX Thailand, a company listed on the Stock Exchange of Thailand, a waiver was obtained from the relevant regulatory authorities in respect of the requirement applicable to Flourish Harmony, Kerry Logistics or any other entity through which Kerry Logistics holds its interest in KEX Thailand to make a chain principle mandatory takeover offer for the shares of KEX Thailand.

As a condition to the aforementioned waiver, each of Flourish Harmony and our Company has undertaken to the relevant Thai regulatory authority that Flourish Harmony, our Company and S.F. Express Co., Ltd. (a company incorporated in Thailand which operates our business in Thailand) will not operate any businesses similar to KEX Thailand's core business in Thailand, including small package delivery services, from the date when the acquisition of shares in Kerry Logistics was completed. This non-compete undertaking (the "**Thai SEC Undertaking**") shall be valid so long as Flourish Harmony and our Company and/or subsidiaries of Flourish Harmony and our Company hold directly or indirectly more than 10% of shares in Kerry Logistics and Kerry Logistics holds directly or indirectly more than 10% of the total voting rights in KEX Thailand.

From the date when the acquisition of shares in Kerry Logistics was completed up till the Latest Practicable Date, each of Flourish Harmony, our Company and S.F. Express Co., Ltd. has operated their respective business in a manner that is compliant with the Thai SEC Undertaking.

Subscription of perpetual convertible securities

On May 18, 2023, SF Holding (HK) (our wholly-owned subsidiary) subscribed for perpetual convertible securities in the principal amount of HK$780,000,000 issued by Kerry Logistics (the "**Kerry Logistics Perpetual Convertible Securities**"). Subject to compliance with relevant Listing Rules requirements applicable to Kerry Logistics, the Kerry Logistics Perpetual Convertible Securities are convertible at the option of SF Holding (HK) into new shares to be allotted and issued by Kerry Logistics at any time on or after June 5, 2023 (i.e. 14 days after the closing date, which was May 18, 2023) to the close of business on the date falling seven days prior to the date fixed for redemption of the relevant convertible securities. The initial conversion price is at HK$18.80 per share of Kerry Logistics, which is subject to adjustment upon occurrence of specified events. On the basis of the initial conversion price of HK$18.80, the number of new shares of Kerry Logistics subject to such conversion right would be 41,489,361 shares. If and upon full exercise of the conversion rights pursuant to the Kerry Logistics Perpetual Convertible Securities and taking into account the shareholding we held in Kerry Logistics through Flourish Harmony, our aggregate shareholding interests in Kerry Logistics would increase to 53.82%, assuming that there is no other change to the total number of shares of Kerry Logistics.

For further details of the Kerry Logistics Perpetual Convertible Securities, see "Statutory and General Information — 4. Our Incentive Schemes and Particulars of our Capital under Option — B. Kerry Logistics Perpetual Convertible Securities" in Appendix IV to this prospectus.

Transfer of ten subsidiaries of Kerry Logistics to SF Holding (HK)

In continuation of the objectives of our integration of Kerry Logistics' international freight forwarding services and international delivery services in order to bring efficiencies of scale to our operations, on July 25, 2023, SF Holding (HK) (our wholly-owned subsidiary) entered into an agreement with Kerry Logistics, pursuant to which SF Holding (HK) (or its nominee(s) or subsidiary(ies)) has conditionally agreed to buy the interests held by Kerry Logistics in ten companies that were originally Kerry Logistics' subsidiaries engaging in express delivery services in Asia Pacific and Europe (the "**Target Companies**"), and Kerry Logistics has conditionally agreed to sell and to procure the relevant shareholders of the Target Companies to sell their respective interests in the Target Companies. Upon completion of the aforementioned transfer of the Target Companies, the Target Companies will cease to be subsidiaries of Kerry Logistics and all the interests in the Target Companies previously held by Kerry Logistics would be held by SF Holding (HK) (by itself or through its nominee(s) or subsidiary(ies)). Kerry Holdings, Kerry Properties, our Company and Flourish Harmony have executed a letter agreeing that the aforementioned transfers and the carrying on by our Group of express business pursuant to the terms of the transfers in the relevant jurisdictions would not constitute a breach of the business arrangements provisions in the shareholders' agreement of Kerry Logistics. As of the Latest Practicable Date, the transfers for eight of the Target Companies have been completed.

Acquisition of shares in and mandatory tender offer in relation to KEX Thailand

On December 29, 2023, the board of directors of Kerry Logistics has resolved to conditionally declare a special interim dividend (the "**KLN Distribution**"), which was effected by way of a distribution in specie of the 907,200,000 shares in KEX Thailand indirectly held by Kerry Logistics to such qualifying shareholders of Kerry Logistics, in proportion to such shareholders' then respective shareholdings in Kerry Logistics.

Given our Company is the controlling shareholder of Kerry Logistics, which indirectly held approximately 51.5% of the issued shares in Kerry Logistics through Flourish Harmony, Flourish Harmony will be entitled to receive 467,373,833 shares in KEX Thailand (the "**KEX DIS Shares**") under the KLN Distribution, representing 26.8% of all issued shares in KEX Thailand. Given Flourish Harmony transferred all of the KEX DIS Shares it received under the KLN Distribution to SF International Holding (Thailand) Co., Ltd. ("**SF Thailand**", an indirect subsidiary of our Company), SF Thailand was required to make a mandatory tender offer (the "**KEX Offer**") to acquire all shares in KEX Thailand (other than such shares in KEX Thailand held by SF Thailand) in accordance with the requirements of the relevant regulatory rules and codes of Thailand. On February 13, 2024, SF Thailand launched the KEX Offer, the offer period of which ended on March 22, 2024. As a result of the KEX Offer, SF Thailand has further acquired 624,443,472 shares in KEX Thailand, representing 35.8% of all issued shares in KEX Thailand.

The KLN Distribution and the KEX Offer were completed in March 2024. Prior to the KLN Distribution and the KEX Offer, KEX Thailand is a subsidiary of Kerry Logistics, which was indirectly controlled as to 52.1% by our Company through Kerry Logistics, and upon completion of the KLN Distribution and the KEX Offer, KEX Thailand ceased to be a subsidiary of Kerry Logistics, and become a 62.66%-held indirect subsidiary of our Company through SF Thailand.

Disposal of Fengwang Information Technology in June 2023

On May 12, 2023, Shenzhen Fengwang Holding Co., Ltd.* (深圳市豐網控股有限公司) entered into an agreement with Shenzhen J&T Supply Chain Co., Ltd.* (深圳極兔供應鏈有限公司) ("**Shenzhen J&T**"), an Independent Third Party, to dispose of 100% equity interest we held in Fengwang Information Technology, which represents the 63.75% equity interests we held in Fengwang Express, to Shenzhen J&T at a consideration of RMB1,183,000,000 (subject to adjustment for the profit and losses of Fengwang Information Technology and its subsidiaries during the transitional period). As the principal activities of Fengwang Information Technology and its subsidiaries were the operation of the franchising model economy express services, such disposal of Fengwang Information Technology allowed us to redirect our resources to advance our strategic focus on the development of our principal businesses of mid to high-end express services, through a directly operated model. Furthermore, as Fengwang Express was still in its initial stage of development prior to the disposal and due to changes in the franchising model economy express services market environment including its competitive dynamics, Fengwang Express had been operating at a loss since its establishment and prior to its disposal. The disposal of Fengwang Information Technology and its subsidiaries was beneficial to the Company's financial performance and aligned with the Company's commitment to sustainable operation and steady growth. The consideration was determined by the parties upon arm's length negotiation and taking into account the operational performance and market conditions with respect to Fengwang Information Technology. Shareholders' approval was not required for this disposal. The disposal was completed on June 27, 2023. Upon completion of the disposal, we no longer hold any equity interest in Fengwang Information Technology. As advised by our PRC Legal Adviser, the aforementioned transaction has been properly and legally completed, all relevant approvals required from the relevant PRC authorities have been obtained, and Fengwang Express was not involved in any material non-compliance issues during the Track Record Period and up to the date of completion of the disposal on June 27, 2023.

The applicable percentage ratios under Chapter 14 of the Listing Rules for each of the acquisitions that took place during the Track Record Period were all below 25%, and save as those acquisitions or proposed acquisitions conducted after the Track Record Period for which a waiver from strict compliance with Rules 4.04(2) and (4) has been granted, our Company has complied with the applicable requirements under Chapter 4 of the Listing Rules with respect to the acquisitions it conducted. See "Waivers and Exemptions — Acquisitions after the Track Record Period" of this prospectus. Save as disclosed in the above, no other major acquisition or disposal took place during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SZSE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

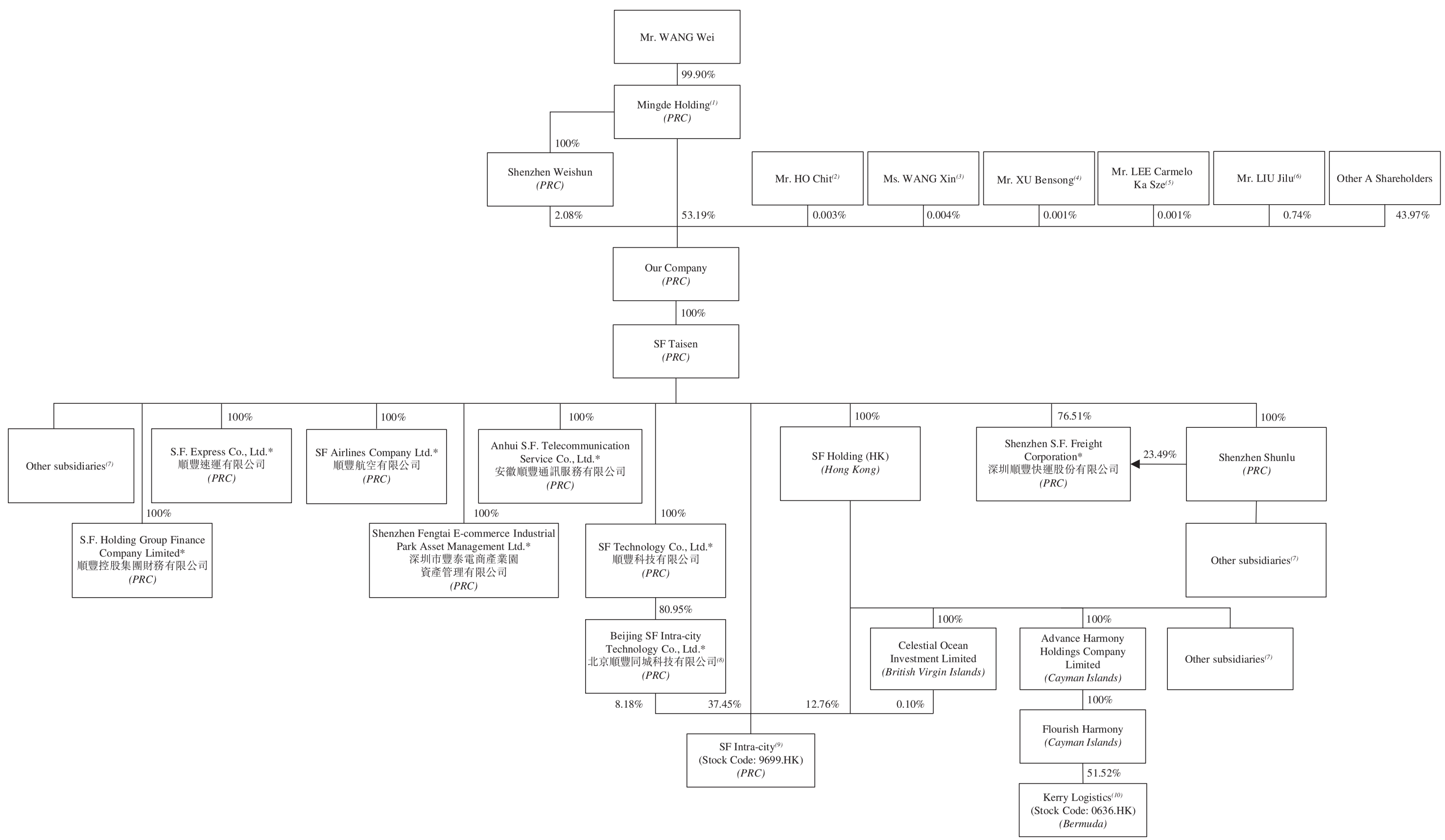
As of the Latest Practicable Date, our Company was listed on the SZSE, and our Directors confirmed that we had no instances of non-compliance with the rules of the SZSE and other applicable PRC securities laws and regulations in any material respects since the completion of the Material Asset Restructuring and our listing on the SZSE and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investor's attention in relation to our compliance record on the SZSE, and nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree the Directors' view. Our PRC Legal Adviser is of the view that the confirmation of our Directors above with regard to our compliance record is accurate and reasonable.

To further advance our internationalization strategy, establish an overseas equity financing platform, optimize our international brand image and enhance our integrated competitive strengths, we plan to be listed on the Stock Exchange. We endeavor to further strengthen and optimise our network and service offerings, continue to enhance our efficiency and productivity across our operations, continue to invest in technology to build a smart logistics network and offer pioneering solutions, and expand our international and cross-border capabilities. We currently intend to use the net proceeds from the Global Offering to strengthen our international and cross-border logistics capabilities, strengthen and optimize our logistics network and service offerings in China, and conduct research and development of advanced technologies and digital solutions to upgrade our supply chain and logistics services and implement ESG-related initiatives. For more details, see "Business — Strategies" and "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Before the Global Offering

The following chart illustrates our simplified shareholding and corporate structure immediately prior to the Global Offering:



Notes:

(1) As of the Latest Practicable Date, Mr. Wang held 99.90% of the equity interest in Mingde Holding, with the remaining 0.10% held by Mr. Lin Zheying, the former deputy chairman and a former director of the Company, whose term of office expired on December 20, 2022, and certain of the A Shares controlled by Mr. Wang were pledged in favour of certain financial institutions or placed in a security and trust account. For more details, see "Substantial Shareholders" in this prospectus.

(2) Mr. HO Chit is an executive Director, deputy general manager and head of finance of the Company, and held 122,000 A Shares as of the Latest Practicable Date.

(3) Ms. WANG Xin is an executive Director, and held 172,000 A Shares as of the Latest Practicable Date.

(4) Mr. XU Bensong is an executive Director, and held 54,200 A Shares as of the Latest Practicable Date.

(5) Mr. LEE Carmelo Ka Sze is an independent non-executive Director and held 38,000 A Shares as of the Latest Practicable Date.

(6) Mr. LIU Jilu is a Supervisor and held 35,793,780 A Shares as of the Latest Practicable Date.

(7) As of the Latest Practicable Date, our other subsidiaries include more than 1,000 subsidiaries established in various jurisdictions.

(8) As of the Latest Practicable Date, the remaining 19.05% equity interest in Beijing SF Intra-city Technology Co., Ltd.* (北京順豐同城科技有限公司) was held by Ningbo Meishan Free Trade Port Zone Danwu Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區丹武投資管理合夥企業(有限合夥)), which is ultimately controlled by Mr. GENG Yankun, our deputy general manager.

(9) SF Intra-city is a company listed on the Main Board of the Stock Exchange (stock code: 9699.HK). As of the Latest Practicable Date, (i) 7.54% of the equity interest in SF Intra-city was held by Ningbo Shunxiang Tongcheng Venture Capital Investment Partnership (Limited Partnership)* (寧波順享同成創業投資合夥企業(有限合夥)) ("***Ningbo Shunxiang***"), a domestic employees shareholding platform controlled by Mr. Sun Haijin, an executive director of SF Intra-city; (ii) 1.82% and 3.83% of the equity interest in SF Intra-city was held by Duckling Fund, L.P. and Shining Star Fund, L.P., respectively, both being entities controlled by Boundless Plain Holdings Limited and Mr. Eric LI; and (iii) 5.55% of the equity interest in SF Intra-city was held by Taobao China Holding Limited, a company controlled by Alibaba Group Holding Limited (a company listed on the Stock Exchange, stock code: 9988.HK, and on the New York Stock Exchange, stock ticker: BABA.NY). All of the aforementioned shareholders of SF Intra-city are Independent Third Parties, and to the best knowledge of our Directors having made all reasonable enquiries, all of the remaining shareholders of SF Intra-city are Independent Third Parties.

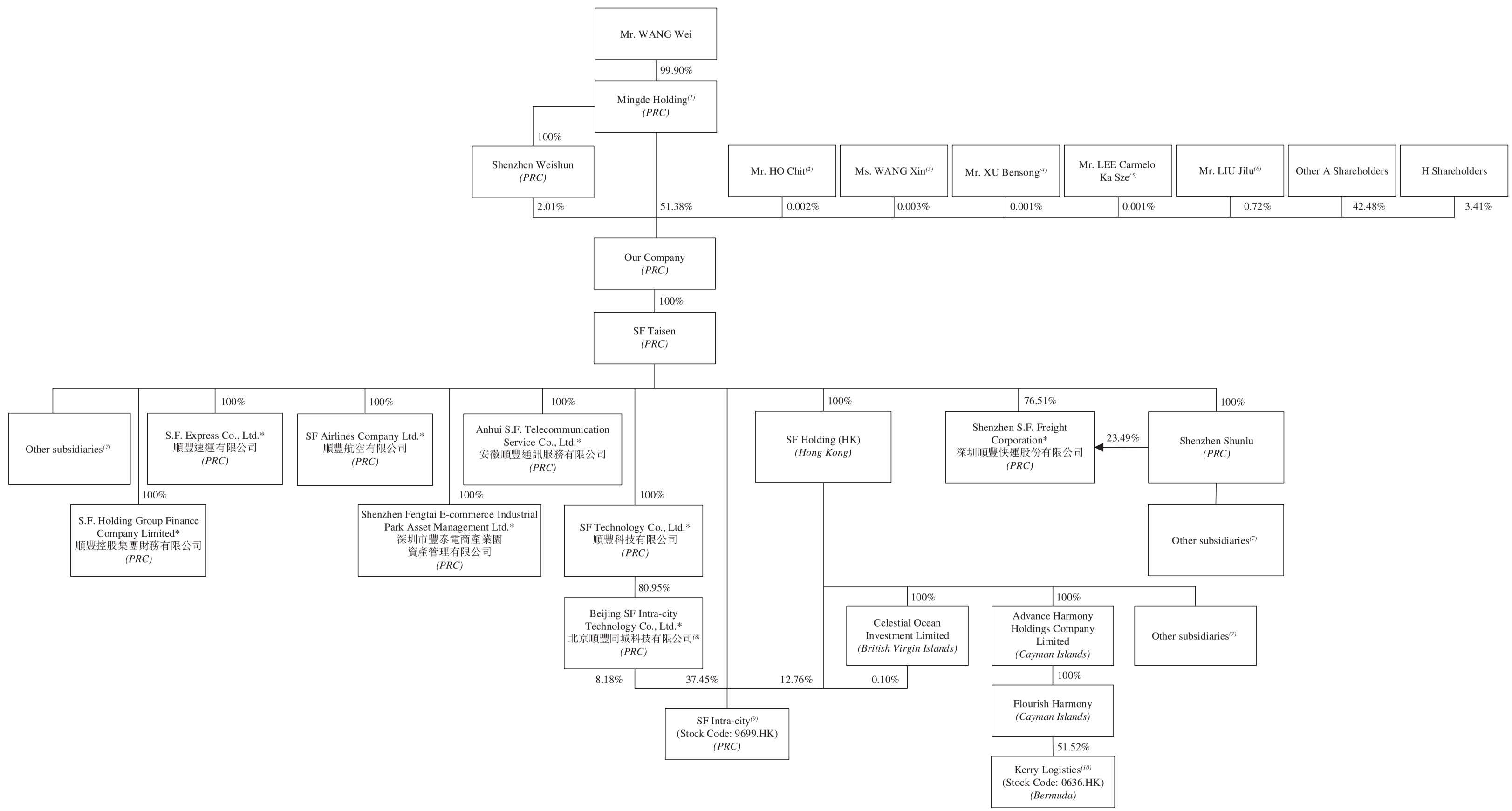
(10) Kerry Logistics is a company listed on the Main Board of the Stock Exchange (stock code: 0636.HK). As of the Latest Practicable Date, (i) Kerry Group Limited held indirectly through its subsidiaries 32.97% shareholding in Kerry Logistics, including direct shareholding of 20.84% by Kerry Properties; (ii) KUOK Khoon Hua, a non-executive director of Kerry Logistics, was interested as to 0.10% shareholding in Kerry Logistics as beneficial owner and as a discretionary beneficiary to a discretionary trust; (iii) CHENG Chi Wai, an executive director of Kerry Logistics, held 0.06% shareholding in Kerry Logistics; (iv) CHEUNG Ping Chuen, an executive director of Kerry Logistics, was interested as to 0.22% shareholding in Kerry Logistics; and (v) WONG Yu Pok Marina, an independent non-executive director of Kerry Logistics, held 0.001% shareholding in Kerry Logistics. To the best knowledge of our Directors having made all reasonable enquiries, the remaining shareholders of Kerry Logistics are Independent Third Parties.

(11) Similar to many large-scale, multinational conglomerates, our multi-layered and complicated corporate structure commensurate the fact that our business network spanning across a large number of cities in the PRC and a large number of cities in overseas countries, and our services offering comprising different types of logistics services across the various segments of our Group. We conduct our business through a large number of operating entities in the PRC and overseas, as we continue to expand through organic growth and acquisitions and consolidations of other businesses.

As of the Latest Practicable Date, all of our A Shares were traded on the SZSE, and our Controlling Shareholders controlled directly and indirectly 55.27% of our total issued Shares. To the best knowledge of our Directors having made all reasonable enquiries, as of the Latest Practicable Date, no other Shareholders of our A Shares were close associates of any of our Controlling Shareholders.

Shareholding and Corporate Structure upon Completion of the Global Offering

The following chart illustrates our simplified shareholding and corporate structure immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised and no further Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan:



Notes (1) to (10): See "— Shareholding and Corporate Structure Immediately Before the Global Offering."

OVERVIEW

Scale

Largest in Asia

4th Largest Globally

Integrated logistics service provider[1]

Leadership[1]

No. 1 in Asia

Express, LTL Freight, Intra-city On-demand[2], International[3]

No. 1 in China

Express, LTL Freight, Cold Chain, Intra-city On-demand[2], Supply Chain[4]

Global Coverage

202

Countries and regions covered

99 aircraft

Largest air cargo fleet in Asia

186k vehicles

Largest ground delivery fleet in the world

Brand

No. 1

Customer satisfaction for express services in China as published by the State Post Bureau

15 years

in a row

Growth

11.7%

Revenue CAGR, 2021-2023

31.9%

Net Profit Attributable to Owners of Our Company CAGR, 2021-2023

16.3%

EBITDA[5] CAGR, 2021-2023

Profitability

RMB8.2bn

Net Profit Attributable to Owners of Our Company in 2023

RMB29.4bn

EBITDA[5] in 2023

Notes:

1 *According to Frost & Sullivan, in terms of revenue in 2023*
2 *Among third-party intra-city on-demand delivery service providers*
3 *Among Asia integrated logistics players*
4 *Among non-state-owned independent third-party supply chain solutions providers*
5 *For details, see "Financial Information — Non-IFRS Measures" in this document*

We are a leading global integrated logistics service provider (i.e. logistics service provider that offers a full spectrum of domestic and international logistics services, including but not limited to, express delivery services, freight delivery services, cold chain logistics services, intra-city on-demand delivery services, supply chain services and international logistics services, and provide one-stop solutions to multinationals, large corporations, small and medium enterprises and retail customers), the largest player in China and Asia, and the fourth largest player globally, in terms of revenue in 2023, according to Frost & Sullivan. We are a Fortune Global 500 company with market leadership in five logistics sub-segments in China and four in Asia, offering a complete range of logistics services including express, freight, cold chain, intra-city on-demand, supply chain solutions and international logistics services.

We have a premium brand that is widely recognized for top-notch services and is a commonly used verb in Chinese, with *"Let me SF this to you"* having become synonymous with *"Let me express mail this to you."* We were the only logistics company recognized as one of the Top Five Most Admired Chinese Companies by Fortune Magazine in 2024. As of June 30, 2024, we had an extensive global delivery network covering 202 countries and regions, supported by 99 aircraft and over 186,000 vehicles, the largest air and ground delivery fleet in Asia, according to Frost & Sullivan. We are also a technology-driven company with 4,199 patents and patent applications as of June 30, 2024, and we continuously leverage proprietary technologies to deliver innovative solutions and execution excellence. We had approximately

2.2 million customers with active credit accounts and approximately 699 million retail customers as of June 30, 2024, both of which were the highest among all logistics service providers in Asia, according to Frost & Sullivan.

Our business model has three key attributes: direct operations, integrated capabilities, and third-party independence. First, we directly operate the entire end-to-end delivery process from first-mile pickup to last-mile delivery. This enables strong operational control, high network visibility and agile resource allocation to support industry-leading speed, cost and reliability. Second, our integrated capabilities enable us to offer a full-spectrum of services, standardized or customized, to address a full range of customers' logistics needs, capture greater wallet share, and achieve above-industry growth. Third, we are the only integrated logistics service provider of scale in China that is independent of major e-commerce platforms*, allowing us to serve our customer base impartially, capture new opportunities, and build long-term sustainable relationships.

	China Express Logistics	Invest in the Future	Global Integrated Logistics
Time Period	1993 - 2012	2012 - 2023	2023 - Future
Geography	China	China and Asia	China, Asia and Global
Strategic Focus	Country Leadership Build a strong foundation Establish market leadership Build our brand	Building Capabilities Incubate new products Invest in infrastructure Gain market share	Global Expansion Harvest prior investment Enhance profitability Strengthen cost discipline

We have dedicated over three decades to building our logistics network and investing in logistics infrastructure, which has given us a unique position today in Asia as an industry-defining player. Our flagship product is time-definite express, in which we commanded a market share of 63.9% in China in 2023, according to Frost & Sullivan. Leveraging our time-definite capabilities, we employed an "1-to-n" growth strategy to enter into adjacent products and geographies in a strategic and cost-effective manner. Following this strategy, our capabilities and product offerings are becoming increasingly comprehensive and sophisticated each day, expanding from time-definite to economy express, from small light-weight items to large heavy parcels, from standard delivery to specialized services with temperature or humidity precision, from China to Asia and then to the world. Today, most of our service offerings have reached scale and market leadership, achieved profitability, and are poised for growth.

Note:

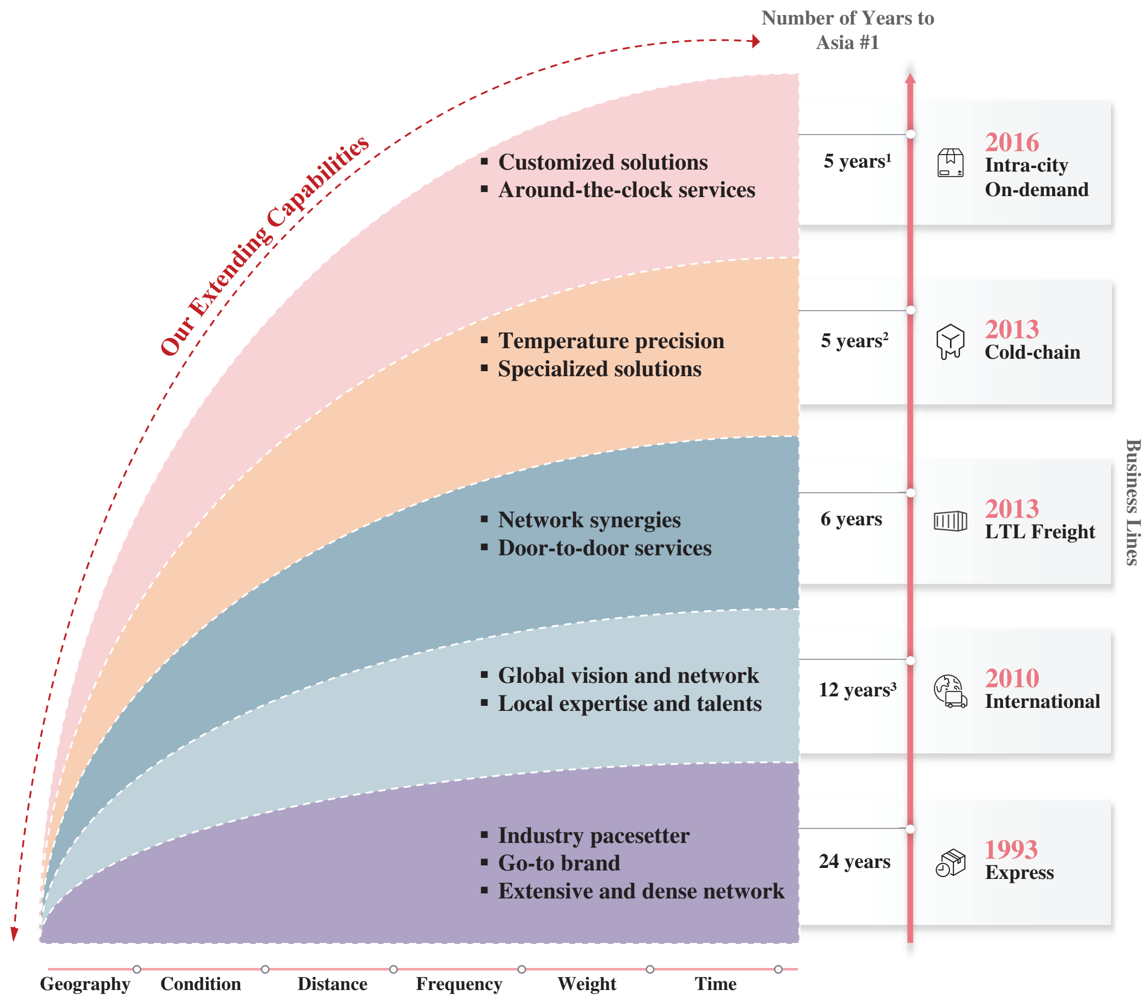
* *According to Frost & Sullivan, in 2023, we were the only integrated logistics service provider in China that is independent of major e-commerce platform, which recorded revenue exceeding RMB200 billion.*

As a leading global integrated logistics service provider, we have always had a vision to become the leader in global logistics. Global logistics represents an enormous market opportunity, with an estimated US$11.1 trillion spent on logistics in 2023, of which Asia is the largest regional market accounting for US$5.1 trillion in logistics spend in 2023, according to Frost & Sullivan. The logistics industry is going through several paradigm shifts which presents us with multiple opportunities. As the logistics needs of businesses become increasingly complex and diverse, customer demand is shifting towards logistics players that provide a full spectrum of products, high quality services, and global reach. In our home market of Asia, the logistics industry as a whole and most of its sub-sectors remains highly fragmented. As single-market single-product players become increasingly disadvantaged due to lack of capabilities, strategic consolidation opportunities continue to emerge for leading integrated players. We started our international business in 2010, primarily serving Chinese customers' outbound logistics needs. Today, as Chinese enterprises expand globally, the international supply chain has significant opportunities for transformation. In 2021, our acquisition of Kerry Logistics further strengthened our domestic and cross-border express operations in Southeast Asia, international supply chain and freight forwarding capabilities. Successful integration of Kerry Logistics into our existing international operations further solidified our global integrated logistics capabilities and customer base, empowering our global expansion strategy and vision. In 2023, we had the largest international operations among all Asia-based integrated logistics service providers in terms of international revenue, according to Frost & Sullivan. Together with the commencement of operations of the logistics complex in the Ezhou cargo hub, we believe we are best-positioned among all local and global players to consolidate the market and to capture opportunities both domestically and internationally, with our extensive product portfolio, integrated global capabilities, experience in merger and acquisitions, operational excellence and strong cost discipline. We are well positioned to capture a greater proportion of future logistics demand due to our years of prior investment and the capabilities we have built, which cannot be easily replicated.

Looking ahead, we aim to become the leader in global logistics and connect Asia with the world. We will reinforce our market leadership in China, expand our reach in Asia, and broaden our presence globally. In Asia, we will replicate our success in China and expand in selected high-growth markets. In markets outside of Asia, we aim to achieve high-quality growth by leveraging our highly recognized brand, leadership in cost efficiency and integrated capabilities to provide one-stop services. We strive to become the go-to-logistics partner of businesses and individuals worldwide, offering market-leading logistics services that empower their success.

Our Journey

In our 31 years of development, we always strive to make our service offerings increasingly more sophisticated, accommodating customers' diverse requirements in time, weight, frequency, distance, condition, and geography. As we develop new features for existing service offerings, we are also constantly accumulating capabilities to enter adjacent segments and establish market leadership quickly.



Notes:

1 *Among third-party intra-city on-demand delivery service providers*
2 *Asia excluding Japan*
3 *Largest international revenue among Asia integrated logistics players*

We were founded in Shunde, Guangdong Province in 1993. Three decades later, we have become a global integrated logistics player with market leadership across multiple logistics segments in China and Asia.

We have achieved strong growth over the past decade through both organic development and strategic initiatives. Today, a majority of our business customers use more than one of our services.

- In 2013, we began providing freight delivery services for consignments heavier than parcels, which is typically called LTL freight.

- In 2013, we began providing cold chain logistics services, for goods requiring temperature-controlled delivery and storage. In 2018, we acquired a controlling interest in Havi's business in mainland China, Hong Kong and Macau to further strengthen our cold chain capabilities.

- In 2016, we began providing intra-city on-demand delivery services, delivering food, groceries and other products on behalf of business and consumers.

- In 2017, we listed on the Shenzhen Stock Exchange.

- In 2018, we began providing supply chain services for enterprises. These capabilities were strengthened by the acquisition of DHL's supply chain business in mainland China, Hong Kong and Macau in 2019.

- In 2021, we began providing international freight forwarding services.

- In 2021, we acquired a controlling interest in Kerry Logistics, to strengthen our capabilities in freight forwarding and supply chain management and equip us with integrated capabilities in Southeast Asia.

Our management team has pioneered many innovations that have transformed China's logistics industry and have become the industry standard:

- In late 1990s, according to Frost & Sullivan, we pioneered the courier incentive model that tied courier compensation to parcel volume, aligning the interest of couriers with company performance. This incentive model was later adopted across the entire logistics industry in China.

- In 2003, according to Frost & Sullivan, we revolutionized the logistics industry in China by adopting handheld terminals, which boosted our operational efficiency and facilitated the collection and tracking of express delivery routing information for the first time in China.

- In 2009, we became the first private logistics service provider in China to establish our own cargo airline, SF Airlines.

- In 2012, according to Frost & Sullivan, we were the first to use e-waybills in China, which enhanced automation and real-time tracking of parcels.

Our Global Network

Our logistics network is vast and comprehensive. As of June 30, 2024, we covered all cities and 98.1% counties in China, and 202 countries and regions across the globe. As of June 30, 2024, we were the largest shipper of air cargo in China, with a fleet of 99 all-cargo aircraft, and accounted for 32.0% of the air cargo volume in China in the first half of 2024, according to Frost & Sullivan. As of the same date, our ground network was enabled by the largest ground fleet in Asia, according to Frost & Sullivan, consisting of over 86,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally. The Ezhou cargo hub is expected to enable us to further increase the differentiation versus our competitors in terms of delivery speed and global network coverage.

Our Proprietary Technology

Technology lies at the core of everything we do. Our proprietary "SF Smart Brain", a data-driven middle platform system, has enabled effective management of our highly complex operations across a vast network, leading to operational efficiencies and optimized costs. Our couriers are equipped with a set of proprietary and comprehensive technology tools to optimize delivery efficiency and ensure exceptional services. We also harness technology to push the boundaries of our service capabilities and incubate new offerings. Our technology capabilities and our continuing research and development efforts ensure we remain at the forefront of smart logistics.

Our Value Proposition

We pride ourselves on providing top-notch services to our customers. We believe the following distinctive value proposition set us apart from competitors and enable us to uphold premium pricing:

- *Fast.* We provide fast and time-definite delivery for our customers. Our time-definite express product is what we are best known for and the foundation of our integrated logistics services.

- *Reliable*. Our services are consistently reliable. Our directly operated business model ensures full control over our operations and resource allocation.

- *Customer-centric.* We put our customers' interests first and believe in shared growth. We can only succeed if our customers succeed. Our couriers promote a customer-centric culture and strive to build close relationship with our customers, providing warm services.

Our Scale, Growth, and Profitability

We have achieved significant scale, growth and profitability. Our revenue increased from RMB207.2 billion in 2021 to RMB258.4 billion in 2023, representing a CAGR of 11.7%; our revenue also increased by 8.1% from RMB124.4 billion for the six months ended June 30, 2023 to RMB134.4 billion for the same period in 2024. Our profit for the year attributable to owners of our Company was RMB4.7 billion, RMB6.2 billion and RMB8.2 billion in 2021, 2022 and 2023, respectively, representing a CAGR of 31.9% from 2021; our profit for the year attributable to owners of our Company also increased by 15.1% from RMB4.2 billion for the six months ended June 30, 2023 to RMB4.8 billion for the same period in 2024. Our EBITDA (non-IFRS measure) increased from RMB21.8 billion in 2021 to RMB29.4 billion in 2023, representing a CAGR of 16.3%; our EBITDA (non-IFRS measure) also increased by 8.2% from RMB14.7 billion for the six months ended June 30, 2023 to RMB15.9 billion for the same period in 2024.

We also have a strong emphasis on shareholder return, having declared annual dividends every year since we became a public company. Our dividend payout ratio increased from 20% (from 2017 to 2022) to 35% in 2023, and we aim to steadily increase this over the next five years.

We believe we are at an inflection point today for high-quality and sustainable growth. The period of heavy capital expenditure has now passed and we have implemented many operational efficiency initiatives that are bearing fruit. We have also achieved a number of breakthroughs in our businesses, including the following:

- Market share gains as our broader portfolio of logistics services and industry-specific packaged solutions enable us to serve a more diverse customer base across different industries and capture greater customer wallet share;

- Enhanced profitability as our newer logistics services have grown in scale and achieved breakeven, any further growth will be accretive to our bottom line;

- Improved cost efficiency as integration of our aviation, ground and information networks and resource sharing lead to increased cost synergies; and

- Accelerated global expansion as we ramp up the operations of the Ezhou cargo hub to improve connectivity between China and Asia, within Asia, and Asia with the world.

Our Commitment to ESG

We are deeply committed to building a green and sustainable world as well as bringing positive impact to our people, community and stakeholders. Our ESG efforts cover a broad spectrum of initiatives, from promoting green transportation, utilizing clean energy in logistics industrial parks, advancing green packaging to empowering our employees, advocating for diversity and inclusion, and promoting rural revitalization. Our longstanding ESG commitment is widely accredited. We have been named on Fortune Magazine's China ESG Influential List for three consecutive years since 2022, and are the only express logistics company on the list. We were also named among the World's Best Employers by Forbes in 2022.

Our Culture and Social Responsibility

The logistics industry plays a vital role in the overall economy and serves various industrial and consumer sectors, facilitating manufacturing upgrade and improving everyone's day-to-day life.

As the leading player in the logistics industry, our development has been closely linked to our commitment to social responsibility. Our couriers, who are fondly referred as "Yige (一哥)/Yijie (一姐)", not only fulfill their daily duties, but also always extend help to communities in times of need. They foster a genuine sense of warmth and care, and are returned with deep trust. During major emergencies such as earthquakes or floods, we are always at the forefront to shoulder social responsibilities, saving lives and facilitating rapid resumption of normal production. In addition, through our various logistics services, we empower rural revitalization and agricultural digitalization to help farmers diversify sales channels and generate additional income, fostering shared growth.

Our strong corporate culture sets us apart from our peers and serves as the backbone of our success. We value and are genuinely thankful to our people's contributions and dedications. Our culture embodies the principles and fundamental beliefs that we uphold. It serves as our compass, guiding our efforts towards realizing our vision. Our cultural values are:

- Integrity and responsibility (誠信擔當)
- Empower employees' success (成就員工)
- Enable customers' success (成就客戶)
- Innovation and inclusiveness (創新包容)
- Commitment to excellence (追求卓越)

STRENGTHS

Asia's Largest Integrated Logistics Service Provider

We are Asia's largest integrated logistics service provider offering a comprehensive range of end-to-end logistics solutions. According to Frost and Sullivan:

- *Largest*. We were Asia's largest and globally the fourth largest integrated logistics service provider, in terms of revenue in 2023.

- *Fastest growing*. We were the fastest growing among the global top four integrated logistics service providers, in terms of revenue growth from 2021 to 2023, and the only one based in Asia, which is the largest and fastest growing logistics market. With our market leadership, we are able to capture the region's most attractive growth opportunities, thereby outpacing the overall growth of the Asia logistics market, during the Track Record Period.

- *Increasing profitability*. We achieved the highest growth in profitability among the global top four integrated logistics service providers, in terms of profit and EBITDA (non-IFRS measure), during the Track Record Period.

- *Leading provider of time-definite express.* We are the clear frontrunner in time-definite express, with a market share of 63.9% in China in terms of revenue in 2023. The time-definite express, our flagship product, captures the strong momentum from emerging e-commerce and parcel return services, as well as the increasing consumption of mid to high-end goods and fresh foods.

- *Market leader across multiple logistics segments*. We were the market leader in China across the vast majority of logistics sub-segments including express, LTL freight delivery, cold-chain logistics, third-party intra-city on-demand delivery and non-state owned independent third-party supply chain solutions, in terms of revenue in 2023. We were also Asia's largest provider of overall express delivery, LTL freight delivery, intra-city on-demand in terms of revenue in 2023. In addition, we had the largest international operation among Asia-based integrated logistics service providers in terms of revenue in 2023.

According to Frost & Sullivan, we have the most extensive global network among Asia-based logistics service providers;

- *Air cargo fleet.* As of June 30, 2024, according to Frost & Sullivan we were the largest shipper of air cargo in China, accounting for 32.0% of the air cargo volume in China in the first half of 2024. As of the same date, we operated the largest cargo aircraft fleet in Asia of 99 all-cargo aircraft and the largest number of domestic and international routes among Asia-based logistics service providers.

- *Cargo hub.* The Ezhou cargo hub is the first dedicated air cargo hub in Asia, and fourth in the world, which is of strategic value and scarce position. It is expected to become an international hub that connects the world, especially as a bridge to connect Southeast Asia and Europe. The Ezhou cargo hub adopts the hub-and-spoke mode, which will enable us to further expand our network coverage, bring even higher time-definiteness, achieve higher operational efficiency, and lower our costs.

- *Ground.* As of June 30, 2024, we operated over 86,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally, the largest fleet in Asia, supporting the broadest road coverage in the region. We also have the most extensive network of service outlets and largest couriers team in Asia, extending our fast, reliable, and customer-centric services into businesses and communities throughout the region.

- *Rail.* We operated on the largest number of high-speed rail lines and international routes among Asian logistics service providers as of December 31, 2023, enabling the most extensive railroad coverage in Asia.

- *Sea.* We were the third largest Asia-based ocean freight forwarder in terms of TEU in 2023.

- *Logistics parks and warehouses.* We operate various logistics parks strategically located across Asia, as well as more than 700 warehouses in the PRC with an aggregate area exceeding 7.4 million sq.m. and more than 1,100 warehouses overseas with an aggregate area exceeding 2.5 million sq.m. as of June 30, 2024.

Winning Business Model – Directly Operated, Integrated and Independent

We are the only sizable integrated logistics service provider in Asia that maintains direct control and independence of our operations, and without any affiliation with e-commerce platforms. We believe our business model creates sustainable competitive advantages.

- ***End-to-end direct operations enabling strong network control and premium services.*** We directly control and operate the entire delivery process, from first-mile pickup to last-mile delivery. Our full integration of air, ground and information networks (三網融通), coupled with end-to-end process management, provides us with enhanced operational control to unify strategy and execution across our networks and optimize resource allocation. We are able to enhance efficiency of our network through multi-network synergies (多網融通), where we integrate pertinent resources across multiple networks to create one cohesive logistics network. We provide both standardized and bespoke products with consistent high quality and minimal incremental costs. For example, our time-definite express offers up to eight daily parcel pick-ups and drop-offs, compared with between one to three pick-ups for other players.

- ***Integrated capabilities addressing a larger market opportunity, achieving greater customer wallet share, and stronger product synergies***

  o *Larger market opportunity*. With our integrated capabilities, we provide a full spectrum of logistics services, and therefore address a larger market opportunity. With established capabilities across product segments and industry verticals, we strategically select areas of focus which we believe will outpace broader industry growth.

  o *Greater customer wallet share*. We have a symbiotic relationship with our customers. As they scale, we provide incrementally more solutions that seamlessly integrate with their operations to address their evolving needs. In this process, we grow with them, capturing greater wallet share while also helping them grow their businesses. In 2023, approximately 64% of our business customers used more than one of our services.

  o *Modular bespoke products*. As the breadth and depth of our logistics services grow, we are able to consolidate multiple standardized modules to create bespoke solutions and serve diverse logistics needs, empowering the entire supply chain of our customers.

  o *Service synergies*. Leveraging our information network to share resources and infrastructure across our aviation network and ground network, we enjoy greater economies of scale and synergies across our service offerings.

- ***Third-party independence fostering deeper relationships with a diverse customer base.*** We are the only player among the leading integrated logistics service providers in China to maintain independence from e-commerce platforms and merchants. As the e-commerce landscape evolves rapidly in Asia, our platform-neutral position ensures that we can serve a broad customer base impartially, and enables deeper relationships over time. Compared with our global and domestic peers, we generally have lower customer and industry concentration. For each year/period during the Track Record Period, no single customer contributed more than 3% of our revenue.

- ***Business expansion enabling continued industry leadership.*** The attractive economics of our flagship time-definite express product and directly operated model have enabled us to employ a highly adaptable and flexible "1-to-n" expansion strategy to cost-efficiently incubate new products and successfully disrupt adjacent logistics segments.

  - *LTL Freight.* Based on our time-definite express practices, we introduced widespread adoption of door-to-door deliveries, achieving the highest door-to-door delivery rate, far exceeding the industry average in China, according to Frost & Sullivan. This provided our customers with significant additional value and allowed us to become Asia's LTL freight market leader in terms of revenue in only six years.

  - *Cold-chain.* With similar service precision requirements to time-definite express, our existing logistics network excelled at handling the exacting delivery requirements of perishable goods. We became Asia (excluding Japan)'s cold-chain market leader in terms of revenue in just five years.

  - *Intra-city on-demand.* As our existing express network was designed to specifically meet stringent time-specific demands, we were able to build an intra-city on-demand business quickly and with ease. The intra-city on-demand business also provided cost-efficiencies to our overall business, through resource sharing to improve utilization. We became Asia's leader among third-party intra-city on-demand delivery service providers in terms of revenue in five years.

  - *International logistics.* With ownership and control over critical cross-border logistics resources such as first-mile and last-mile networks, customs clearance capabilities, air fleet and overseas warehousing, we integrate this with our domestic logistics know-hows to offer cross-border solutions. We were Asia's leader in the international logistics market in terms of revenue in 2023.

Our winning business model enables us to command above-the-industry pricing for our time-definite and bespoke products among the leading Asian players. At the same time, leveraging the synergies across our network and resource allocation advantages, we are able to offer standard products, such as economy express, with highly competitive pricing.

Global Gateway Connecting Asia and the World

We act as a global gateway connecting China and Asia, integrating Asian local markets, and bridging Asia with the rest of the world. As the only Asia-based player among the global top four integrated logistics service providers, we benefit from the tailwinds in Asia, the largest and fastest growing logistics market, which had total third-party logistics spending of US$2.3 trillion in 2023 and is expected to grow at a CAGR of 6.6% from 2023 to 2028, according to Frost & Sullivan. In this region, we have accumulated extensive resources, including extensive local networks, broad connectivity, strong brand recognition, and talented teams. With these unique assets, we are well positioned to replicate our success from China across Asia and globally. Our acquisition and integration of Kerry Logistics in 2021 has successfully elevated our global strategy and operations to a new level.

- ***Strong local expertise and network across Asia.***

  - *First and last-mile network in China and Southeast Asia*. We are the only logistics service provider among the global top four integrated logistics service providers to have a directly controlled and operated network across both China and Asia, supported by our capability to connect these regions by air. We also have broad first and last-mile capabilities in China and Southeast Asia to capture cross-border express demand. Southeast Asia represents a major and one of the fastest growing logistics markets in Asia, attributable to its strong economic growth, continued improvements in logistics infrastructure and growing importance in the global supply chain.

  - *Deep penetration into Southeast Asian markets.* We have a strong presence in Southeast Asian markets supported by our well-established local networks, local connectivity and operational know-how. We have established a leadership position in Southeast Asia among integrated players in terms of revenue in 2023. Moreover, with a leading network in Southeast Asia and global service capabilities, we are poised to seize growth opportunities in the Asia-Pacific region by leveraging our deep integration of supply chains and the rapid expansion of local and cross-border trade to enhance our international service capabilities. This strategic positioning enables us to progressively expand our network and achieve global reach.

  - *Unique vantage point in global supply chains*. We have a unique vantage point in global supply chains as the only Asia-based company in the global top four integrated logistics service providers. As over 90% of Fortune 500 companies have significant portion of their supply chains based in Asia, we are uniquely positioned to deliver competitive solutions and capture their logistics demand.

- ***Cost leadership driving price-competitive, one-stop solutions.*** International logistics is highly complex, requiring an expansive global network and multi-model transportation across borders. With our integrated capabilities, we offer comparable delivery times at more competitive pricing than our global peers. Our competitive pricing is enabled by our cost leadership among global players. This efficient cost structure is supported by our Asian nexus, highly integrated network and large demand volume, which enables us to support numerous regional routes with greater scale. Moreover, with few players possessing comparable scale and capabilities in Asia, we are further distinguished by our ability to deliver one-stop solutions covering international express, cross-border e-commerce parcel delivery to international freight forwarding.

- ***Asset-appropriate approach to deploy resources.*** With the infrastructure in place, we adopt an asset-appropriate approach to deploy our resources for international expansion. To expand into countries and regions outside of China, we employ organic growth, acquisitions and partnerships. Our approach provides flexibility to adapt to changing market conditions and allocate resources more efficiently across our network.

We have achieved rapid expansion in our international business through a combination of organic growth and acquisitions, as demonstrated by a 38.6% CAGR in our revenue generated outside of mainland China from 2021 to 2023.

Go-to Brand for Differentiated and Premium Services

"*Let me SF this to you*" has become synonymous with "*Let me express mail this to you*." In China, our household brand name has become a commonly used verb for time-definite express. Our name has also become associated with premium services. Many retailers actively advertise their exclusive use of SF delivery to convey service quality.

Our fast, reliable and customer-centric services are made possible by our directly operated team of couriers, who are our brand ambassadors and high-frequency touch points for customers. As of June 30, 2024, our services were supported by the largest courier team among all logistics players in Asia, according to Frost & Sullivan. As a testament to our leadership in time-definite express and exceptional services, we have been ranked first in overall customer satisfaction for 15 consecutive years (2009 to 2023), first in delivery timeliness (within 48 hours) for nine consecutive years (2013 to 2021), and first in delivery punctuality (within 72 hours) for nine consecutive years (2013 to 2021) by the State Post Bureau. The State Post Bureau has not published new rankings for delivery timeliness and delivery punctuality since 2021.

Due to our successful track record in providing premium services, we have built a reputation for exceeding customer expectations. As a result, we have accumulated the most extensive customer base across major industry verticals in Asia, with high customer loyalty and stickiness. We have expanded our offerings to grow with our customers and meet their evolving demands. We are a highly dependable logistics partner, supporting our customers through the ups and downs of their business cycles. For details, see "— Our Customers and Customer Services — Our Customers." We also provide specialized services that cater to diverse scenarios. Leveraging our integrated capabilities, these solutions are bespoke to our customers but standardized to our operations, with minimal or low customization cost. Examples include:

- *Fresh and seasonal food.* We are the first and only designated logistics service provider to deliver live Yangcheng Lake hairy crabs through express delivery, according to Frost & Sullivan. This is enabled by our sophisticated capability to maintain highly precise temperature and humidity during the delivery process. In addition, we introduced the first-ever automated binding machine for hairy crabs, an innovation that has improved timeliness and reduced costs. We are the undisputed leader in this market, with a 94% market share in terms of shipping volume of Yangcheng Lake hairy crabs in China in 2023, according to Frost & Sullivan.

- *Pharmaceuticals.* We strive to be the pacesetter in pharmaceutical logistics services, which often require strict standards of safety, condition monitoring, delivery time, and full process coordination. We are among the very few logistics players globally to offer one-stop and highly reliable vaccine transportation solutions, featuring designated transportation vehicles, enhanced vaccine safety protection, and temperature control.

- *Luxury.* We were the first to provide luxury time-definite express "SF Shangpai" (順豐尚派), a delivery service with couriers dressed in tailored suits and trained in brand storytelling.

Technology and Innovation Driven Operations

We are a technology-driven logistics service provider and leverage proprietary technologies and innovations to digitalize internal management, enhance operational efficiencies, and expand our business.

Data-driven management and digitalized operations. We harness advanced technologies and digital solutions to manage the full cycle of our end-to-end logistics operations, covering pre-planning, monitoring, and post-review. During pre-planning, we utilize intelligent systems to accurately forecast package volumes and scientifically allocate resources; during monitoring, we track business performance in real-time and make necessary adjustments swiftly; during post-review, we conduct meticulous analysis to distill data insights and continuously iterate and refine our operations.

Today, we have embedded technologies in every aspect of our operations to drive operational excellence:

- *First-mile pickup and last-mile delivery.* We employ a data-driven approach to empower our first-mile pickup and last-mile delivery services. To maximize efficiency of our courier team, our management system dispatches tasks to our couriers dynamically based on data insights, including their skills, anticipated volume, total working hours and potential delivery challenges, among other factors.

- *Transportation.* We have adopted a digitalized dispatch scheduling and management system that optimizes efficiency for our land, air, and multimodal transportation. For example, our intelligent scheduling system takes into account every factor, including network capacity, route planning, service requirements, and weather conditions, and then adjusts resources dynamically and accordingly.

- *Sorting centers.* We have deployed a site management system for intelligent planning, decision making, and dynamic allocation of on-site resources during the transit process. With this technology setup, we are able to perform numerous simulations to refine our operational strategies before strategy implementation, and hence substantially lower costs and enhance efficiency at our sorting centers.

In addition, we have adopted a smart finance management system, which employs advanced data modelling and analytics to help business teams identify potential cost-reduction areas, enable effective operational management, and assist in operational decision making.

Address complex logistics scenarios and empower customers' supply chains. Our proprietary technologies enable us to provide innovative solutions to address diverse and complex logistics scenarios. We also provide our technology to our customers as a service, making their supply chains more efficient.

- *Address complex scenarios.* Our high level of digitalization enables us to address new and complex logistics needs across a wide range of industry verticals and provide practical solutions. We are able to address a wide range of logistics scenarios across online and offline channels for B2B, B2C, C2C and B2B2C modes.

- *Empower customers' supply chains.* We offer our proprietary technologies as a service to our customers to empower their supply chains. For example, we have deployed our proprietary *Fengzhi Cloud Chain* (豐智雲鏈), a cloud-based system for intelligent demand forecasting and resource optimization, with our customers to great success, resulting in faster and more efficient fulfillment. For further details, see "— Technology and Research and Development."

We have been widely recognized for our achievements in technological innovations. We were on Fortune Magazine's Most Influential IoT Innovation List in 2022 and 2023. We had the highest number of patents and patent applications among the global top four integrated logistics service providers as of June 30, 2024, according to Frost & Sullivan. As of June 30, 2024, we had 4,199 patents and patent applications, and 2,535 software copyrights in the fields of automation, big data and smart hardware, among others.

Visionary Management Promoting a People-centric Culture

Our management team exhibits extraordinary vision. They have guided us through changes that may not yield immediate outcomes but have substantial long-term benefits, for instance, being the industry-first transform the business into a directly operated model within the China express sector. Under their leadership, we have become Asia's largest integrated logistics service provider, an achievement through strong execution of organic growth initiatives as well as strategic acquisitions and partnerships, both domestically and internationally. With diverse local and international experience, our management team also brings multifaceted perspectives to the organization. Their diverse backgrounds also create an inclusive culture of learning and collaboration that attracts top talents.

Our founder, chairman of the Board, and chief executive officer, Mr. Wang, is a highly respected veteran of the logistics industry. Guided by his vision, we have anticipated and embraced emerging trends to shape the future of the logistics industry. Mr. Wang is grounded by the belief that the fulfilment of our employees drives the satisfaction of our customers, which creates a virtuous cycle that empowers both our employees and customers.

Our people-centric culture promotes sustainable growth internally and closer relationships with our customers externally. We invest in our couriers and take special care to ensure their well-being through market-leading compensation, continuous training, and employee benefits. By nurturing our couriers with the support and care they deserve, they have passed on that same passion and warmth to our customers. Our couriers play a pivotal role in advancing our culture. Their willingness to go the extra mile through extending a helping hand to local communities cultivates a deep sense of trust among our customers.

We are recognized by Fortune Magazine as one of the Most Admired Chinese Companies for eight consecutive years (2017 to 2024), making us the only logistics service provider with such international recognition.

STRATEGIES

Our growth journey passed through distinct phases. We first established market leadership in time-definite delivery services, and then strategically expanded our service offerings and geographic coverage. Each step was meticulous and focused on our long-term vision. With our competitive offerings and executional excellence, we are well positioned to identify and capture emerging opportunities. We are focusing on executing our core strategies and have clear business priorities to continuously reinforce our competitive moats and achieve long-term, sustainable and profitable growth.

Further Strengthen and Optimize Our Network and Service Offerings

Our service quality and integrated capabilities are key to our continued success. We endeavor to further enhance our network coverage and improve our network infrastructure. Based on business needs, we will continuously optimize and selectively expand our logistics infrastructure, including service outlets, sorting centers, warehouses and fleets. We will continue to develop the Ezhou cargo hub into a global logistics hub, which will enhance the competitiveness of our time-definite express and cross-border service offerings.

We aim to continue to expand our service offerings to fulfill new customer demand and offer bespoke solutions to address customized scenarios. We plan to deepen our penetration into emerging and fast-growing sectors across technology, healthcare and financial services. As more industry verticals require more speedy delivery of their products, we aim to capture greater demand for time-definite equivalent services within these segments. Meanwhile, we perform constant performance review of our business segments and customer cohorts to optimize resource allocation for core segments and customers.

Continue to Enhance Efficiency and Productivity

We are committed to enhancing operational efficiencies and reducing costs throughout our operations. We have multiple clear levers to improve our productivity and focus on multi-network coordination and operational efficiency enhancement. As our capabilities and services evolve, we are able to constantly identify synergistic areas to streamline operations, which will lead to sustainable and profitable growth.

To improve our multi-network integration, we plan to continue to implement unified network planning and integrate pertinent resources across multiple networks to create one cohesive logistics network, which would increase utilization, avoid repeated investment, and enhance economies of scale. In particular, we will focus on improving our capabilities and productivity in distribution, transportation, and last-mile delivery, by further optimizing the utilization of our physical facilities and adopting innovative operational models, such as increasing direct dispatch from sorting centers and setting up more multi-purpose service outlets.

To enhance our operational efficiency, we will continue to deploy automation equipment in our facilities to increase handling capacity while reducing manpower. In addition, we intend to further optimize personnel management through increasing digitalization and finetuning incentive programs.

Continue to Invest in Technology to Build a Smart Logistics Network and Offer Pioneering Solutions

We will continue to promote the end-to-end digitalization of our logistics network to drive greater automation and efficiencies. Through our "SF Smart Brain", we plan to continually upgrade our smart systems from demand planning, collection, transportation, distribution to delivery. We will continue to promote the digitalization of the entire industry supply chain system through more seamless integration of our supply chain with our customers' operations.

We endeavor to continuously push the limits of conventional logistics to offer pioneering solutions through technology innovation. Through strengthening our capabilities in technologies including automation, blockchain and cloud computing, we expect to address more complex scenarios and provide more customized solutions, reinforcing our competitiveness. In line with our goal to become a leader in green logistics, we will continue to develop innovative technologies to improve energy efficiency and promote wider adoption of green packaging.

Expand Our International and Cross-Border Capabilities

We aim to become the global leader in logistics. Today, with Chinese enterprises expand globally, as well as global multinational corporations expand and diversify their supply chain across emerging Asian countries, the international logistics has significant opportunities for structural transformation, especially to leading and Asia-based integrated logistics service providers. To that end, we will further enhance our global and cross-border capabilities through expanding network coverage in Asia and the rest of the world while maintaining a flexible approach in deploying resources. We will deepen our footprint in existing international markets such as Southeast Asia and increase our presence in new markets with high growth. We will also enhance network connectivity and density within our Asia network and between our Asia and global logistics network.

Our aim is to become the go-to logistics partner globally, driving our customers' success on a global scale. We intend to further enhance the breadth and depth of our international offerings, specifically by enhancing cross-border capabilities and providing integrated overseas warehousing and distribution services. We target to offer more premier logistics solutions overseas as we view our quality of services as a key differentiator. Further, we aim to stay agile to adapt to the change in demand of our customers' supply chains. We will also selectively pursue acquisitions, investments and partnerships that are accretive to our strategy to become the global logistics leader.

Grow Business and Consumer Mindshare as "*the One in Asia*"

We strive to grow our business and consumer mindshare by establishing our brand image as "*the One in Asia*", meaning that whenever businesses and consumers have a need for an end-to-end integrated logistics solution in Asia, SF is the first name they think of.

We believe that we are well equipped to accomplish this relative to our peers, and aim to leverage our existing business positioning to achieve this. We will actively promote our strengths in:

- ***Full coverage.*** We have broad geographic, service and industry coverage. We covered 202 countries and regions globally as of June 30, 2024, have integrated logistics capabilities and serve a client base spread across all industry verticals.

- ***Strong network.*** We directly control and operate our network across China and Asia, with broad first and last-mile capabilities in China and Southeast Asia, and utilize our logistics complex in the Ezhou cargo hub, the only dedicated air cargo hub in Asia, to enhance our global connectivity capabilities. This is evidenced by over 45% of 2023 Fortune China 500 companies being customers of our international logistics services in 2023.

- ***Deep relationships.*** We served 476 of the Top 500 Enterprises in China in 2023 and have the highest coverage of blue-chip customers among integrated logistics service providers in Asia. We form deep relationships with our customers by growing together with them, expanding our service offerings to meet their evolving demands, and becoming a one-stop logistics solutions provider to serve businesses and consumers.

- ***Seamless integration.*** Our business model is fully integrated across geography, service and customers to realize synergies and efficiently utilize resources.

Based on the above, we believe we have clear and distinctive advantages to deliver an ever-improving customer experience, and subsequently capitalize on the opportunity to expand mindshare and grow our business.

OUR BUSINESS MODEL

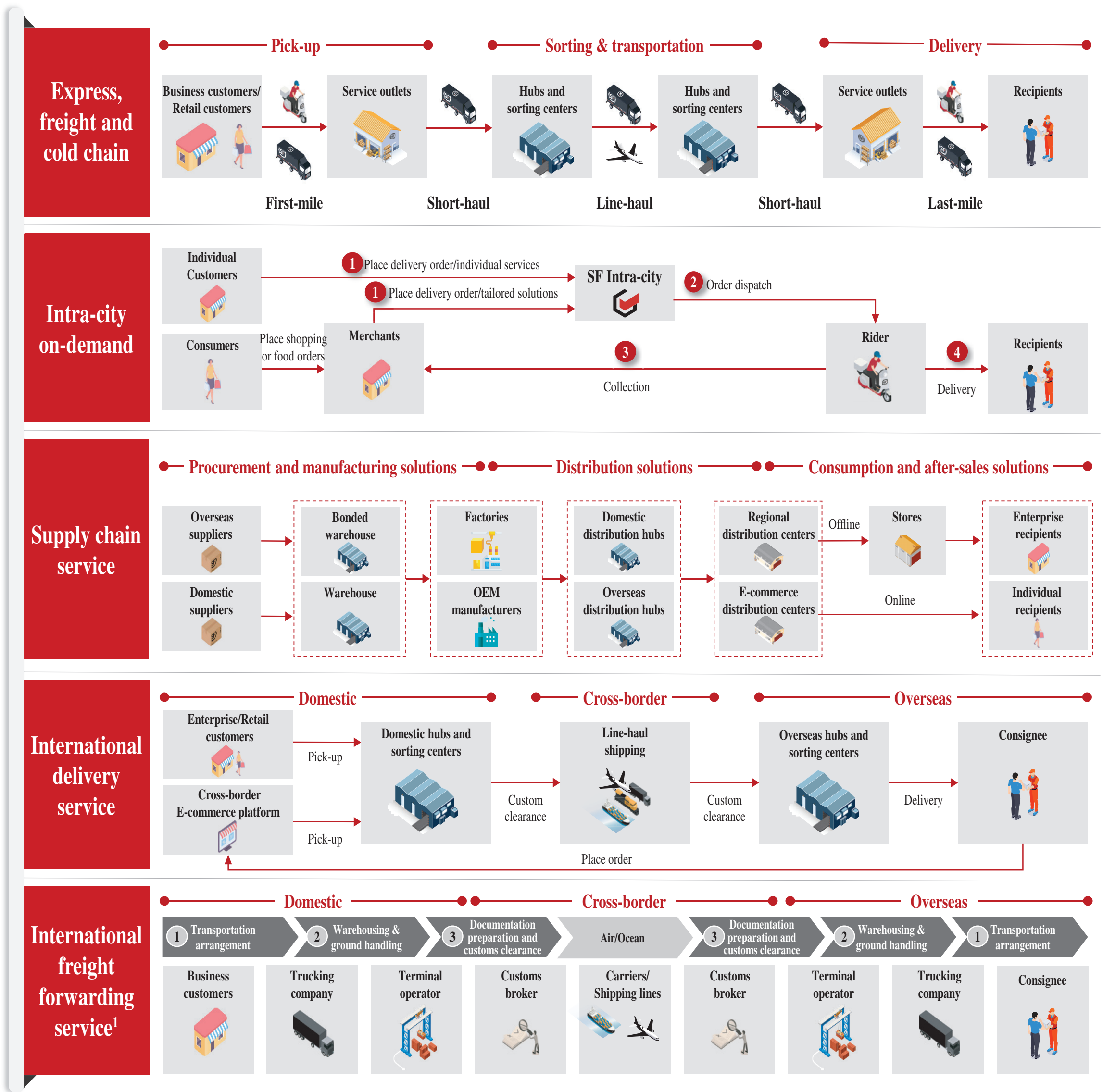
Our business model combines direct operations, integrated capabilities, and third-party independence, enabling us to maintain control and autonomy over our operations, offer a wide portfolio of service offerings, and serve customers impartially.

Directly Operated Model

Our operations pivot around a directly operated model, integrating aviation, ground, and information networks under one unified command. We directly operate the entire delivery process from first-mile pickup to last-mile delivery with minimum reliance on franchisees. This model ensures strong operational control and high visibility over our entire logistics network and infrastructure, including service outlets, sorting centers, warehouses, and line-haul transport, empowering us to effectively allocate resources and deliver speedy and reliable services. For example, we fully integrate resources across our aviation and ground network with our data network to efficiently serve our entire portfolio of services. In addition, with direct operations, we are able to ensure business resilience and sustain service quality throughout changing business environments and market conditions.

Integrated Capabilities

Anchored by our directly operated model, we deliver a comprehensive portfolio of logistics and supply chain solutions to a diverse customer base globally. Leveraging our time-definite capabilities as a foundation, we have expanded strategically into economy express, freight delivery, cold chain logistics, intra-city on-demand delivery, and supply chain and international services, catering to the evolving and diverse logistics needs of our customers across industry verticals. We have been building our capabilities in a strategic, meticulous, and cost-effective way, leveraging our established competitive strengths and networks to enter adjacent products. This approach unlocks network synergies and optimizes resource allocation, simultaneously reinforcing the foundation of our time-definite delivery and fostering the growth of our other businesses. The following diagram illustrates the full cycle of our integrated service offerings:



Note:

Our international services in general adopt an asset-appropriate approach. In particular, our international freight forwarding service is asset-light, whereby majority of transportation needs are provided by external carriers, and customs clearance is partly outsourced to external customs brokers.

With a comprehensive portfolio of logistics and supply chain solutions, we can select and combine our capabilities, which are operationally standardized to us, to provide differentiated and tailored solutions to address the specific logistics needs of our customers across various industries. As a result, the number of our customers with active credit accounts amounted to approximately 2.2 million as of June 30, 2024, the highest among all logistics service providers in Asia, according to Frost & Sullivan.

Leveraging our integrated capabilities, on top of our existing standardized products and tailored solutions, we are able to further provide our customers with versatile industry-specific packaged solutions designed specifically for various industries with wide applicability and replicability. With our industry experience and in-depth engagement with large-scale enterprises spanning across various industries, we are able to spot logistics challenges confronted by small and medium enterprises that are common among the industry and their unmet logistics needs. Therefore, we have distilled our existing standardized products and tailored solutions into industry-specific packaged solutions that can be widely applied. Simplified industry-specific packaged solutions offer standardized logistics services to a vast number of small and medium enterprises, making it easier to scale and mass roll out. This strategic approach will further enhance customer satisfaction and loyalty, expand our customer base, and deepen our wallet share and market share across various industry verticals. We believe the implementation of versatile industry-specific packaged solutions will not only meet broad customer needs but also fortify our competitive edge in the logistics industry, driving sustainable growth.

Independent Third-party Logistics Service Provider

The express delivery industry in China has grown rapidly due to the rise of e-commerce platforms. As new e-commerce platforms and merchants continue to emerge, they generally prefer logistics partners that are not affiliated with incumbent e-commerce players to form long-term trusted relationships free of potential conflicts of interest, perceived or otherwise. Unlike the majority of our domestic Chinese peers, we are positioned in the industry as an independent third-party logistics service provider neutral to platforms and merchants. We are not affiliated with any e-commerce platform, which enables us to provide impartial services to all our customers. We aim to provide unbiased, inclusive, high-quality services to all our partners and empower their success.

Our unique business model, combining direct operations, integrated services capabilities, and third-party independence, has enabled us to achieve today’s success as an industry frontrunner and will further empower us to capture evolving customer needs and continue our expansion.

OUR VALUE PROPOSITION

We deliver differentiated and exceptional value to our customers and our operations.

Value Proposition to Our Customers

- **Superior timeliness and service quality with execution excellence**: Our dedication to ensuring superior timeliness and providing top-notch services has positioned us as a logistics industry leader. Even in challenging conditions like bad weather or peak hours, we strive to use every means to ensure service quality and deliver a satisfactory customer experience. Additionally, our dedicated account managers serve as the main coordinators to integrate various logistics teams for seamless execution and direct customer services. This collaborative effort enhances communication, resolves inefficiencies, and guarantees a uniform customer experience. Our relentless commitment to service quality does not only meet customers' logistics requirements, but also contributes significantly to their own operational success, and therefore deepens relationship with our customers.

- **One-stop solution to address diverse needs**: Our customers operate in multiple regions and span across a vast number of industries, requiring diverse logistics services of all kinds. Our integrated services offer a one-stop solution and freeing our customers from liaising with multiple logistics providers. This efficient approach effectively caters to our customers' increasingly diverse and sophisticated demands.

- **Tailored solutions to unlock value**: By providing comprehensive and integrated service offerings, we are able to gain better insights on our customers' specific logistics needs and pain points. This approach allows us to offer customized, optimized solutions to enhance supply chain efficiency and unlock value for our customers.

- **Technological empowerment**: We empower our customers with technological capabilities, digital solutions, and data insights to drive their strategic decision-making and optimize operational efficiency. We are committed to continually advancing our technology capabilities and investing in research and development to provide digitalized and intelligent logistics services.

Value Proposition to Our Operations

- **Strong operational control**: We directly operate the entire end-to-end delivery process from first-mile pickup to last-mile delivery with minimum reliance on franchisees. This enables strong operational control, high network visibility and agile resource allocation to support our industry-leading speed, cost and reliability. Empowered by the centralized control over our networks and resources, we are able to address customers' demands promptly and effectively, ensuring a seamless experience.

- **Integrated capabilities to address complex requirements and capture new market opportunities**: Our integrated capabilities have allowed us to continuously tap into new logistics segments and geographies to capture new growth opportunities and extend market leadership. Moreover, our comprehensive service offerings have opened up cross-selling opportunities, enabling us to offer complementary services and deepen wallet share with our existing customers. As a testament to the success of our strategy, we have transformed from China's premier time-definite express service provider to a global integrated logistics leader in less than ten years.

- **Network synergies and economies of scale**: Our integrated service offerings allow us to unify our networks, resulting in increasing economies of scale and network synergies. The integration of our networks enables us to streamline line-haul routes, boost loading capacity, and enhance time efficiency, leading to improvement of overall operational efficiency. We also adopt a unique "large and small parcel integration" strategy to optimize distribution efficiency. By merging networks for different parcel sizes, we achieve greater synergies and foster a flexible, seamless logistics process that caters to our customers' diverse needs.

- **Early-mover advantage in securing infrastructure**: As the early mover in integrated logistics, we have secured scarce or difficult-to-acquire resources to build our robust infrastructure, including cargo-focused logistics hub, large air cargo fleets, air traffic rights, and exclusive airport slots. For instance, in China, where licenses for operating a cargo airline are stringently regulated, and prime take-off and landing slots are limited, we have secured an advantageous position that is challenging for new entrants to replicate, even with substantial financial resources. This early-mover advantage, amplified by our extensive global networks and prime warehouse and sorting center locations, underpins the unique strength of our business operations.

- **Data-driven and digitalized operations**: We are deeply committed to leveraging advanced technologies to digitalize our operations and enhance our capabilities. Empowered by our proprietary technologies, we are able to forecast demand accurately, allocate resources optimally, make decisions intelligently, and continuously drive operational efficiency.

OUR SERVICE OFFERINGS

Over the past decade, with our "1-to-n" expansion strategy, we have quickly transformed from China's leading time-definite express delivery service provider into a leading global integrated logistics service provider. We offer a diverse spectrum of service offerings that cover various manufacturing and consumption scenarios. The diagram below summarizes major categories of our service offerings:

	Express and freight delivery				Intra-city
	Time-definite express	**Economy express**	**Freight delivery**	**Cold chain and pharmaceuticals**	**Intra-city on-demand**
Business description	• Door-to-door delivery services through air and ground transportation, delivering everything from consumer goods to manufacturing components	• Cost-effective and quality guaranteed door-to-door delivery services	• Door-to-door delivery of bulky and heavy items	• Customized cold chain logistics services	• On-demand city-wide delivery services
Service radius	• Nationwide	• Nationwide	• Nationwide	• Nationwide	• Intra-city
Timeliness	• Typically same day, next morning and next day deliveries • Swift response time: Couriers guaranteed to arrive at the sender's location within one hour of order placement • Industry-leading collection and dispatch frequency: up to eight collections and seven dispatches each day, irrespective of holidays	• Without strict time sensitivity	• Depends on customers' requirements. Provides more time-definite delivery services compared to other freight delivery service providers, with a guaranteed delivery time for freight delivery	• Depends on customers' requirements	• Average delivery time of approximately 30 minutes
Business models	• B2B, B2C, C2C	• B2C	• B2B, B2C	• B2B, B2C	• B2B, B2C, C2C
Market focus	• High-end	• Mid to high-end	• Mid to high-end	• Mid to high-end	• Mid to high-end
Major customers served	• Retail customers • Business customers in consumer, business and industrial sectors	• E-commerce platforms and merchants	• Business customers across wide range of industries for manufacturing and commercial distribution, such as home appliance, furniture, and B2B and B2C heavy goods e-commerce	• Business customers in food, agricultural products and pharmaceuticals sectors	• Retail customers • Business customers in food and beverage, groceries, 3C electronics, and apparel sectors

	Supply chain and international		
	Supply chain	**International delivery**	**International freight forwarding**
Business description	• High-quality integrated and tailored supply chain solutions that cover the full spectrum of the supply chain of our customers	• International express delivery services: time-definite international express services to serve urgent delivery needs across borders • Cross-border e-commerce delivery services: cost-effective delivery services, catering to logistics needs of cross-border e-commerce platforms • Overseas local express delivery services: local express delivery services mainly in Southeast Asia countries	• Freight forwarding services, offering comprehensive freight transportation
Service radius	• Global	• Global	• Global
Business models	• B2B, B2C	• B2B, B2C, C2C	• B2B
Market focus	• Mid to high-end	• Mid to high-end	• Mid to high-end
Major customers served	• Business customers primarily in electric vehicle, new energy, live-streaming e-commerce and new retail industries	• Business customers primarily in manufacturing, import and export and cross-border e-commerce sectors, and retail customers	• Cross-border business customers

The following table sets forth our revenue breakdown by business segment for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Express and freight delivery segment[1]	**160,675,510**	**77.6**	**169,764,860**	**63.5**	**186,890,137**	**72.4**	**90,058,986**	**72.5**	**96,820,175**	**72.1**
Time-definite express services	98,961,735	47.8	105,696,512	39.5	115,456,067	44.7	56,069,720	45.1	59,185,770	44.0
Economy express services	25,428,003	12.3	25,551,306	9.6	25,051,548	9.7	12,129,430	9.8	13,254,012	9.9
Freight delivery services	27,290,961	13.2	27,917,012	10.4	33,078,821	12.8	15,120,722	12.2	17,554,101	13.1
Cold chain and pharmaceutical logistics services	7,802,610	3.8	8,612,665	3.2	10,312,988	4.0	5,338,545	4.3	5,062,524	3.8
Others[2]	1,192,201	0.5	1,987,365	0.8	2,990,713	1.2	1,400,569	1.1	1,763,768	1.3
Intra-city on-demand delivery segment	**5,117,905**	**2.5**	**6,567,057**	**2.4**	**7,371,250**	**2.8**	**3,406,837**	**2.8**	**4,022,952**	**2.9**
Intra-city on-demand delivery services	5,003,156	2.4	6,436,102	2.4	7,249,500	2.8	3,339,291	2.7	3,956,020	2.9
Others[2]	114,749	0.1	130,955	0.0	121,750	0.0	67,546	0.1	66,932	0.0
Supply chain and international segment	**39,979,632**	**19.3**	**89,916,599**	**33.6**	**62,859,302**	**24.3**	**30,283,063**	**24.3**	**32,914,104**	**24.5**
Supply chain and international services	39,203,772	18.9	87,866,143	32.8	59,978,741	23.2	28,857,391	23.2	31,195,538	23.2
Others[2]	775,860	0.4	2,050,456	0.8	2,880,561	1.1	1,425,672	1.1	1,718,566	1.3
Undistributed units[3]	**1,413,600**	**0.6**	**1,241,898**	**0.5**	**1,288,714**	**0.5**	**616,712**	**0.4**	**652,489**	**0.5**
Total	**207,186,647**	**100.0**	**267,490,414**	**100.0**	**258,409,403**	**100.0**	**124,365,598**	**100.0**	**134,409,720**	**100.0**

Notes:

(1) We adjusted our reportable segments in 2023 by merging two segments, previously named as "express delivery segment" and "freight delivery segment," into "express and freight delivery segment." As a result, our segment information for the years ended December 31, 2021 and 2022 has been restated, see Note 5 to the Accountant's Report in Appendix I to this prospectus.

(2) Others primarily represents our ancillary non-logistics services, such as sales of goods, provided under the banner of the relevant segment. Primarily incidental to our comprehensive supply chain solutions, we at times provided, as per our key accounts' requests, certain raw materials and machineries.

(3) Undistributed units primarily include our non-principal businesses, such as leasing and provision of technology services.

Express and Freight Delivery Services

Our express and freight delivery services primarily include time-definite express services, economy express services, freight delivery services, and cold chain and pharmaceuticals logistics services in mainland China, Hong Kong and Macau.

Time-definite Express Services

Our time-definite express services, launched when the concept was relatively unknown to Chinese customers, offers efficient door-to-door delivery for retail and business customers, including mid to high-end brands with a precise delivery time commitment. According to Frost & Sullivan, the top two time-definite express service providers accounted for 85.1% of the market share in China in terms of revenue in 2023, and we were the clear leader in China with a market share of 63.9% in 2023. By delivering everything from consumer goods to manufacturing components, we serve a broad spectrum of industry verticals and operate under diverse scenarios. Our time-definite express services maintain a focus on consumer goods while simultaneously support business parcel and industrial delivery.

Our time-definite express services mainly comprise SF speedy express and SF standard express. SF speedy express provides guaranteed next-day delivery between most urban areas in the PRC. In addition, it offers same-day option for deliveries to certain destinations. Our inter-city SF speedy express is delivered through air and high-speed railway transportation to meet the time-definite delivery guarantee. We also introduced a cross-provincial door-to-door delivery services for bulk cargo through air transportation. SF standard express provides customers with a delivery services characterized by "better price, guaranteed on-time, dependable delivery, and broad coverage (價格更優、時效穩定、託寄無憂、服務範圍廣)." As of June 30, 2024, our time-definite express services were offered in more than 320 cities in mainland China, Hong Kong and Macau.

We have redefined the standard for time-definite express in China, pioneering the highest standard for time-definiteness express through our clear and precise arrival time commitments. As part of our operations, we offer high-frequency parcel pick-up, with couriers guaranteed to arrive at the sender's location within one hour of order placement. We have been continuously seeking excellence and improvement. According to the State Post Bureau, our time-definite express services recorded the shortest delivery time among all time-definite express services in the PRC since 2013.

We believe that our exceptional timeliness can be primarily attributed to our ability to offer the highest collection and dispatch frequency in the express services industry globally, according to Frost & Sullivan. We set the industry benchmark with our collection and dispatch frequency, conducting up to eight collections and seven dispatches daily and year-round, irrespective of holidays. In addition, our extensive transportation resources contribute to our exceptional timeliness. As of June 30, 2024, we were the largest shipper of air cargo in China with a fleet of 99 all-cargo aircraft, accounting for 32.0% of the air cargo volume in China in the first half of 2024, according to Frost & Sullivan. Our air fleet, paired with our access to commercial flight cargo space, bolsters our aviation resources. Furthermore, our ground transportation resources, cultivated through a high-frequency operational model for line-haul and short-haul transportation, enable us to achieve incremental growth and heightened hourly efficiency, while maintaining lower costs compared to our competitors who are starting their operations from scratch. In addition to our transportation resources, our exceptional time-definiteness owes much to our advanced technological capabilities, providing critical visibility and precision to our operations. Complementing this is the trusted team of highly trained couriers who ensure each parcel is meticulously handled from pick-up to delivery and is always in capable hands. Our time-definite express is the bedrock of our integrated logistics services.

As a testament to our differentiated and high quality services, we have won numerous market recognitions, including from official sources. As published by the State Post Bureau, we ranked:

– 1st for 15 consecutive years (2009 to 2023) for overall customer satisfaction;

– 1st for nine consecutive years (2013 to 2021*) in delivery timeliness (within 48 hours); and

– 1st for nine consecutive years (2013 to 2021*) in delivery punctuality (within 72 hours).

With our established logistics infrastructure, nationwide coverage, and reliable end-point delivery capabilities, we offer tailored solutions to meet customers' time-specific needs. We have consistently been broadening our time-definite express services scenarios, including the introduction of parcel return services for e-commerce platforms in 2021, which enhanced the brand image for our e-commerce platform customers. For emerging e-commerce platforms, our efficient parcel return services, which leverage our time-definite network and quick pick-up capabilities, are crucial to improving their customer stickiness and repurchase rates by ensuring a smooth parcel return experience.

For our time-definite express services, we generally charge our customers with a delivery fee for each parcel delivered, of which pricing is determined with reference to various factors, including, among others, time sensitivity, distance, weight and volume of the delivery, and transportation method.

Economy Express Services

Our economy express services provide cost-effective, quality-assured door-to-door delivery, primarily to e-commerce platforms and merchants focused on both cost and timeliness. Although the delivery time is not as fast as our time-definite express services as economy express relies mainly on ground transportation, our economy express services still outperforms comparably priced services offered by our competitors in terms of delivery speed and service quality. Our economy express services utilize the marginal capacity of our

Note:

* The State Post Bureau has not published new rankings for delivery timeliness and delivery punctuality since 2021.

time-definite express services to ensure optimal resource utilization. This is enabled by our directly operated model and integrated services capabilities. Our economy express services primarily target mid to high-end e-commerce customers.

Our flagship service offering under the economy express services is e-commerce standard express, which provides domestic delivery for e-commerce parcels. Our service offering provides unique advantages over competitors and directly addresses e-commerce logistics pain points. For example, our door-to-door e-commerce delivery feature is uncommon among logistics providers and is a key differentiating factor. We have served many leading e-commerce channels to offer large-scale, door-to-door services in China. Moreover, as an independent third-party logistics service provider, we are not affiliated with e-commerce platforms and merchants. This ensures that we have no conflicting interests and can offer unbiased services to all our e-commerce partners. Therefore, we are the partner of choice for emerging e-commerce platforms and merchants as we can help them reduce the pressures of bundling with traditional e-commerce platforms and avoid close ties with logistics providers linked to incumbent e-commerce platforms.

During the Track Record Period, except for economy express services offered through Fengwang express, an independent brand of express services operated under a franchising model in the PRC, we operated our economy express services under a directly operated model. To advance our strategic focus on the development of our principal businesses of mid to high-end logistics services, we disposed of Fengwang Express in June 2023. For details of our disposal of Fengwang Express, see "History, Development and Corporate Structure — Major Acquisitions and Disposals — Disposal of Fengwang Information Technology in June 2023" in this prospectus.

For our economy express services, we generally charge our customers with a delivery fee for each parcel delivered, of which pricing is determined with reference to distance, weight and volume of the delivery.

Freight Delivery Services

Since inception in 2013, our freight delivery services have captured increasing market demand from business customers across wide range of industries for manufacturing and commercial distribution, such as home appliance, furniture, and B2B and B2C heavy goods e-commerce, for the delivery of bulky and heavy items. We have continuously expanded our customer base and services scenarios for both to-B and to-C scenarios. According to Frost & Sullivan, we were the largest LTL freight delivery service provider in Asia in terms of both revenue and delivery volume in 2023.

Our freight delivery services cater to a broad spectrum of customer needs and market segments. Service offerings under our freight delivery services primarily include bulky and heavy parcel delivery services, bulky cargo specialized delivery services, standard LTL services, and standard FTL services. We primarily offer our freight delivery services through SF Freight (順豐快運) under a directly operated model. SF Freight emphasizes the delivery of medium-to high-end products and differentiated value-added services, such as in-home furniture installation service. We are committed to delivering a trusted brand experience with standardized operating procedures, including safety and privacy measures implemented during the course of our operations. This ensures a secure and comfortable service experience. We also offer freight delivery services through a franchising model, SX Freight (順心捷達). SX Freight focuses on cost-sensitive segments, offering timely and cost effective services to serve a broad-based economy market.

Our freight delivery services distinguish itself through a set of competitive advantages. First and foremost, we prioritize our customers' convenience, offering door-to-door services as opposed to the more common store-to-store model, thereby demonstrating a heightened understanding of customer needs and operational capabilities. Second, regardless of the tiered approach based on time-definiteness and costs for our freight delivery services, we are committed to providing more time-definite delivery services than our competitors. We understand the importance of meeting strict timelines and ensuring the timely delivery of goods, including bulky and heavy items. With the assistance of our technological capabilities, we managed to achieve optimized logistics processes, efficient route planning and fleet dispatching. According to Frost & Sullivan, as of June 30, 2024, we were one of the very few logistics service providers that provided a guaranteed delivery time for freight delivery services in the PRC. Additionally, we offer reliability through consistently punctual deliveries, establishing a resilient network for our customers to rely on. Lastly, our trusted brand name permits us to offer unique value-added services, such as in-home installations, which sets us apart and cements our status as a premium brand in the market.

Our freight delivery services stand out due to its versatility and applicability in various scenarios as well as its capabilities to serve to-C scenarios, which is rarely seen among freight delivery service providers. While the majority of freight delivery service providers in the PRC focus primarily on serving the manufacturing industry, we have extended our reach to encompass a wide range of consumer scenarios. For the to-B scenario, we quickly respond to demands from manufacturers and merchants for cost-effective and efficient logistics services by creating flexible industry solutions. For example, we provide night collection and delivery services for deliveries in industrial areas. Furthermore, we have enhanced our valued-added services capabilities under the to-B scenario, and have also assisted in the relocation of facilities such as schools and hospitals. For the to-C scenario, we continue to solidify our end-to-end services capabilities.

For our freight delivery services, we generally charge our customers with a delivery fee for each parcel delivered, of which pricing is determined with reference to weight, volume and distance of the delivery, and transportation method.

We recognize revenue from time-definite express services, economy express services and freight delivery services based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs or days spent to the estimated total days. As of the date of the end of the reporting period, we re-estimate the progress of the service performed to reflect the actual status of contract performance. Costs incurred for provision of the aforesaid services are recognized as costs of revenue when revenue recognized based on the progress of the service performed within period. For each parcel delivered under our express services, economy express services and freight delivery services, relevant fund flows directly from our customers to us.

Cold Chain and Pharmaceuticals Logistics Services

Our cold chain and pharmaceuticals logistics services address the significant demand for cold chain logistics in the PRC from customers mainly from the food, agricultural products and pharmaceuticals sectors. Our cold chain and pharmaceuticals logistics services primarily include fresh and seasonal food logistics services, food cold chain logistics services and pharmaceuticals logistics services. According to Frost & Sullivan, we were the largest cold chain logistics service provider in the PRC in terms of revenue in 2023. Moreover, we ranked first for five consecutive years (2019 to 2023) in the "China Top 100 Cold Chain Logistics List" issued by the cold chain logistics professional committee of China Federation of Logistics and Purchasing. As a testament to our high-quality services, industry expertise and leadership in cold chain and pharmaceuticals logistics in the PRC, we have been invited by national authorities in the PRC, including the State Post Bureau and the Ministry of Transport of China, to actively participate in setting national and industry standards for cold chain and pharmaceuticals logistics.

Our cold chain and pharmaceutical logistics services possess unique competitive strengths due to our nationwide network, high-quality standards, and pioneering industry practices. We boast the most comprehensive coverage in China across diverse sectors, including supermarkets, agriculture, and catering. Our technology-driven approach enables real-time remote temperature and humidity control from warehouse intake to delivery. We pride ourselves as an industry pacesetter and pioneer for innovative solutions. For example, we are the first logistics provider to deliver live Yangcheng Lake hairy crabs, introduce an automated crab binding machine for efficiency, and operate a dedicated 48-hour cargo flight route for matsutake mushrooms.

For our cold chain and pharmaceuticals logistics services, we generally charge our customers with a delivery fee for each delivery, of which pricing is determined with reference to volume and distance of the delivery, transportation method, and customers' specific request on temperature.

Fresh and Seasonal Food Logistics Services

Through our fresh and seasonal food logistics services, we primarily serve agricultural merchants and farmers in delivering fresh and seasonal food nationwide in the PRC. As of June 30, 2024, our fresh and seasonal food logistics services network covered more than 2,700 counties across the PRC. We have been actively contributing to the PRC government's national rural revitalization strategy through our efforts in the fresh and seasonal food logistics services. In 2023, we helped farmers generate revenue exceeding RMB100 billion. In addition, to enhance brand awareness for our fresh and seasonal food logistics services, as well as to streamline the upward channels of agricultural products, we cooperate with local government agencies and leading agricultural product brands to build regional brands of agricultural products, such as Yantai cherry, Lingnan lychee, Yunnan flowers and Ganzi matsutake.

Food Cold Chain Logistics Services

Through our food cold chain logistics services, we primarily serve businesses such as ice-cream vendors, yogurt suppliers, poultry dealers, and frozen pastry merchants, which deliveries require the maintenance of strict and precise temperature control. Our infrastructure allows us to deliver dairy products, meats, ice cream, and fish under strict temperature control requirements, typically frozen at -18°C. We are committed to ensuring the utmost quality and freshness of products during transport to meet and exceed our customers' expectations.

Pharmaceuticals Logistics Services

We provide tailored logistics services for pharmaceutical companies, laboratories, and hospitals, and oversee the entire process from warehouse intake to delivery. Our state-of-the-art system offers real-time visibility, detailed tracking, and temperature monitoring, all of which set a new industry standard. We utilize an integrated IoT platform to maintain precise control over diverse temperature zones from -80°C to 25°C, meeting the evolving needs of our pharmaceutical customers and medical institutions. Notable achievements include our designated vaccine transportation solution that adheres to national standards. Additionally, we have launched door-to-door temperature-controlled services, a multi-temperature zone and life-cycle supervision platform. Customers can track their orders through our Yilushunxin (醫路順心) platform for an enhanced experience.

Intra-city On-demand Delivery Services

Our intra-city on-demand delivery services address customers' needs across various industries and product categories. We provide intra-city delivery for merchants and consumers with needs for point-to-point intra-city delivery. Intra-city on-demand delivery services differ from intra-city express services in many aspects. The average delivery time for intra-city on-demand delivery services is generally within 30 minutes delivered by one rider. The average delivery time for intra-city express delivery service generally ranges from half day to one day. In addition, express delivery involves multiple intermediate steps such as first-mile pick-up, short-haul transport, sorting, and last-mile delivery. Multiple personnel are involved in the delivery process of intra-city express services, including couriers, drivers and sorting personnel as applicable, and the parcel is generally picked up and delivered by different couriers. In terms of goods delivered, intra-city on-demand delivery services mainly focus on point-to-point deliveries of items such as food, beverages and 3C electronics, while intra-city express services mainly focus on parcel deliveries within the same city.

According to Frost & Sullivan, we were the largest third-party intra-city on-demand delivery service provider in the PRC in terms of revenue in 2023. Our intra-city on-demand delivery services are highly responsive to evolving customer needs and our great growth potential is based on our coverage in both growth and mature scenarios. Main scenarios covered by our intra-city on-demand delivery services include food and beverage, groceries, 3C electronics, and apparel.

Intra-City Delivery Services for Merchants

As the go-to third-party on-demand delivery service provider, our intra-city on-demand delivery services empower merchants with our open and inclusive on-demand delivery network, as well as our professional and comprehensive solution offerings.

We provide a customer-centric comprehensive services matrix for merchants, including local life services merchants. For key customers of our intra-city on-demand delivery services, we offer one-on-one professional consultations and customized solutions. We enable merchants to define, and we tailor, solutions for each of their stores, considering product categories, peak hours, timing sensitivities and packaging needs. For small- to medium-sized merchants who are typically more price sensitive, we primarily offer standardized value-for-money options. In addition to delivery services, we share our technology capabilities and data insights with merchants to improve their operational efficiency. As a result of our customer-centric comprehensive services matrix and technology-empowered operational enhancement solutions, the number of registered merchants for our intra-city on-demand delivery services continued to increase, amounting to approximately 258,000, 330,000, 470,000 and 550,000 as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively.

Intra-City Delivery Services to Consumers

We offer around-the-clock local on-demand fulfillment solutions to consumers including "*Deliver for Me, Fetch for Me, Purchase for Me and Solve for Me*" services. Riders collect items, run errands and offer other lifestyle services, such as picking up and delivering laundry and picking up clothes from local retail stores for consumers to try-on. Consumers can monitor order fulfillment progress online in real time and contact us through multiple channels for inquiries and complaints. By providing professional, reliable and around-the-clock on-demand services covering varied everyday scenarios, we acquire substantial consumer mindshare and enhance consumer loyalty, further boosting our brand recognition and leading to greater growth potential. As a result, the number of active consumers for our intra-city on-demand delivery services continued to increase, amounting to approximately 10.6 million, 15.6 million, 20.5 million and 21.9 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively.

Supply Chain and International Services

Supply Chain Services

We provide high-quality integrated supply chain solutions to customers in various industries covering the full spectrum of the supply chain, including procurement, production, delivery, sales and after sales. We have developed tailored supply chain solutions for industries including, but not limited to, B2B and B2C e-commerce, electric vehicle, new energy, live-streaming e-commerce and new retail industries. Moreover, through technological capabilities such as automation, IoT, and logistics mapping, we empower customers' digitalization and intelligent transformation, automation, and technological upgrade of supply chains. Our supply chain solutions assist our customers in accurately predicting their demand to guide their upfront procurement, production, storage and sales, thereby establishing a comprehensive supply chain system with timely response, efficiency and flexibility.

Our supply chain services also present a series of significant advantages. Firstly, we cover both B2B and B2C models. Our full-spectrum approach allows us to penetrate into all parts of the supply chain, and extend our supply chain services from Asia to the world. Secondly, as many Chinese manufacturing enterprises are expanding their global presence, they are more willing to collaborate with supply chain service providers with a trusted brand and international capabilities. We facilitate the relocation of global supply chain layouts for our business customers, with a particular emphasis on Southeast Asia. Finally, our positioning as an independent third-party logistics service provider enables us to serve all platforms, underpinning our commitment to providing comprehensive, flexible, and efficient solutions.

We actively work with our customers to develop efficient and accurate smart supply chain solutions which span the full spectrum of the industry value chain. For example, for our e-commerce platform customers, our supply chain solutions assist them in forming an omni-channel inventory system, enabling them to optimize their business strategies. Our smart supply chain solutions cover the full cycle of their business needs, spanning across marketing and selling, commodity management, order and delivery forecasting and replenishment, and the establishment of smart stores.

Our supply chain services cater to customers' diverse needs arising from different scenarios mainly through:

– SF DSC (順豐豐豪), which focuses on customers in the automobile, consumer retail, technology, industrial manufacturing, pharmaceutical and health, fashion boutiques, and energy sectors. SF DSC aims to assist our domestic customers in expanding their operations overseas and help global enterprises establish a local presence in Asia.

– New Havi (順新暉), which focuses on customers in the catering and food industries.

– Kerry Logistics, which focuses on customers in overseas countries and regions. Our acquisition of Kerry Logistics in September 2021 further enhanced our international supply chain services capabilities.

We have established a comprehensive overseas warehouse and distribution network globally, including in Asia, Europe and America, to enhance our localized services capabilities for supply chain services. For more details of our overseas warehouse and distribution networks globally, see "— Our Network and Infrastructure — Ground Network."

Service fee for our supply chain services is mainly determined based on a cost-plus pricing basis, of which pricing also takes into account complexity of supply chain solutions provided and specific requests of customers, as well as applicable costs such as warehousing costs and transportation costs.

Case Study: Comprehensive Supply Chain Services for a Multinational Corporation in the Food Industry

In 2022, we embarked on an ambitious project to revamp the supply chain infrastructure for a multinational food-product corporation as part of its plan to establish its online flagship store for infant formula products. We helped this customer implement a direct shipping model in which its key customers in various regions receive orders directly from our sorting centers. This facilitated a streamlined supply chain network for this customer, ensuring efficient inventory sharing and reducing the need for inter-warehouse transportation.

To ensure efficient distribution, we comprehensively analyzed the distribution of infant formula sales terminals for this multinational food-product corporation customer. We assisted this customer in the implementation of its nationwide network of 14 warehouses, each strategically located, taking into account various factors including this customer's factory and warehouse locations and cost optimization. This meticulously planned network enabled us to fulfill 96% of deliveries for this customer within 48 hours in 2022, manifesting our commitment to timely delivery.

With our focus on technology empowerment aiming to enhance this customer's operational efficiency, we developed a full-process digital visualization solution for this customer's entire supply chain, allowing for rapid iterations and adjustments to meet dynamic project demands. This drastically improved operational efficiency and enhanced service quality. Moreover, we offered a novel technological solution providing delivery check-in, location tracking, and in-store photo uploading for record-keeping purposes.

Our comprehensive supply chain solutions coupled with technological empowerment have significantly improved this customer's operational efficiency, customer satisfaction, and cost-effectiveness. Our commitment to comprehensive supply chain solutions and technology-infused innovation continue to set us apart as a valued partner in the evolving supply chain services market.

International Delivery Services

We are proud to offer comprehensive international delivery services with global reach, meeting the needs of business customers primarily in manufacturing, import and export and cross-border e-commerce sectors, and retail customers. Our international delivery services primarily include international express delivery services, cross-border e-commerce delivery services, and overseas local express delivery services. In addition, our international delivery services work hand-in-hand with our international freight forwarding services, creating a synergistic operational model. We strategically sell unused cargo space to customers, ensuring optimal utilization of our outbound and inbound aircraft.

Our international express delivery services specialize in time-definite international express delivery, catering to urgent cross-border delivery needs. The network for our international express delivery services is supported by our sophisticated smart technologies, which allow us to plan and manage end-to-end delivery routes and optimize various delivery processes. Consequently, we have significantly reduced delivery time for international express delivery services, exemplifying our commitment to efficiency and customer satisfaction.

Understanding the unique logistics needs of cross-border e-commerce platforms, we have tailored our cross-border e-commerce delivery services to provide a comprehensive, efficient solution. Our international delivery services present a robust infrastructure capable of supporting both door-to-door and port-to-port service models, thereby ensuring flexibility and convenience for our e-commerce platform customers. Our cross-border e-commerce delivery services hold several competitive advantages, which enable us to offer superior services. We leverage our broad network, technologies, and deep understanding of global logistics to navigate complexities and meet the time-sensitive demands associated with cross-border transactions. This customer-centric approach allows us to streamline the entire delivery process, making our services the indispensable asset for e-commerce businesses aiming for global reach.

We have a robust presence in Southeast Asia, where we provide local express delivery services in many countries therein. Our cross-border e-commerce delivery services operate a door-to-door model, facilitated by frequent air flights and an extensive local delivery network. Our air connections ensure swift transportation of goods to Southeast Asia, while our local delivery capabilities enable reliable last-mile delivery.

As we continue to grow and innovate, we are constantly looking to expand the coverage of our services. During the Track Record Period, we opened many new flight paths for our international express services, covering new countries and regions including New Zealand, Thailand, Vietnam, South Korea and Malaysia.

International Freight Forwarding Services

Our international freight forwarding services cover all major aspects of the cross-border logistics process. Our international freight forwarding services adopt an asset-light approach, whereby a majority of transportation needs are provided by external carriers, and customs clearance is partly outsourced to external customs brokers. We integrate industry resources to provide integrated cross-border logistics solutions, such as intermodal solutions, primarily to cross-border business customers through a combination of air transportation, ground transportation and sea freight to meet customers' specific needs in terms of cost, transit time and routing. By using a mix of transportation modes, we provide customers with more flexible options that can result in lower costs for transporting cargo while meeting our customers' specific cost, transit time and routing requirements. We also utilize freight forwarding services when we do not possess all logistics network and infrastructure to complete the delivery ourselves. For instance, we opt for freight forwarding services in sea freight where we do not own the means of transportation and act solely as a non-vessel operating common carrier.

As an important part of our international freight forwarding services, we provide customs clearance services to facilitate the transportation process across borders. We have significant expertise in handling customs and quarantine procedures and have been continuously improving our customs clearance capabilities. We engage customs brokers based in various locations to conduct customs brokerage and dedicate professionals in various locations who are knowledgeable in trade regulation. This allows us to provide guidance and expert advice on matters relating to customs. We maintain a list of approved customs brokers for numerous locations worldwide. In addition, the Authorized Economic Operator certifications we have obtained in the PRC help us streamline the customs clearance process and improve our end-to-end services capabilities.

Our Targeted Industry Verticals

Building on our strong logistics services capabilities, we have developed industry-tailored logistics services that integrate our service offerings to address the specific needs of industry verticals. We strategically focus on industry verticals that demonstrate high growth potential. These particular industry verticals demand more intricate logistics services and have elevated standards for service requirements. Our alignment with these industry verticals positions us to create tailored solutions, striving for excellence in meeting their complex needs. Our key targeted industry verticals include:

- Communications and technology industries: By enhancing our comprehensive services capabilities, we further solidify cooperation with key accounts in the communications and technology industries to meet their growing needs. For example, we have extended our service coverage to the front-end production logistics supply chain scenario to draw a blueprint for our customers' planning and implementation of their supply chain.

- Apparel industry: To achieve innovative breakthroughs and sustainable growth in the apparel industry, we have been continuously enriching our service offerings. For example, to address a long-outstanding unmet need in the luxury goods industry to extend the ultimate offline services experience to customers online, we create an end-to-end standardized "Shangpai Services (尚派服務)" for a luxury goods customer through technology empowerment and terminal delivery capabilities. As a result, we have achieved the two-way empowerment of the SF brand and this customer's premium brand image.

- Consumer goods industry: We help customers in the consumer goods industry reform their supply chain. Leveraging our warehousing network planning, sales forecasting, and smart replenishment attributable to our smart supply chain, we gradually help customers achieve the transition from online inventory management to online and offline inventory management, establishing a supply chain integrating to-B and to-C capabilities.

- E-commerce industry: In the e-commerce industry, we focus on ensuring a high-quality customer experience and providing personalized services. We have strengthened our parcel return services for e-commerce platforms, and increased our wallet share with various e-commerce platforms. Empowered by our technologies, we also integrate our resources, like warehousing, express delivery, freight delivery and international all-cargo flights, to offer end-to-end solutions from local to cross-border delivery, helping our e-commerce customers expand their international business.

- Other high-growth industries: For customers in other high-growth industries, such as electric vehicle, new energy, live-streaming e-commerce and new retail, we focus on large-scale customers and actively identify customer needs through multi-dimensional customer reviews and key account business planning.

PRICING MODEL

Generally, we maintain a catalog of standardized pricing for our service offerings, which is mainly determined based on a cost-plus pricing basis. We adopt a differentiated pricing model for solutions customized for our customers based on their requests. For pricing of customized solutions, our pricing is also determined with reference to various factors.

- *Express and freight delivery services*: pricing for express and freight delivery is determined with reference to factors such as time sensitivity, distance, weight and volume of the delivery and transportation method.

- *Intra-city on-demand delivery services*: we use differentiated pricing models for our intra-city delivery services to merchants and consumers. For merchants, we generally charge a fixed fee for each order, as adjusted by variables such as distance, weight of the goods and order placement time. For consumers, we charge service fees taking into account factors such as region, distance, weight of the goods and order placement time.

- *Supply chain and international services*: pricing for our supply chain services takes into account complexity of supply chain solutions provided and specific requests of customers, as well as applicable costs such as warehousing costs and transportation costs. Pricing for international delivery services takes into account factors such as time sensitivity, distance, weight and volume of the delivery and transportation method. Pricing for international freight forwarding services takes into account factors such as prevailing market rates, distance, weight and volume of the delivery and transportation method.

OUR NETWORK AND INFRASTRUCTURE

Deeply rooted in the logistics services industry for 31 years, we have established an efficient, reliable and synergetic logistics infrastructure network with extensive geographical coverage globally covering 202 countries and regions across six continents, integrating aviation, ground and information networks into one unified services network. Our extensive network and comprehensive infrastructure have laid the foundation for further enhancing our delivery timeliness and integrated logistics services capabilities, which in turn improve customer satisfaction and customer adherence. By continuously expanding our reach and capabilities, we are able to meet the growing demands of the global logistics industry and stay ahead of the global competition.

Aviation Network

We have a well-established and world-leading aviation network, featuring SF Airlines, laying the foundation for our air transportation capabilities. Our comprehensive aviation network enables us to provide efficient and reliable logistics services to customers around the world. We are committed to further expanding our reach to new destinations, and our ongoing investments in our aviation network will ensure that we continue to maintain the highest standards of safety, reliability, and speed in our operations.

In 2009, we established SF Airlines, our own cargo airline, and became the first private logistics service provider with a self-operated cargo airline in China, according to Frost & Sullivan. According to the same source, in 2009, we became the first private logistics service provider in China to operate all-cargo aircraft. According to Frost & Sullivan, SF Airlines was the largest cargo airline in Asia in 2021, 2022 and 2023 in terms of daily flight frequency, number of routes, total air cargo volume and number of all-cargo aircraft operated. As of June 30, 2024, we operated a total of 99 all-cargo aircraft, consisting of 87 self-operated aircraft and 12 chartered-in aircraft, and such aircraft were skillfully manned by our dedicated crew of 772 highly trained pilots. Notably, this makes us the leading logistics operator in Asia in terms of pilot count, according to Frost & Sullivan, highlighting our capability to maintain high-frequency operations and ensure timely delivery. In the first half of 2024, we achieved an average of approximately 5,100 daily flights, including both our self-operated flights and consolidated air freight services, marking the highest daily average air cargo flight frequency in Asia during the same period, according to Frost & Sullivan. Such high-frequency air connectivity supported our proven leadership in speed in the industry. We have built a highly connected and extensive global aviation network that spans across six continents. Moreover, we have established a dominant presence in Southeast Asia, demonstrated by three to four average daily direct all-cargo flights from the PRC to the region in 2023, which was the highest in Asia in 2023, according to Frost & Sullivan. In addition, according to the same source, we had the highest number of average daily direct all-cargo flights from the PRC to both North America and Europe in 2023. As a result, our total air cargo volume continued to increase during the Track Record Period. In 2023, our total air cargo volume exceeded 2,100,000 tons.

The Ezhou Cargo Hub

The Ezhou cargo hub is the first dedicated air cargo hub in Asia, and fourth in the world, which is of strategic value and scarce position. The hub mainly comprises Ezhou Huahu International Airport and our logistics complex. The Ezhou cargo hub is strategically located at the significant economic and transportation center in central China, through which we can reach areas that account for more than 90% of China's GDP within two-hour flight radiance. It is expected to become an international hub that connects the world, especially as a bridge to connect Southeast Asia and Europe. The Ezhou cargo hub adopts the hub-and-spoke mode, which will enable us to further expand our network coverage, bring even higher time-definiteness, achieve higher operational efficiency, and lower our costs.

We officially commenced operation of our logistics complex in the Ezhou cargo hub in September 2023. Our logistics complex has an aggregate GFA exceeding 700,000 sq.m. and is equipped with automated machines to support its automated operations.

Ground Network

Our ground network works in harmony with our aviation network to deliver exceptional logistics services to our customers. As of June 30, 2024, we operated over 86,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally, the largest fleet in Asia according to Frost & Sullivan, supporting the broadest road coverage in Asia. We also have an extensive network of service outlets and sorting centers in Asia.

Service Outlets

We operate an extensive network of service outlets that are strategically located within designated geographical coverage areas, and are responsible for parcel pickup and last-mile delivery services within their designated areas. As of June 30, 2024, we had over 37,000 service outlets (including our directly operated service outlets and other service stations) in the PRC. This enables us to provide fast and reliable logistics services to our customers, regardless of their location.

Some of our larger-scale service outlets are also equipped with regional sorting and dispatching capabilities. We constantly monitor the performance of our service outlets and optimize our operations to ensure that we maintain high levels of customer satisfaction. Most of our overseas service outlets are strategically located in key international markets, including major cities in Southeast Asia, Europe, and North America. Our overseas service outlets enable us to effectively offer integrated logistics services across different countries and regions, as well as enhance our local operational capabilities.

Sorting Centers

To ensure seamless integration between our aviation network and ground network, we have established a series of sorting centers that act as crucial nodes in our integrated network. Our sorting centers are responsible for collecting parcels from service outlets within their respective geographical coverage area, sorting parcels by delivery destinations, and dispatching. We adopt a centralized management strategy for our sorting centers, which covers key aspects such as new site selection, existing site expansion, and deployment of equipment and facilities used therein, with a focus on optimizing the layout and design of our sorting centers to ensure smooth operations and reliable services. Our sorting centers are strategically located to provide convenient access to highways and major transportation hubs, improving our efficiency and reducing operational costs.

We allocate specific workloads for each level of our sorting centers according to their geographical coverage and connectivity. As of June 30, 2024, we operated 380 sorting centers for our express and freight delivery services globally. Attributable to our technological capabilities, some of our sorting centers adopt the automated sorting system and achieve digitalized and automated operations, through the deployment of technology-driven solutions. Our application of automated sorting systems and equipment effectively increased our operational efficiency in our sorting centers. In addition, we adopt a centralized waybill tracking system in our sorting centers to monitor real-time parcel movement status, so as to quickly identify the sorting centers in need of additional resources to enhance their operational efficiency.

Transportation Resources

We possess an abundant array of ground transportation resources to ensure our integrated logistics services capabilities. Our transportation resources mainly consist of road transportation and rail transportation.

As of June 30, 2024, our transportation fleet consisted of over 86,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally, the largest ground fleet in Asia according to Frost & Sullivan. As of the same date, we utilized more than 170,000 routes in the PRC. We generally control the route planning and dispatching of our fleet, utilizing the capacity of both our in-house transportation fleet and those of our third-party transportation service providers. We engage third-party transportation service providers to fulfill additional capacity needs. We have established procedures in selecting the third-party transportation service providers we engage with, including reviewing their operating history, fleet condition, and reliability, among other criteria. We are committed to promoting sustainable transportation practices, with a focus on reducing our carbon footprint and using renewable energy vehicles. Our transportation resources are optimized to reduce emissions, and we continuously invest in new technologies and infrastructure to further enhance our sustainability practices.

We also provide secure, long-distance transportation of parcels through the railway network. As of June 30, 2024, we utilized 154 standard railway routes and 1,547 high-speed railway lines in the PRC. In addition, as of the same date, we operated along 268 railway routes reaching 33 overseas countries and regions. In 2023, our rail transportation network handled a total cargo volume exceeding 2.5 million tons.

Warehouse Infrastructure

Our warehouse infrastructure is a crucial component of our integrated logistics services capabilities, providing a comprehensive range of storage, handling, and distribution solutions to meet the diverse needs of our customers.

Our warehouse infrastructure covered almost all counties and districts across the PRC. As of June 30, 2024, we operated more than 700 warehouses in the PRC with an aggregate area exceeding 7.4 million sq.m. and more than 1,100 warehouses with an aggregate area exceeding 2.5 million sq.m. overseas.

Attributable to our proven technology capabilities, we manage our warehouses effectively and efficiently. Many of our warehouses are equipped with advanced automated storage and retrieval systems for parcels. The extensive application of automated technology, which perform tasks 24/7 and with fewer errors, ensures our speedy delivery during peak seasons.

Other Transportation Resources and Infrastructure

Our ground network is further supported by logistics industrial parks and logistics centers across the PRC and Southeast Asia. These logistics industrial parks provide a range of value-added services, including warehousing, sorting, packaging, and distribution, to support our end-to-end logistics solutions.

To further supplement our aviation and ground networks, we cooperate with shipping companies to enhance our bulk-cargo logistics services capabilities through sea freight. As of June 30, 2024, we had access to over 13,000 maritime routes. This extensive sea freight network allows us to provide reliable bulk-cargo logistics services to our customers globally.

Information Network

Our integrated logistics services capabilities are underpinned by an information network that connects our aviation and ground networks through a free flow of information to enable effective resource allocation and for efficient operations. Our information network empowers us to offer intelligent transportation solutions, smart terminal arrangements, and accurate forecasting and scheduling, which in turn allows us to provide a precise and speedy logistics services. Through our commitment to innovation and investment in technologies, our information network has become a cornerstone of our competitive edge. We are constantly exploring new ways to leverage technology to improve our service quality, enhance our efficiency, and deliver greater value to our customers. For more details of our technology, see "— Technology and Research and Development."

Leveraging our synergetic aviation, ground and information networks, our multi-network integration lays the foundation for our complete end-to-end comprehensive logistics services capabilities.

TECHNOLOGY AND RESEARCH AND DEVELOPMENT

Continuous commitment and investment in technology and research and development grants us technological capabilities, evidenced by international awards such as "World Internet of Things Ranking List" by World Internet of Things Convention, and "Fortune Magazine's Most Influential IoT Innovation List" by Fortune Magazine in 2022 and 2023. Our technology not only streamlines and strengthens our internal management process, but also provides our customers with superior services and enhances their operational efficiency through our technological empowerment.

Research and Development

Our unwavering commitment to research and development is deeply ingrained in our DNA to enhance our integrated logistics services capabilities. Our research and development focuses on improving our digital and intelligent internal operations and providing smart logistics services and supply chain solutions to customers. For example, in 2003, according to Frost & Sullivan, we revolutionized the industry by adopting handheld terminals, which boosted our operational efficiency and facilitated the collection and tracking of express delivery routing information for the first time in China. In addition, we invest in emerging technologies such as blockchain and cloud computing to improve our logistics services capabilities. For example, we have developed a forecasting system for predicting demand and optimizing supply chain operations.

As of June 30, 2024, we had a dedicated research and development with more than 4,400 staff. We have also established research centers focusing on different areas of logistics innovation, such as the computer vision engineering research center for logistics, which is dedicated to developing smart solutions for logistics. As of June 30, 2024, we had 4,199 patents and patent applications, 9,741 trademarks and trademark applications, and 2,535 software copyrights, demonstrating our commitment to innovation and our focus on enhancing our logistics services and solutions.

Technology

We are dedicated to driving our operations with technology and innovations applied primarily towards enhancing our operational efficiencies and expanding business scale.

Enhancing Operational Efficiencies

We implement advanced technologies to accelerate our internal digitalization, building a smart logistics supply chain that empowers each step of our operations.

Foundation for Digital and Intelligent Operations: Data

We place great emphasis on data as the foundation for our digital and intelligent operations. We leverage on an interoperable data system which utilizes common and highly reusable data. This system allows for the creation of a trustworthy data ecosystem across our service offerings, while also launching data consumption tools such as data markets to achieve analysis of different data. Through this approach, we are able to conduct data analysis, improve the efficiency of data retrieval and usage, and reduce costs through refined operations management.

We place the utmost importance on data security, diligently safeguarding data privacy, integrity, and security in accordance with applicable laws.

SF Smart Brain – Optimization of a Digitalized and Intelligent Logistics Network

We have developed our SF smart brain, a technological platform that manages highly complex operations across a seamless network. By digitalizing the entire logistics services and supply chain services process, including parcel collection, distribution, transit, and transportation, and leveraging big data predictions, visual monitoring, and early warning systems, we have achieved intelligent planning and dispatch, dynamic resource allocation, and streamlined management.

Our digitalized and intelligent finance management and control focuses the full-stack integration of business and finance, adopting a comprehensive approach to cover pre-testing, monitoring, and post-analysis. With such full-stack integration, we can unify our business and finance systems, enabling us to better track and analyze financial data related to our logistics operations and identify areas where we can reduce costs. For pre-testing, we develop advanced production decision-making tools through big data analysis, algorithm modeling, and system establishment, assisting financial personnel in formulating precise investment and production strategies. For monitoring, we focus on the continuous tracking of expenses and have data modeling and monitoring in place to identify opportunities for improvement. Through prompt notifications, we can achieve closed-loop business process control and management. For post-analysis, we focus on multi-dimensional data analysis after service delivery to identify areas for improvement.

We place great emphasis on improving the meticulousness, accuracy, stability, and timeliness of our operation forecasts. We continuously explore and apply forecasting methods to further refine our operations across a wider range of scenarios. By doing so, we enhance our overall efficiency and profitability. During peak seasons, such as the Double Eleven period, we conduct timely and accurate updates to our forecasts to pre-allocate our network and infrastructure resources. This enables us to achieve and secure accurate resource allocation, reduce delays, and ensure timely and efficient delivery. In addition, we use dynamic forecasting by refreshing our forecasts every two hours. This allows us to provide early warnings for unexpected changes in parcel volumes which could exceed the handling capacity of our service outlets, and make timely adjustments ahead of time to ensure service quality consistency.

Intelligent network planning is a key component of our digital and intelligent operations. We have developed an advanced planning system that enables us to effectively manage and optimize our resources while reducing costs. We continuously improve the efficiency and capabilities of our network to achieve better resource sharing and scale effect. By identifying areas with low coverage density and insufficient customer-facing service capabilities, we are able to establish new service outlets in these areas, extending our reach and enhancing service coverage. This allows us to better serve our customers and shorten delivery times. We have also established more multi-purpose service outlets by integrating sorting centers, collecting and dispatch services outlets and warehouses, and we have integrated the network of large and small parcels to achieve greater synergies under our multi-network integration initiatives. Moreover, we are able to identify inefficient service outlets and close them as appropriate. We have also streamlined our line-haul routes to increase loading capacity and reduce transit times. This includes investing in direct delivery routes and increasing the frequency of truck routes. We also adopt financial calculations to guide the accurate execution of resource planning during peak seasons and daily operations. For line haul routes and short-haul routes, we apply digital intelligent tools for planning to achieve overall optimization. This includes analyzing data on customer demand, traffic flow, and other factors to identify the most efficient routes and schedules.

We have implemented a real-time scheduling system that allows us to allocate resources and optimize our operations. Key features of our real-time scheduling system include (i) 24/7 monitoring of our transportation, distribution, and delivery processes, enabling us to respond quickly to unexpected events such as extreme weather conditions or traffic congestion; (ii) automatic adjustment of delivery routes based on traffic conditions and other real-time data, helping to avoid delays and improve delivery times; and (iii) predictive analytics that allow us to anticipate potential delays or bottlenecks in the delivery process, and take proactive measures to mitigate them.

One of our key initiatives is the development of automated, visualized, and intelligent distribution. We have implemented automation technology to increase our sorting capabilities. In 2023, we successfully used automated sorting for over 86% of small parcels, compared with an industry average automated sorting rate for small parcels of approximately 60% in the PRC in 2023, according to Frost & Sullivan. Automated sorting has not only improved our sorting efficiency, but has also reduced the likelihood of errors and damages during the sorting process. In addition to automation, we also focus on implementing intelligent planning-driven sorting plans with the ability to make dynamic adjustments. This allows us to optimize our resource allocation based on real-time data, such as parcel volume and delivery routes, and adjust our sorting plans accordingly. As a result, we can reduce costs and improve the overall efficiency of our transit operations. We also have video tracking and monitoring systems in place, which enables us to monitor the movement of parcels throughout the transit process. This provides real-time visibility into our operations and enables us to quickly identify any issues or delays.

Our full-stack end-to-end management of transportation involves multiple modes of transportation. For aviation transportation, we conduct research in flight scheduling, container flow, and container loading model in order to optimize our air cargo loads. In addition, by utilizing data analytics, we are able to identify spare capacity in flight routes and optimize our air cargo loads, reducing transportation costs while maintaining high services levels. For ground transportation, we also implement dynamic route optimization for our fleet of trucks, which allows us to efficiently allocate resources based on real-time demand, reducing delivery times and costs. For example, during peak seasons, we use data analytics to identify areas with high parcel volumes and allocate more trucks to those regions to ensure timely delivery.

We utilize automated technologies to enhance our network operation efficiency, ensuring safe deliveries while reducing costs, manage and automate end-to-end logistics processes, and enables us to monitor in real-time the efficiency and utilization of our network.

Expanding Business Scale

We employ innovative technologies to support our external growth. In particular, we effectively address complex scenarios and incubate new service offerings. Our high level of digitalization enable us to address new and complex logistics needs across a multitude of industry verticals and practical applications. We cater to wide-ranging scenarios across online and offline and services through diverse business models from B2B, B2C, C2C to B2B2C. As our capability to address complex scenarios increases, our ability to rapidly incubate new service offerings also strengthens, as we apply these scenarios on a wider basis across the industry through our highly efficient network.

We also empower customers' supply chains through our technologies, such as automation, and IoT, to empower our customers' digitalization and intelligent transformation, automation, and technological upgrades to their supply chain. For more details of our smart supply chain services, see "— Our Service Offerings — Supply Chain and International Services — Supply Chain Services."

We also offer digitalized and intelligent customer services to customers, aiming to provide standardized and efficient online services for the full life cycle of customer services management. Furthermore, we have implemented a one-stop claim platform that captures claim data and builds a self-service claim model and claims solution model to enable unmanned and intelligent rapid claims processing. Our focus on digitalized and intelligent customer services have allowed us to continuously improve our customer experience and maintain our reputation as the go-to logistics service brand.

Moreover, we have introduced numerous innovative smart tools and applications to support our digitalized and intelligent logistics services, including:

- *SF Cloud Chain* (豐智雲鏈). SF Cloud Chain is a cloud-based tool which integrates digital technologies across the supply chain. It leverages our supply chain solutions matrix, as well as intelligent algorithms, to offer SaaS-based services. It is designed to be flexible and capable of serving customers in different industries, addressing issues in multiple scenarios, and adapting to businesses of different scale. The goal is to provide a one-stop solution for the supply chain, enabling enterprises to quickly achieve the innovation of supply chain management modes. The services cluster is scalable and can be rapidly deployed to meet the unique needs of each customer, making it an ideal solution for those seeking to streamline their supply chain operations and optimize efficiency.

- *SF Trace*. SF Trace is an innovative solution that utilizes self-developed trustworthy blockchain technologies and privacy protection algorithms to ensure complete traceability. This technology combines blockchain and IoT to create a sophisticated tool that leverages our integrated logistics services capabilities. With SF Trace, enterprises can achieve complete traceability at each stage of the supply chain.

- *SF United Store*. SF United Store is a comprehensive digital logistics solution aimed at apparel and fast-moving retail industries. It offers a range of online and offline order fulfillment services, including performance monitoring, after-sales services processing, and smart logistics management across various order fulfillment scenarios. As a SaaS-based platform, it helps customers complete comprehensive digital and intelligent transformations, and refine business management and control for improved cost reduction and efficiency.

- *SF Network*. SF Network is a solution that analyzes terminal demand and employs multi-factor considerations, multi-scenario configuration, and multi-objective calculations to analyze and solve supply chain network problems. It can provide optimization solutions for warehouse infrastructure, routes, inventory, and product selection at the planning level, with visualized analysis results. With SF Network, enterprises can address issues such as high transportation costs, cross-warehouse consignment, slow delivery times, and low customer satisfaction, and improve their supply chain efficiency. The solution is highly adaptable and can be customized to fit the specific needs of each customer, making it a valuable tool for businesses seeking to optimize their supply chain management.

OUR CUSTOMERS AND CUSTOMER SERVICES

Our Customer Services

We believe our customer-centered services deliver an ever-improving customer experience and improve customer satisfaction, enhancing customer loyalty and stickiness. We have been constantly expanding our service offerings to adjust to the continuously evolving needs of our customers.

We adhere to our "user-centered, demand-oriented, and experience-based" services philosophy to ensure efficient, punctual, and safe services. As a result, we have won numerous market recognition, including recognition from official sources. As published by the State Post Bureau, we ranked:

– 1st for 15 consecutive years (2009 to 2023) for overall customer satisfaction;

– 1st for nine consecutive years (2013 to 2021*) in delivery timeliness (within 48 hours); and

– 1st for nine consecutive years (2013 to 2021*) in delivery punctuality (within 72 hours).

Our directly operated model is the foundation of our high quality and reliable customer services. It enables us to exert greater control and coordination of our network, leading to higher stability and efficiency, which is essential to our ability to provide expedient and timely deliveries. With our directly operated model, we are well-positioned to capture the increasing demand for time-definite express delivery. We design and customize our services to satisfy our customers' exact needs based on their requirements and budgets.

Our highly trained and trustworthy couriers are the high-frequency outreach of our logistics services, providing efficient and reliable delivery services to customers every day. Therefore, our couriers act as the frontline for our customer services. We understand the importance of real-time customer services, which is why we offer multiple channels of communication, including a call center 95338, SF App (a mobile application), and WeChat Mini-Program, all available 24/7 through a combination of customer services representatives and self-service assistance. Our designated call-back team follows up with customers to ensure their needs are met, and ensure any problems are resolved within two days. We also conduct customer satisfaction surveys to gather feedback and improve our services continually. We take pride in our customer-centric service philosophy, which has resulted in no material claims from customers during the Track Record Period and up to the Latest Practicable Date.

Note:

* The State Post Bureau has not published new rankings for delivery timeliness and delivery punctuality since 2021.

Our Customers

We have fostered an extensive customer base covering various industries around the world. We adopt a tiered approach for both business customers and retail customers.

We serve a wide range of blue-chip business customers across various industries, including many of the Top 500 Enterprises in China. In 2023, 476 of these enterprises were our customers, and they spread across all industry verticals. We have the highest coverage for blue-chip customers among integrated logistics service providers in Asia, which reflects our commitment to providing high-quality services. We take a holistic and dynamic approach in assessing customers, factoring in current and future logistics expenditures, industry verticals located, industry positions, and opportunities for integrated logistics and supply chain optimization, and categorize our business customers into three categories, namely:

– strategic key accounts ("**SKA**"): mainly blue-chip and leading enterprises in strategically important industries, such as e-commerce and circulation industry, communication and high-tech industry, apparel industry and consumer goods industry. In general, SKAs not only have high logistics expenditure, but also pose significant strategic value to us in the form of expected long-term mutual growth;

– key accounts ("**KA**"): large-scale business customers in other industries. KAs demonstrate high growth and high value and are willing to collaborate with us across various scenarios for mutual benefits; and

– small and medium-sized enterprises. These customers often show high-value potential for future growth and partnerships with us.

We strive to provide tailored solutions for our customers, regardless of their size or industry. Our ability to serve customers across various industries is a testament to the versatility of our services and our commitment to meeting the evolving needs of our customers. As a result, the number of customers with active credit accounts continued to increase during the Track Record Period, amounting to approximately 1.6 million, 1.8 million, 2.0 million and 2.2 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. This growth not only showcases the broad appeal of our services, but also our ability to foster enduring relationships with our customers. In 2023, approximately 64% of our business customers used more than one of our services, highlighting our ability to provide comprehensive, integrated solutions that address a variety of logistics needs.

For example, our relationship with a globally leading smart electronics manufacturer showcases our strategy of growing with our customers and diversifying our service portfolio to meet their dynamic needs. When we first partnered with this customer, we only provided time-definite express services to it. We ensured prompt, secure, and reliable delivery of their products across the PRC, playing a crucial role in this customer's domestic distribution strategy. Our ability to guarantee time-sensitive deliveries enhanced its customer satisfaction and reinforced their reputation for service excellence. As this customer expanded its smart electronics portfolio, we stepped in to provide solutions beyond our time-definite express services. Recognizing its unmet need for efficient large-scale electronics transportation, we also provided freight delivery services to this customer. This enabled this customer to transport bulk goods, such as refrigerators and televisions, cost-effectively and safely across different regions. Then, the growth of this customer's business necessitated advanced supply chain solutions. We tailored our supply chain services to optimize its inventory management, streamline warehouse operations, and improve the overall efficiency of its supply chain. Later, as this customer ventured into international markets, our international express services became a vital asset for its global expansion. We facilitated the seamless delivery of its smart electronics, supporting its growth into new markets. Since our collaboration starting in 2014, our success is evident in the remarkable growth of revenue from this customer, underscoring the effectiveness and value of our diverse service portfolio.

We also serve a large base of retail customers. The number of our retail customers continued to increase during the Track Record Period, amounting to approximately 491 million, 585 million, 663 million and 699 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. We have cultivated both online and offline channels for outreach to retail customers to ensure the growth of our retail business.

SF App and WeChat Mini-Program provide easy online access to our retail customers, allowing them to easily place orders and track their express deliveries. SF App offers expanded service offerings to meet the diverse needs of retail customers. Expanded service offerings through SF App include, among others, moving, mobile phone maintenance, mobile phone replacement, and used clothing recycling. In 2022, we also launched a new WeCom channel on WeChat to efficiently respond to retail customers' questions and improve user engagement. Our efforts to continuously improve our online services capabilities have led to an increase in the number of total retail users in 2023.

We offer a wide range of diverse offline services to our retail customers, catering to their various needs. Our extensive network coverage ensures retail customers have access to our services wherever they are located. Our services tailored for retail customers include, among others:

– luggage delivery services;

– holiday gift delivery services; and

– public welfare delivery, which allows retail customers to donate goods for charitable purposes.

We take pride in having a diverse customer base, which means we do not depend on a single customer and thus have low concentration risk. Our top five customers for each year/period during the Track Record Period accounted for 5.6%, 5.0%, 9.2% and 9.1% of our total revenue for the respective period, respectively. For each year/period during the Track Record Period, no single customer contributed more than 3% of our revenue. None of our Directors, their associates or any shareholders of our Company, who or which to the knowledge of our Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest customers during the Track Record Period.

Key Terms of Agreements with Our Customers

We typically sign master service agreements with business customers which cover various terms including duration, scope of services, and payment terms, among other things. The following table sets forth a summary of key terms of the master service agreement with our business customers:

Key Terms	Description
Duration	Typically one year, subject to annual automatic renewal unless objected by either party
Service Type	One or multiple service offerings of our integrated logistics services, as the case may be
Payment Terms	Typically monthly settlement
Termination	May be terminated by either party upon one-month notice under certain circumstances

Our retail customers primarily enjoy our express and freight delivery services and enter into our standard express and freight delivery services agreement with us at order placement. The duration for such agreement is on a per transaction basis. For damages and losses caused by us, losses will be reimbursed for all insured deliveries, subject to the maximum declared value of an insured delivery.

EMPLOYEES

Our people-centric culture promotes sustainable growth internally and customer bonding externally. We are dedicated to creating a fair, just and open environment for our employees. SF's brand name stands for a platform for global shining talents to realize their dreams, seeking excellence and achieve career pride.

As of June 30, 2024, we had 158,674 full-time employees around the world. The following table sets forth the number of our full-time employees categorized by region as of June 30, 2024:

Region	Number of Employees	% of Total
China	119,341	75.2
Asia (excluding China)	36,526	23.0
Other countries and regions	2,807	1.8
Total	**158,674**	**100.0**

The following table sets forth the numbers of our full-time employees categorized by function as of June 30, 2024:

Function	Number of Employees	% of Total
Operational	92,908	58.6
Professional[(1)]	40,097	25.3
Management	25,669	16.2
Total	**158,674**	**100.0**

Note:

(1) Primarily include employees responsible for technology, research and development, administration, finance and marketing.

We are committed to providing an equal, diverse inclusive, supportive and rewarding working environment for our employees. We have many labor unions and employee representatives who help to maintain an open channel of communication with our employees. In addition, we seek monthly feedback from employees and provide hotlines for any issues or concerns they may have.

We believe in providing a clear career path for our employees, which includes various promotion opportunities and training tailored to employees across functions. Our "Fengyun" training program is an example of this commitment, as it provides career, educational and emotional support for our employees.

We take recruitment seriously, with various channels such as on-campus recruitment, internal referral, and online recruitment, as well as through recruitment agencies. We have established the SF Recruitment Management Guidelines, which set out our recruitment principles, standards, and procedures clearly. We believe that taking care of our employees is essential, which is why we participate in various governmental statutory employee benefits plans. We also provide support for our employees' physical and mental health and take measures to ensure their working safety.

We have established market-competitive and fair remuneration, taking into account working hours and the complexity of the work involved. We enter into standard labor agreements with our employees, as well as confidentiality and non-compete agreements with our key personnel. We maintain a good working relationship with our employees, and we have not experienced any material labor disputes or claims during the Track Record Period and up to the Latest Practicable Date.

Couriers

"There is always a SF courier in your contacts to make your life easier."

Within our organization, we fondly refer to our couriers as "Yige (一哥)/Yijie (一姐)" which attributes our respect to them, signifies their vital role in our operations and acknowledges the pivotal contributions they make, underscoring their invaluable status within our operations. We deeply respect and cherish their tireless efforts, recognizing the immense value they bring us.

Our highly trained and trustworthy courier team is the backbone of our premium logistics services. Their dedication to ensuring the safe and timely delivery underpins our business operations and drives our success. Couriers are the main point of contact with our customers and are integral to providing the customer-centric and personalized services that we are known for. We encourage them to interact directly with customers more often to further enhance our service quality and enhance customer stickiness. In the late 1990s, as a pioneering move in the logistics services industry in the PRC, we initiated an innovative courier commission structure. According to Frost & Sullivan, this marked the first time in the logistics services industry in the PRC which had an incentive model that tied courier compensation to the number of parcels delivered, thereby enhancing service efficiency and quality by aligning employee interests with our organizational performance. This commission structure proved so effective and influential that it was subsequently adopted across the entire logistics services industry in the PRC, highlighting our leadership and ability to set industry standards. According to Frost & Sullivan, the average compensation of our couriers in 2023 was the highest in each province in the PRC among all logistics service providers.

We have also developed a comprehensive career path planning system with tailored trainings to help our couriers develop their skills and grow their careers with us. As of June 30, 2024, we had the largest courier team among all logistics players in Asia, according to Frost & Sullivan. The extensive coverage of our customers, reaching into the heart of communities, enables us to deeply understand customer needs and dynamically innovate, helping us to continually develop and launch new service offerings. We have been continuously optimizing our courier management practices to ensure that their rights and interests are protected. We are committed to providing attractive and above industry average compensation based on factors including local compensation levels, working hours, and complexity of work.

In our endeavor to create an environment that nurtures growth and fosters a strong sense of belonging, we prioritize the career development and well-being of our couriers. We genuinely believe that their empowerment through continuous learning and skill enhancement ultimately fuels our collective success. We encourage couriers to participate in educational programs, offering support such as reimbursement for certain expenses to aid their self-development. All eligible couriers can opt for methods such as self-study examinations and adult college entrance examinations for on-the-job concurrent academic advancement. In addition, we offer opportunities for skill enhancement to the couriers to provide them with more career choices in the future. We proudly support educational initiatives, providing couriers with opportunities to expand their knowledge base and advance their careers. This proactive investment in their personal and professional development has yielded inspiring success stories. For instance, many couriers have risen through the ranks to join our management team, and a few of them have joined our pilot team. These transformative journeys underscore our belief that investing in our people is investing in our future. Our dedication to fostering their growth encapsulates the essence of our culture, one that values and celebrates every individual's potential. As we look ahead, we remain committed to empowering couriers, continuing to forge a path of shared success and innovation in the logistics services industry.

In line with the industry norm in the logistics services industry, we rely on a blend of self-employed and outsourcing arrangements for our couriers. This flexible employment model is instrumental in managing the seasonality inherent in our operations, allowing us to adapt to peak and trough seasons efficiently. Given the diverse range of our logistics services, this flexible arrangement aids in smoothing out courier demand fluctuations. We can strategically allocate couriers across various scenarios, ensuring operational efficiency. Importantly, we extend the same level of care and consideration to both our self-employed and outsourced couriers. We believe that every courier plays an integral part in our service offering and is our valuable asset. For details, see "— Procurement and Suppliers — Our Suppliers."

SALES AND MARKETING

Our marketing strategy covers both retaining existing customers and attracting new customers through our continuous efforts in improving customer experience and loyalty. We believe our top-in-class service quality is our best sales and marketing tool, as we have established a dominant mindshare as the go-to brand of time-definite express services in the PRC. We have a premium brand that is widely recognized for top-notch services and is a commonly used verb in Chinese, with *"Let me SF this to you"* having become synonymous with *"Let me express mail this to you."* In addition, many retailers actively advertise that they exclusively use SF delivery as a way to convey a sense of their services and product quality to their customers. Customers' recognition of our distinctive services helps us market ourselves through our brand name.

We continuously expand our services to attract more customers, and we also engage in cross-selling by offering integrated logistics services and supply chain solutions to our business customers. We also have local offices and overseas agents in overseas countries and regions to maximize our potential for localized operations.

PROCUREMENT AND SUPPLIERS

Procurement

We adhere to a transparent procurement policy, which emphasizes the principles of fairness, justice, and openness, ensuring we engage in equitable transactions that are in the best interests of all parties involved. We mainly adopt a centralized procurement approach, which includes screening, tendering and bidding, and procuring various assets, consumables, and services used in our business, including but not limited to, sorting equipment, vehicles, waybills, barcode scanners and uniforms.

Our Suppliers

Due to seasonal fluctuation of logistics demand and the imbalanced supply and demand across different regions, we leverage outsourced service providers as a constructive supplement to our resources. When there is a shortage in couriers and vehicles, outsourced resources could effectively and promptly satisfy our demand. According to Frost & Sullivan, outsourcing arrangement is a common market practice in the logistics industry. During the Track Record Period, some of our suppliers were service providers for the above-mentioned services to us. We did not encounter any material labor disputes as a result of the above-mentioned services during the Track Record Period.

Our top five suppliers for each year/period during the Track Record Period accounted for 13.6%, 16.8%, 22.0% and 21.5% of our total purchases for the respective period, respectively. None of our Directors, their associates or any shareholders of our Company, who or which to the knowledge of our Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest suppliers during the Track Record Period.

We believe we have sufficient alternative suppliers for our business that can provide us with substitutes of comparable quality and prices. During the Track Record Period and up to the Latest Practicable Date, we did not experience any disruption to our business as a result of any significant shortage or delay in supply of the related services and products.

ESG

We have built an ESG management system aligned with our vision of "foster shared growth, celebrate better life." To that end, we are committed to strengthening our sustainable logistics supply chain services, taking care of our employees and couriers, engaging with broader stakeholders, and promoting rural revitalization through contributing to the supply side reform of rural industries, leveraging our unique strengths in the logistics industry.

As we continue to improve our sustainability performance, we are honored to be listed among Fortune Magazine's first-ever China's ESG Influential List in 2022, marking the only express logistics service provider on the list, and to be awarded the same prize subsequently in 2023 and 2024 for three consecutive years.

ESG Governance

We have established a four-layer sustainability management framework for the formulation of sustainable development goals and strategies, and assessment of risk and opportunities relating to ESG:

– At the top of the framework, the Board of Directors' strategy committee is responsible for the overall supervision and guidance for our ESG-related functions, such as determining our strategic objectives, strategies and focuses relevant to sustainability, supervising and guiding the implementation of ESG work, and ensuring that ESG governance is integrated into our strategic development;

– The sustainability leadership group comprising of the chief strategy officer, the chief financial officer, the chief operational officer and the chief human resource officer, is responsible for setting sustainability goals in line with our sustainability strategies and development, and reviewing the progress regularly and making periodic reports to the strategy committee of the Board;

– The sustainable development working group is composed of representatives of the office of the Board, various functional departments, business departments, and business units related to sustainable development. The sustainable development working group is responsible for the overall implementation and promotion of ESG-related work, accelerating the implementation of our goals in each business unit and functional departments, and gradually promoting the normalization of sustainable development governance;

– Business units and functional departments are responsible for implementing specific ESG-related work in accordance with the established management indicators and mechanisms, and report to the sustainable development working group on a daily basis.

We began publishing our ESG report since 2020, which replaced our corporate social responsibility report published since 2016. We publish our ESG report in the first quarter of the year on an annual basis. We intend to continue disclosing relevant information about our ESG strategy, progress and performance in accordance with the requirements of the Stock Exchange and good international industry practice.

We have established diverse and efficient communication channels with various stakeholders for ESG, including government and regulatory agencies, investors, directors and senior management, employees, community residents and charitable organizations, customers, partners along our industry value chain, and media. These diverse and efficient communication channels help to ensure that we address concerns and expectations from stakeholders on ESG issues. We also place strong emphasis on corporate governance, risk management, anti-corruption management, cybersecurity and information technology security management.

These measures help to ensure that we are operating ethically and responsibly and minimizing risks to our business operations and stakeholders. For details, see "— Risk Management and Internal Control" and "— Data Privacy and Protection."

Governance on Climate Change-Related Issues

We integrate climate change into our risk management system, proactively identifying climate change-related risks and opportunities, and strive to improve our governance on climate change-related issues. We aim to become an industry leader in sustainable development.

Our risk management committee of the Board has a clear understanding of climate change risks and guides our overall risk management. The risk committee under the risk management committee of the Board is responsible for formulating our overall risk management strategy, including those relating to climate change-related risks, and deciding on our major risk prevention, control and coping strategies. Our risk control and compliance office regularly analyses our climate change-related issues and risks, and reports to the risk management committee of the Board on our overall risks, including climate change-related risks. For details, see "— Risk Management and Internal Control."

We have identified potential climate risks that are most applicable to our business through surveys, internal discussion, expert consultation, situation analysis, policy analysis and industry benchmarking. These potential climate risks include: (i) physical risks, such as operational risk arising from extreme weather conditions of typhoon and flood that disrupt our operation in land transportation, air transportation or industrial parks, freight quality risks arising from potential adverse impacts on the packaging materials caused by unusual temperature; (ii) transition risks, such as policy or regulatory risks that would enforce emissions reduction to our business operations which may incur additional expenses to our business operations, and technical risks, where alternative technologies that are necessary for us to increase our research and development investments into the emerging technologies and their applications.

Climate change also presents new opportunities for us. As global policies shift towards green products and services such as green packaging and more efficient transportation, we anticipate a steady increase in the market demand for environmentally friendly solutions. Boasting a strong track record in green packaging research and development and design, bolstered by our significant portfolio of related intellectual property rights, we are well positioned to capture opportunities in this emerging market. As conditions mature, we plan to expansively introduce our green packaging solutions, expedite the market acceptance of green packaging, and further enhance our reputation. In addition, emerging needs for green supply chain solutions provide another compelling opportunity for us. As global consciousness of climate change intensifies, customers increasingly demand green and sustainable supply chain solutions from logistics service providers. In 2023, we developed the industry's first ever consignment-level carbon calculation model, which precisely calculates the carbon emissions produced by each parcel at various transportation stages using different modes of transport, based on operational data. This advancement enhances the transparency and accuracy of carbon-related information within the supply chain service scenarios between brand merchants and logistics service providers. As a pioneer for offering green supply chain solutions in the market, we are fast-tracking the green transformation of last-mile delivery services and the implementation of multi-modal transportation, continually increasing our green fleet proportion and obtaining more green supply chain certifications to offer more green supply chain solutions.

With the ambition to lead the industry on providing green logistics supply chain services and contribute to global climate change mitigation, we have formulated our 2030 climate change goal in 2021, published in our Carbon Target Whitepaper. Our goal is to enhance our carbon emission efficiency (measured by Scope 1, 2 and 3 emissions divided by revenue) by 55% in 2030 as compared with our 2021 baseline and to reduce the carbon footprint of each parcel by 70% in 2030 as compared with our 2021 baseline. We have officially joined Science Based Target initiative in 2023, and committed to aligning interim emission reduction targets aligned with international best practices in the following two years, demonstrating our dedication and commitment to achieving greenhouse gas reduction targets and striving for net-zero emissions across our value chain by 2050.

We have formulated an action plan to achieve the abovementioned goals, resting on four pillars, namely: (i) changes in energy consumption sources, including the use of renewable energy and expanding electric vehicles in our fleet; (ii) leveraging technology to empower our operations and achieve low-carbon smart operations through technologies, for example, applying intelligent transportation route planning technology to optimize transportation routes and effectively reduce transportation energy consumption; (iii) promoting multi-modal transportation, optimizing routes through sorting centers, adopting green, low-carbon packaging, implementing intelligent enterprise management, and offering our customers an ‘All Green’ sustainable supply chain solution, we aim to enhance operational efficiency and reduce carbon emissions; and (iv) carbon offsets, including nature-based carbon solutions, as well as planting SF Carbon Neutral Forests to achieve carbon offsetting and contribute to environmental conservation efforts.

To achieve our goal of packaging material reduction, we implement measures including (a) increasing investment in research and development of packaging materials, (b) continuously innovating in green packaging materials, and exploring the refined operation of recyclable packaging, and (c) collaborating with the downstream and upstream stakeholders to further enhance our packaging reduction and green packaging efforts. In particular, pursuant to our “Fengjing Plan” (豐景計劃), we innovate in the research and development of eight categories of materials used for packaging, such as plastic bags, adhesive tape, stickers and seals, in order to achieve standardized and scenario-based packaging and packaging material reduction. By using lightweight, compact and foldable design, we have reduced the consumption of plastics. For example, we have been promoting the use of air column packaging to replace foam and other cushioning materials. As air column packaging better fits the shape of parcel contents, it can reduce the use of packaging materials, reduce cost and enhance operation efficiency in packaging, while facilitating environmental protection.

Further, we published the *SF Packaging Operation Code* (《順豐包裝操作規範》), which details the instructions of packaging operation for different types of parcels and implements the requirements of green packaging. We continue to improve our packaging operations through the intelligent packaging service platform, which empowers couriers to use reasonable packaging for different types of contents with guidance, reducing excessive packaging under the premise of parcel safety. In addition, we have successively launched green packaging products such as "π-Box" recyclable boxes and "Feng Bag" fully degradable plastic bags. In 2023, we successfully developed and deployed plastic bags that are both easy to be recycled and regenerated, incorporating up to 30% post-consumer recycled resin while maintaining superior performance that meets the national standards for courier bags. This innovation earned us the "Excellent" rating in the design certification of plastic products easy to recycle and regenerate. Additionally, in the same year, we launched the industry's first pilot project for a closed-loop recycling system for plastic packaging waste in Shanghai. We distributed over 880,000 plastic bags that are both easy to be recycled and regenerated for this project and successfully recycled more than 1.1 tons of plastic bags.

We continue to monitor our progress through tracking quantitative indicators, such as energy consumption and intensity, greenhouse gas emissions and intensity. Against our 2030 climate change goal, in 2023, we have enhanced our carbon emission efficiency by reducing Scope 1, 2 and 3 emissions divided by revenue by 13.6% against 2022 and 15.3% against our 2021 baseline. In 2023, we have reduced carbon footprint of each parcel by 11.4% against 2022 and 15.1% against our 2021 baseline. The following table sets forth the key metrics of our ESG performance for the years indicated:

	Year Ended December 31,		
	2021	**2022**	**2023**
Greenhouse Gas emissions (Scope 1, 2 & 3) (tCO_2e)	9,079,312.0	11,658,310.1	11,200,065.7
Greenhouse Gas emission intensity (tCO_2e/million revenue in RMB)	48.6	43.5	43.3
Greenhouse Gas emissions per parcel (g CO_2e/parcel)	860.6	824.5	730.9
Outsourced electricity consumption (kWh)	1,759,180,709.8	2,004,911,716.8	2,268,797,533.7
Water consumption[1] (tonnes)	821,882.0	2,592,633.0	2,643,676.4
Waste production[1,2] (kilograms)	27,131,393.4	74,538,330.9	175,327,609.7
Use of packaging items (kilograms)	455,273,842.3	454,296,236.0	482,785,830.4

Notes:

1. The increase in 2022 as compared to that in 2021 was mainly attributable to our consolidation of Kerry Logistics for the full year of 2022. In addition, 18 new logistics industrial parks were put into operation in 2022, leading to increase in water consumption and waste production in 2022 as compared to that in 2021.

2. In 2021 and 2022, we adopted a more flexible working arrangement for employees, while fully resuming on-site working arrangement in 2023 with more employees working on-site, resulting in the increase in waste production in 2023.

The following table sets forth our key carbon reduction initiatives and measures to achieve carbon neutrality:

Carbon Reduction Initiatives	Measures for Carbon Reduction
Green Transportation	Green Ground Transportation: • Optimize the structure of transportation capacity and increase the proportion of renewable energy applied; • Expand adoption of renewable energy vehicles; • Increase vehicle loading capacity, replace high-axle count vehicles with low-axle count; and • Replace high fuel consumption vehicles with low fuel consumption vehicles and renewable energy vehicles Green Aviation: • Increase the proportion of large cargo aircraft with low energy consumption and high efficiency to optimize composition of our air fleet; and • Adopt jet fuel-saving technologies such as straight route selection

Carbon Reduction Initiatives	Measures for Carbon Reduction
Green Logistics Industrial Parks . . .	• Build green logistics industrial parks and enhance transit efficiency to save energy; • Reduce environmental impacts through utilizing rooftop photovoltaic equipment and optimizing warehouse space layouts; and • Formulate our device and equipment management guidelines and environmental management guidelines in our logistics industrial parks to reduce water and electricity consumption through equipment management, safety management, decoration management, environmental management and other modules
Green Packaging	• Promote packaging material reduction, packaging reuse, recyclability, and degradability; and • Implement green packaging standard
Green Office Management	• Internal policies in place governing office management and water and electricity management to effectively integrate the sustainable development concept into our day-to-day operations, encourage employees to abide by the low-carbon practice and routines, forge a green and environmental-friendly working environment under concerted efforts; and • Encourage employees to hold online meetings to avoid unnecessary travels foster shared office space and regular teleworking, and endeavor to achieve reductions in energy consumption and emissions

Carbon Reduction Initiatives	Measures for Carbon Reduction
Application of Green Technology . .	• Reduce transportation energy consumption through intelligent transportation route planning; and • Promote electronic proof of delivery, photo uploading, and paperless reimbursement
Other Initiatives	• Initiate the "SF Carbon-Neutral Forest", as well as other environmentally friendly projects and campaigns, to achieve carbon offset with the aim of cultivating public awareness of environmental protection • Implement the uniform points redemption mechanism to motivate the courier to reduce the frequency of uniform replacement and reduce material consumption

Other Environmental Matters

We have established a sound environmental management system and an energy management system, and will continue to facilitate the completion of official environmental and energy management system certifications for our services. We have obtained the ISO14001 Environmental Management System certification needed for all of our business operations and SF Airlines has obtained the ISO50001 Energy Management System certification.

We have developed our digitalized and intelligent carbon management platform, namely, Fenghe (豐和) sustainability platform. This platform integrates multiple functions such as measuring carbon emission, setting carbon emission targets, and achieving carbon management, and covers key processes of our service offerings, including packaging, transportation, transit and delivery. Fenghe sustainability platform uses over 120 indicators in more than 60 typically used cases in our business operations and is further enhanced by the industry leading emission calculation model at parcel level. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other material penalties due to non-compliance with environmental laws or regulations.

Employee Health and Safety

We place great importance on employee health and safety matters. Under the supervision of our safety production committee chaired by our chief operating officer, we have formalized a safety management structure covering our headquarters down to the local operational units. The safety production committee meets quarterly to discuss ongoing safety matters. We have obtained the ISO45001 occupational health and safety management system certification needed for all of our business operations.

We set clear targets and track performance on key health and safety metrics, and provide health and safety training to our employees. To achieve continuous safety management, we provide safety trainings to our employees. In 2023, 100% of our employees received safety training. During the Track Record Period, we did not encounter any material health and safety incidents, and we aim to continue our health and safety track record. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other material penalties due to non-compliance with health and safety laws or regulations.

Employee Engagement

We are committed to providing an equal, diverse, supportive and rewarding working environment for our employees and investing in their career development for a sustainable talent base to support our future growth. Our established training system is designed specifically for junior employees, intermediate administrative roles, specialized and technical teams, and senior management. Our training programs for junior employees focus on the basics of our operations and services. We ensure that they are well-versed with our corporate culture, and understand their roles and responsibilities. We also provide them with necessary skills training to ensure safety and efficiency in their operations. For our intermediate administrative employees, we provide programs that focus on enhancing their managerial skills and understanding of business operations. We cover topics such as advanced communication, leadership, and project management. For our specialized and technical teams, our training programs focuses on fostering a culture of continuous learning. These teams receive advanced training tailored to their specific roles. We also keep them abreast of the latest industry trends and technological advancements. For our senior management, we have designed executive development programs to enhance their strategic thinking, decision-making, and leadership skills. These programs help them understand global market trends and advanced management practices, enabling them to make strategic decisions that foster our growth and competitiveness. In 2023, we offered training with an aggregate time exceeding 5.6 million hours.

To attract and retain talents for our long-term development, we have formulated various measures to affirm and motivate talents, including stock option incentives, on-the-job interviews and regular counselling, and awarding employees for outstanding achievements, etc.

We believe that an inclusive corporate culture is essential to our success. We value the opinions of our employees and encourage them to participate in the decision-making process. We believe such approach fosters a sense of ownership among our employees and creates a more engaged and productive workforce.

In addition, we have established a comprehensive and diverse welfare and care system in respect of our social responsibility in respect of employee wellness, catering to employees' unique situations in both their work and personal life, including pivotal moments and major family events. Through a multi-faceted, grassroots care and support mechanism, we understand our employees' genuine needs, assisting them in addressing real-life challenges. This approach not only enhances employees' sense of belonging and well-being but also strengthens their cohesion and identification with us.

We have always been committed to safeguarding the rights and interests of the employees. During business acquisition and disposals, we offer the following protection schemes, which cover franchisees as well:

- We offer various internal job openings. For those willing to continue their service with us, we conduct thorough assessments on those employees. Those who meet the criteria are given priority to be transferred to relevant departments within our Group, while simultaneously ensuring they continue in roles of a similar nature.

- For employees with preference to join disposed or acquired entities, we proactively communicate with relevant parties to provide relevant job positions to support smooth transitions and increase the likelihood of the employees' future success.

- For employees with preference to leave, we negotiate amicably and, in accordance with applicable laws and regulations, offer appropriate financial compensation to ensure the best interests of the employees are protected.

Diversity and Inclusion

We place a high value on equality and diversity in the workplace. We are committed to providing equal opportunities to all employees, regardless of gender, ethnicity, or any other personal characteristic. We believe that a diverse workforce is essential to our success and that it enhances our ability to innovate and adapt to changing market conditions. To this end, we have implemented a number of programs and initiatives that promote equality and diversity. We actively recruit and promote female employees, veterans, and people with disabilities, and we provide occupational assistance to veterans and people with disabilities to ensure that they can fully participate in our operations. As of December 31, 2023, among our Directors, Supervisors and senior management 27.4% were females. As of December 31, 2023, we had over 600 employees with disabilities. We also provide training and development opportunities to all employees, regardless of their background or experience, to help them reach their full potential.

Corporate Governance

We have implemented comprehensive policies and mechanisms to uphold integrity and ethical standards, including anti-bribery policies, whistleblowing mechanisms, and anti-harassment policies, ensuring a transparent and secure working environment.

- Anti-bribery policies: we integrate anti-corruption management into our daily operations through anti-corruption risk assessments, audits, and educational initiatives. These efforts continuously strengthen our capacity to control business ethics related to anti-corruption and anti-bribery. To prevent and combat corruption, safeguarding the legal interests of our Group, employees, clients, and partners, and promoting sustainable and healthy corporate development, we actively encourage all employees to sign the anti-corruption commitment.

- Whistleblowing Mechanisms: we provide several 24/7 reporting channels for both internal and external stakeholders, including email, hotline numbers, and the company website, encouraging employees and suppliers to report any misconduct. Upon receiving a report, the whistleblower is responded to within one business day, and a decision to whether to initiate an investigation is made within one week. If an investigation is warranted, it is completed along with a response to the findings within one month. Following the verification of any misconduct we impose penalties based on the severity of the infraction, and legal authorities handle cases suspected of violating the law.

- Anti-harassment policies: we adhere to a zero-tolerance policy toward forced labor, child labor, discrimination, and harassment in all our global business operations as part of our commitment to protecting rights of employees. We prohibit harassment, including disrespectful behavior and verbal provocation toward colleagues, as well as verbal harassment of colleagues, clients, or external partners. Moreover, our *Rewards and Disciplinary Regulations* clearly stipulate the disciplinary measures for harassment-related offenses.

Sustainable Procurement

We adopt high standards to ensure a sustainable procurement environment. We required all of our suppliers to sign our supplier agreement with specific requirements on social responsibility, integrity and honesty in 2023. We established and implemented *Management Regulations on Procurement and Suppliers* (《採購供應商管理規定》), which we believe helps us ascertain our suppliers' compliance with relevant laws and regulations. In particular, we (i) conduct thorough supplier evaluation before cooperating with them, (ii) establish an evaluation mechanism for suppliers and conduct regular evaluations on them, (iii) establish a robust management system, through regular training, audits and inspections, to further strengthen supplier management, and (iv) disciplinarily manage suppliers, taking measures such as warn, fine, suspend or terminate cooperation for suppliers confronted non-compliance with relevant laws and regulations or breach of contract.

We have formulated the regulations on green procurement management to address environmental protection requirements applicable to the life cycle management of suppliers and, to some extent, it gives priority to the procurement and use of raw materials, products and services that take environmental protection features into consideration, such as energy saving, water saving and material saving. Moreover, we are committed to working with suppliers in the areas of environment, society and labor rights. We pay close attention to our suppliers on whether they have obtained ISO certifications relating to environmental, occupational health and safety and information security-related systems. We have also integrated environmental and health responsibility as important indicators into the regular evaluation and assessment of suppliers, so as to encourage suppliers to strengthen their own environmental, safety and other social responsibility performance.

Other Social Responsibility Matters

We are of the full conviction that enterprises are closely bound up with society, and accordingly, social responsibility is part of enterprise development. Adhering to the goal of driving the supply chain reform of rural industries, we continue to consolidate and expand the achievements of common prosperity by capitalizing on our logistics services capabilities. For example, we have been actively contributing to the national rural revitalization strategy through our efforts in fresh food logistics services. For details, see "— Our Service Offerings — Cold Chain and Pharmaceuticals Logistics Services — Fresh and Seasonal Food Logistics Services."

In addition, we proactively fulfill our corporate social responsibilities by supporting public services, carrying out voluntary public service activities in various fields such as medical care, education, charity and environmental protection, contributing to the national rural revitalization strategy, empowering agricultural development in rural areas with digital technology, securing stable production and supply. Moreover, leveraging our supply chain and technological competitive advantages, we endeavor to ensure the rapid delivery of household goods, and strive to contribute to the building of a harmonious society.

SEASONALITY

In 2021, 2022 and 2023 and the first half of 2024, our parcel volumes (including domestic express logistics parcel volume and international shipment volume) amounted to 10.6 billion, 11.1 billion, 12.0 billion and 6.2 billion, respectively. Our parcel volumes during the Track Record Period were subject to seasonal fluctuation, primarily due to the impact of major shopping events and Chinese New Year. We typically experience a peak in parcel volumes during shopping events such as China's online shopping events on November 11 and June 18, and experience comparatively lower parcel volumes during Chinese New Year. We believe that this pattern is likely to continue in the foreseeable future.

INTELLECTUAL PROPERTY

We put a premium on intellectual property protection, and strictly comply with applicable laws and regulations relating to intellectual property in the PRC and overseas. To further improve our management and protection of intellectual property, in 2023, we established several new guidelines, including guidelines for the assessment of overseas patent applications, and updated our guidelines for managing patent (software copyright) outcomes and trademark (trade name). As of June 30, 2024, we had 4,199 patents and patent applications, 9,741 trademarks and trademark applications, and 2,535 software copyrights. Our patents primarily relate to smart devices applied in the logistics industry and software algorithms.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property infringement claims by third parties or suffered any material intellectual property infringement by third parties.

COMPETITION

Global logistics represents an enormous market opportunity, with an estimated US$11.1 trillion spent on logistics in 2023, according to Frost & Sullivan. Across the globe there are only around ten integrated logistics service providers that are able to provide a full spectrum of logistics services. Asia is currently the largest, fastest growing, and one of the most fragmented regions in the global logistics market, presenting the most attractive growth prospects.

Across various services and geographies, we primarily compete with three major types of logistics service providers, namely, other global integrated logistics service providers, other China-based integrated logistics service providers, and non-integrated logistics service providers. We were Asia's largest and the world's fourth largest integrated logistics service provider in terms of revenue in 2023, according to Frost & Sullivan. According to the same source, we were also the fastest growing integrated logistics service provider among the global top four integrated logistics service providers, in terms of revenue growth from 2021 to 2023. In addition, we are a market leader in our home market in nearly all of the logistics sub-segments in which we operate, an achievement that is unmatched by any global or Asian player in its respective market. We believe that our core strengths provide us with competitive advantages over existing and potential competitors. For more details of our industry, see "Industry Overview" in this prospectus.

Furthermore, as our business continues to grow rapidly, we face significant competition for highly skilled personnel. The success of our growth strategy depends in part on our ability to retain existing personnel and attract additional highly skilled personnel.

PROPERTIES

Our corporate headquarter is located in Shenzhen. As of June 30, 2024, our owned buildings and land were primarily used as offices, warehouses and logistics industrial parks. Our logistics complex in the Ezhou cargo hub has an aggregate GFA exceeding 700,000 sq.m. As of the same date, our leased properties were primarily used as offices, warehouses, service outlets and logistics industrial parks, with relevant lease agreements to expire between 2024 to 2035. We believe that our existing facilities are generally adequate to meet our current needs, but we expect to expand our logistics network by leasing, building, or purchasing additional properties in the PRC and overseas over the next several years.

As of the Latest Practicable Date, we were in the process of obtaining land use right certificates for two parcels of land, where no construction activities had been carried out yet on these two parcels of land. In addition, as of the Latest Practicable Date, we had seven properties with each having a GFA exceeding 1,000 sq.m. that had not obtained ownership certificates in the PRC. For more details of the risks and uncertainties associated with such defects, see "Risk Factors — Risks Relating to Our Business and Industry — Title defects with respect to or encumbrances on certain land and buildings may cause interruptions to our business operations." We are of the view that, and our PRC Legal Adviser concurs, the aforementioned defects would not materially or adversely affect our business, results of operations and financial condition.

As of June 30, 2024, none of the properties owned by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

INSURANCE

We consider our insurance coverage adequate and in accordance with the commercial practices in the industries in which we operate. We provide social security insurance, including pension insurance, work injury insurance, maternity insurance, medical insurance and unemployment insurance for our employees. Additionally, we provide group accident insurance for the couriers we employed and liability insurance for third-party service providers. We do not maintain business interruption insurance or key-man insurance. Our management evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed.

LICENSES AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all licenses and permits that are material for our business operations in the PRC and overseas, and such licenses and permits are valid and subsisting.

The following table sets forth a list of our material licenses and permits:

Holder	Name of License/Permit	Expiration Date
Shenzhen S.F. Shuntai Logistics Co., Ltd.* (深圳順豐順泰物流有限公司)	Courier service operation permit (快遞業務經營許可證)	March 24, 2026
SF Airlines Company Limited* (順豐航空有限公司)	Public air transport air operator's certificate (公共航空運輸企業經營許可證)	Long-term
SF Airlines Company Limited	CAAC operational qualification certificate (中國民用航空局運行合格證)	Long-term
SF Airlines Company Limited	Maintenance license (維修許可證)	December 6, 2025
SF Airlines Company Limited	Certification of dangerous goods air transportation (危險品航空運輸許可)	July 13, 2026
Shenzhen Shunlu Logistics Co., Ltd.* (深圳順路物流有限公司)	Road transportation operation permit (道路運輸經營許可證)	March 2, 2026
S.F. Express Co., Ltd.* (順豐速運有限公司)	Courier service operation permit	August 12, 2029

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal claims and proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

We keep abreast of regulatory requirements applicable to our operations. We always endeavor to comply with all applicable laws and regulations, and regularly conduct internal inspections to identify potential risks and promptly address these risks once spotted. As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

IMPACT OF THE COVID-19 PANDEMIC

During the Track Record Period, the COVID-19 pandemic affected the global economy. Our directly operated model makes us highly resilient to macroeconomic headwinds as our directly operated model allows us to have a more stable network than our competitors, primarily the Tongda Operators that use a franchising model. Our directly operated model inherently offers a heightened degree of control over operational standards, quality of service, and real-time adaptability, ensuring uniformity in service processes and service quality across all locations. As a result of our visionary and strategic layout in 2013 to tap into cold chain and pharmaceuticals logistics, our pharmaceuticals logistics services captured the market demand arising from the COVID-19 pandemic for the transportation of vaccines and IVD. For details, see "— Our Service Offerings — Cold Chain and Pharmaceuticals Logistics Services — Pharmaceuticals Logistics Services." As our cold chain and pharmaceuticals logistics services continue to address the significant unmet demand for cold chain logistics in the PRC from customers mainly from the food, agricultural products and pharmaceuticals sectors with our nationwide coverage and comprehensive service offerings, we believe our results of operations for cold chain and pharmaceuticals logistics services would not be adversely affected in the post-pandemic era. Moreover, we were able to quickly ramp up our network to fulfil demands in other cities if the demand in one city falters. In addition, during the pandemic, many consumers preferred to shop online to minimize exposure to public premises, which created demand for our express and freight delivery services. We have not experienced material shortages in courier capacity or material disruptions to our business due to the COVID-19 pandemic. In addition, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material interruption or suspension of services and businesses.

DATA PRIVACY AND PROTECTION

We are dedicated to securing information about our customers' delivery and protecting our customers' and employees' privacy, and we strive to provide a safe, secure environment for our customers. We are committed to compliance with applicable personal information protection laws, regulations and industry standards. We have formulated comprehensive response measures over information system risks.

First, we continue to optimize information security and privacy information management. As of June 30, 2024, we had obtained the ISO27001 information security management system certification and the ISO27701 privacy information management system certification, and these certifications remained valid as of the date of this prospectus. We have implemented information security control and protection according to established policies and strategies for information security, and continuously update the procedures and systems. We continuously reinforce risk awareness among our employees, conduct staff training on operational standards, develop internal information circulation guidelines, implement rules over sensitive information, and construct monitoring and pre-warning and response systems for abnormal behaviors to reduce information system security risks.

Second, according to regulatory requirements, we carry out multi-level security assessment of information systems. We conduct continuous and regular security intervention in the business system construction phase to build on anti-security attack capabilities. We have established security capability baseline (measurable cyberspace security capability evaluation), safe operation capability (situational awareness of privacy data risks, MTTD and MTTR indicators based on offensive and defensive confrontations), DevOps security capability (DevSecOps process and tool chain), and security ecology capability (external perception and linked stop loss) to enhance the capability of our IT infrastructures to discover and defend against cybersecurity attacks. Moreover, we have established a comprehensive system for prevention and control of information risks, and formulated standardized manuals, such as the *recovery guidelines for IT systems under emergencies and incidents* (《IT災難恢復預案流程》) and the *management procedures for IT system major incidents* (《IT系統重大事件管理流程》), to implement closed-loop risk prevention and control through pre-warning, in-process control and post-recording.

In addition, aiming to minimize privacy compliance risks, reduce potential business loss and effectively protect our customers and employees, we assess privacy compliance of our apps, implement multiple special programs concerning publicity and provide training on compliance with the *Data Security Law* (《數據安全法》) and *Personal Information Protection Law* (《個人信息保護法》). Moreover, we continuously conduct security intervention during information processing and business system building activities, in accordance with compliance requirements, such as the *Privacy Data Security Compliance Management Standards* (《隱私數據安全合規管理標準》) and the *Data Asset Classification, Grading Identification and Safety Management System* (《數據資產分類分級及安全管理制度》), so as to enhance our ability to withstand security attacks and to prevent the non-compliance issues. We participated in the formulation of three information security standards of the National Information Security Standardization Technical Committee, namely, the *Information Security Technology – Basic Requirements for Collecting Personal Information in Mobile Internet Applications* (《信息安全技術 – 移動互聯網應用程序(App)收集個人信息基本要求》), the *Information Security Technology – Data Security Requirements for Express Logistics Services* (《信息安全技術快遞物流服務數據安全要求》), and the *Information Security Technology – Implementation Guidelines for Notices and Consent in Personal Information Processing* (《信息安全技術個人信息處理中告知和同意的實施指南》). In addition, we regularly hold and participate in security summits and security salons to facilitate information sharing with industry leaders and industry elites. We have established alliance and cooperation with information security teams from leading Internet and e-commerce enterprises for the creation of a safe and orderly cyberspace.

As of the Latest Practicable Date, we had not received any notice that requires us to go through a cybersecurity review, had not received any notice that our data processing activity affected or may affect national security, and had not been subject to any material cybersecurity-related penalties or sanctions imposed by the CAC or any other relevant PRC regulatory authorities. As such, our PRC Data Compliance Legal Adviser is of the view that we are in compliance with the applicable PRC data privacy and protection laws and regulations in all material aspects, on the following grounds: (i) the type and nature of personal information and operational data we collect are mainly related to our principle business, and we do not engage in the processing of core data or important data as defined under the Data Security Law; (ii) during the Track Record Period and as of the Latest Practicable Date, we had not been subject to any material fine or administrative penalty, mandatory rectifications, or other sanctions by any competent authorities in relation to any infringement of PRC data privacy and protection laws and regulations, and there had been no material leakage of data or personal information or violation of PRC data privacy and protection related laws and regulations by us which would have a material adverse impact on our business operations; (iii) we have implemented effective data privacy and protection policies, procedures, and measures to ensure secured storage, usage and transmission of data, and to prevent unauthorized access or use of data; and (iv) we continuously pay close attention to the legislative and regulatory development in data privacy and protection, maintain ongoing communications with relevant regulatory authorities and implement all necessary measures in a timely manner to ensure compliance with the relevant laws and regulations. As of the Latest Practicable Date, in accordance with the Measures for the Security Assessment of Cross-border Data Transfer, we have submitted relevant materials for cross-border data transfer security assessment, which have been approved by the CAC.

Attributable to our efforts in ensuring compliance with applicable data protection and cybersecurity related regulations, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties in relation to applicable data protection and cybersecurity requirements in jurisdictions where we operated.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a robust internal control and risk management system to strengthen and standardize our internal management and to promote our sustainable development.

Our risk management is led by the Risk Management Committee of the Board. The risk committee under the Risk Management Committee of the Board is responsible for the overall management and control of our risks at the group level. Its main responsibilities include deliberation and decision-making of our risk management system and policies, preventing of major risk and responding to major crises. The risk committee reports to the Risk Management Committee of the Board quarterly and annually. Our chief financial officer is responsible for implementing our risk management strategy, guiding and evaluating the establishment and improvement of risk management and control mechanisms in functional departments, business department, business units and different regions. Our risk control compliance department coordinates risk control and compliance work among our different departments. The leaders of each functional department, business department, business unit, and region are responsible for related risk control in their work area. They are also responsible for identifying and evaluating daily risks as well as the implementation of risk management and control measures.

We have built a risk management system and an internal control and compliance platform and established our compliance management system. Through continuous improvement of the systems, we have achieved management of the whole process from risk identification, assessment, monitoring, early warning and response, to loop closing, effectively improving the efficiency of risk identification and management:

- Risk management system: mainly responsible for risk management monitoring and control of our priority areas (such as market risk, credit risk, liquidity risk, operational risk and climate change-related risk) and managing risk events;

- Internal control and compliance platform: mainly responsible for our regular internal control inspection of our business processes and supervising rectification; and

- Compliance management system: mainly responsible for the intelligent capture and analysis of external regulation requirements and public opinion information, and monitoring the quality of internal implementation of external regulations.

In addition, in terms of operational risk management, we strictly adhere to applicable laws and regulations regarding security and safety in each jurisdiction we operate in. We proactively manage operational risks by regularly organizing safety training sessions and conducting multiple emergency response drills to ensure all personnel are well-prepared for potential safety incidents. We also employ technologies to identify risks such as driver fatigue during operations and non-compliant practices by operational staff at sorting centers, further reinforcing our commitment to safety. We maintain lists of unsafe, prohibited, restricted or regulated items based on jurisdiction, local industry regulations and shipping method. We have established standardized parcel security screening protocols throughout the whole delivery process. We require that pickup personnel visually inspect all items sent by customers before acceptance. We also employ measures such as X-ray screening of parcels to detect potential hazardous or prohibited items. We may refuse to accept suspicious items upon inspection. Penalties are imposed on the responsible personnel for picking up or delivering prohibited items when relevant personnel fail to adhere to our required protocols and measures. Our safety screening system will continue to evolve to meet changing needs. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material administrative or criminal penalties as a result of transporting or delivering unsafe, prohibited or restricted items.

In terms of ESG risk management, we fully integrate environmental, social and governance risks in the identifying and sorting of risk information databases. The ESG risk management structure is consistent with our overall risk management organizational structure, and the Risk Management Committee of the Board functions as the highest risk management body, which is responsible for the identification, prevention and control of ESG risks. In 2023, we held 24 risk control meetings, generating an aggregate of 52 resolutions, of which four meetings and five resolutions involved ESG-related issues.

In addition, we follow the climate-related risk classification of the Taskforce on Climate-related Financial Disclosures. Through surveys, team discussion, expert consultation, situation analysis, policy analysis and industry benchmarking, we identify the potential risks and formulate the corresponding measures.

We broadly categorize climate-related risks into two groups, physical risk and transition risk. Physical risk generally includes acute risk associated with extreme weather and chronic risk in connection with the rise in temperature. Transition risk generally refers to risks in connection with policy and regulatory change, technical updates and changes in market trends.

To tackle the acute risk associated with extreme weather, we have formulated the following countermeasures. For land transportation, we implement pre-warning for vehicle use in abnormal weather; for renewable-energy powered vehicles, we develop courses for winter use, charging, power supplementation, maintenance and other matters that vehicle management personnel need to learn. For air transportation, we formulate standard operating manuals for safeguarding operations under severe weather conditions such as thunderstorms, turbulence and low-level wind shear, and set up posts of meteorological engineers to monitor and give early warnings about the weather situation and the development of important weather systems, thus fully guaranteeing the stable operation of daily flights. For logistics industrial parks, we have developed a weather warning function in our property system, including dispatching emergency work orders, sending weather warnings and emergency preparedness messages to enhance the response speed of industrial parks to extreme weather and lessen the negative impact caused by extreme weather.

In terms of the chronic risk caused by rise in temperature, we have been focused on the packing material safety risk and employee health risk. For packing material safety risks, based on the national urban temperature data and routing data collection, we have developed an environmental temperature model, dividing the country into different temperature zones, using different temperature control materials and composite temperature control technologies, and output the recommended settings for temperature control packaging schemes and refrigerant configuration requirements based on temperature zones and flow directions to cope with the potential adverse effects of low temperature in winter, high temperature in summer and north-south temperature differences during transportation. For employee health risk, we have issued yellow or higher heat warnings in areas with a high incidence of heat-related illnesses and reduce the number of people working outdoors during hot periods by combining areas/shifts according to the volume of work. Also, employees are provided with heat protection materials, such as portable fans, hats and other heatstroke preventive equipment. We are also equipped with cooling equipment (fans, air conditioners, etc.) at the premises, have installed heat insulation on the roof for solar insulation so that the premises will not be overheated by solar radiation, and have installed sun-proof curtains for windows that are exposed to direct sunlight.

In terms of policy and regulatory risks in connection with climate change, we have been focused on green energy policy risk, offshore compliance risk and green packaging policy risk. For green energy policy risk, we keep a close watch on green energy-related policy trends, respond to regulatory requirements in a timely manner and promote internal management optimization. We have built up national and local policy research teams to make an in-depth analysis on the relevant policies that have been introduced and to make forward-looking arrangements based on changes in the internal and external environment. Furthermore, with the rapid expansion of our air fleet size and the increase in demand for intercontinental routes, we are highly concerned about the international carbon emission-related laws and regulatory requirements. To better comply with these offshore regulatory requirements, we have formed a designated working group to research on carbon emissions for E.U. routes and prepared an E.U. carbon emissions work plan to cope with changes in E.U. policies, familiarize ourselves with the E.U. carbon market operation mechanism in advance and ensure the normal operation of our E.U. routes. In terms of the green packaging policy risk, we are committed to exploring and innovating the sustainability of green packaging, promoting packaging reduction, reuse, recyclability and degradability, and have successively launched green packaging products such as "π-Box" recyclable boxes and "Feng Bag" fully-degradable plastic bags.

We also keep a close watch on the risks associated with changes in environmental trends. For example, in connection with low carbon transition risk, we gain keen insights into industry development trends by taking the external environment and policy changes into consideration, pay close attention to our own environmental impact, and utilize data and other technologies to adjust the energy consumption structure, upgrades transport and business models, and promote green low-carbon transformation. We have also formulated the Carbon Target White Paper. In response to the green consumption trend, we provide more environmentally friendly and sustainable logistics services to consumers by adopting sustainable logistics solutions, reducing resource waste, promoting green logistics services, optimizing logistics networks and facilities, and supporting environmental organizations and initiatives.

We have implemented the following internal control and risk management measures against potential sanctions risks, ensuring adherence to international standards and regulations:

- *Entity screening and control*: we have procured and implemented a sanctions "blacklist" database and system, which covers applicable sanctions lists administrated by the United Nations Security Council, the United States government (such as the Office of Foreign Assets Control of the U.S. Department of the Treasury and U.S. Department of Commerce), the European Union and other relevant sanctions authorities, and perform dynamic screenings on entities or individuals we collaborate with, which include but not limited to customers, suppliers and other business partners. Any high-risk entities or individuals identified are prohibited from our engagement.

- *Country/Region control*: we evaluate the risk of geographical areas involved in our business (including but not limited to the origin, destination, transit locations, the location of transaction parties, their residences, and nationalities). Based on such assessment, we determine if an exported item falls under the jurisdiction of export controls and sanctions for specific regions. We strictly prohibit any business and transactions in any country or territory that is, or whose government is, the subject of comprehensive sanctions.

- *Item control*: for logistics services, our customers are required to ensure that the consigned items are either not controlled or have the necessary permits, or meet permit exceptions. If discrepancies arise, such as mismatched packaging and declared item content or vague responses from the sender about item content (flagged as "red flag warnings"), we will immediately suspend the service. We will then request further information from the sender until the matter is cleared, while maintaining records of such incidents. For international express deliveries, we require our customers to file an automated export system declaration truthfully if their consignments are controlled by relevant governmental bodies.

Attributable to our robust management strategy against potential sanction risks and efforts in ensuring adherence to international standards and regulations, we are not aware of any material violations in relation to export control and economic sanctions during the Track Record Period and up to the Latest Practicable Date. Therefore, our Directors, to the best of their knowledge, are of the view that we are not subject to any material sanctions risk.

Furthermore, we constantly carry out diversified risk training and empowerment courses, raising employees' risk awareness through online learning and examination. In 2023, we opened 29 courses in our headquarters, involving training on business risk control, verification training on recent major risks, training on new functions of business risk control system and other contents. During the same year, we also opened ten risk control masterclasses in different regions, covering topics such as the establishment of regional business risk control system. We delivered an aggregate of over 86,400 hours of risk-specific training courses in 2023, and 100% of our new employees had risk-specific training.

AWARDS AND RECOGNITION

We are recognized for the quality and market reception of our services. The following table sets forth major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Year	Name of Award or Recognition	Awarding Entity
2024	415th of Fortune Global 500	Fortune Magazine
2024	China ESG 50 List	Fobest China
2022 – 2024	China ESG Influential Listing	Fortune Magazine
2017 – 2024	Fortune Magazine's Most Admired Chinese Companies	Fortune Magazine
2022 – 2023	2022 Most Influential IoT Innovation List	Fortune Magazine
2009 – 2023	1st in overall customer satisfaction	the State Post Bureau
2013 – 2021*	1st in delivery timeliness (within 48 hours)	the State Post Bureau
2013 – 2021*	1st in delivery punctuality (within 72 hours)	the State Post Bureau
2019 – 2023	1st of Chinese Top 50 Private Logistics Enterprises	China Federation of Logistics and Purchasing

Note:

* The State Post Bureau has not published new rankings for delivery timeliness and delivery punctuality since 2021.

OVERVIEW

Our Board of Directors consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. Our Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations.

The PRC Company Law requires a joint stock company to establish a board of supervisors that is primarily responsible for supervising the performance of the board and senior management and the financial operations, internal control and risk management. Our Board of Supervisors consists of four Supervisors including two employee representative Supervisors. Our Supervisors are elected for a term of three years and may be subject to re-election.

Our senior management is responsible for the daily operations of our Company.

Directors, Supervisors and Senior Management

The following table sets forth certain information regarding our Directors:

Name	Age	Position(s)	Date of Joining our Group	Date of Appointment as a Director	Role and Responsibility
Executive Directors					
Mr. WANG Wei (王衞先生)	54	Chairman of our Board, executive Director and general manager	March 26, 1993	December 28, 2016	Responsible for overall strategic planning and business direction and management of our Company
Mr. HO Chit (何捷先生)	49	Executive Director, deputy general manager and head of finance	September 29, 2021	November 15, 2021	Responsible for finance, investments and capital market activities of our Company
Ms. WANG Xin (王欣女士)	51	Executive Director	January 1, 2022	December 20, 2022	Responsible for strategic planning and implementation of our Company
Mr. XU Bensong (徐本松先生)	39	Executive Director	December 3, 2007	October 29, 2024	Responsible for sales and marketing operation of our Company

Name	Age	Position(s)	Date of Joining our Group	Date of Appointment as a Director	Role and Responsibility
Independent non-executive Directors					
Mr. CHAN Charles Sheung Wai (陳尚偉先生)	70	Independent non-executive Director	December 20, 2022	December 20, 2022	Responsible for supervising and providing independent advice on the operation and management of our Company
Mr. LEE Carmelo Ka Sze (李嘉士先生)	64	Independent non-executive Director	December 20, 2022	December 20, 2022	Responsible for supervising and providing independent advice on the operation and management of our Company
Dr. DING Yi (丁益博士)	60	Independent non-executive Director	December 20, 2022	December 20, 2022	Responsible for supervising and providing independent advice on the operation and management of our Company

The following table sets forth certain information about our Supervisors:

Name	Age	Position(s)	Date of Joining our Group	Date of Appointment as a Supervisor	Role and Responsibility
Ms. WANG Jia (王佳女士)	45	Supervisor	November 17, 2014	April 9, 2021	Responsible for supervising the performance of duties by our Directors and our senior management
Mr. LIU Jilu (劉冀魯先生)	77	Supervisor	December 28, 2016	December 28, 2016	Responsible for supervising the performance of duties by our Directors and our senior management
Ms. LI Juhua (李菊花女士)	45	Employee representative Supervisor	May 15, 2012	December 27, 2019	Responsible for supervising the performance of duties by our Directors and our senior management
Mr. ZHANG Shun (張順先生)	33	Employee representative Supervisor	August 3, 2015	December 20, 2022	Responsible for supervising the performance of duties by our Directors and our senior management

The following table sets out certain information regarding the senior management of our Company.

Name	Age	Position(s)	Date of Joining our Group	Date of Appointment as a senior management	Role and Responsibility
Mr. WANG Wei (王衞先生)	54	Chairman of our Board, executive Director and general manager	March 26, 1993	December 28, 2016	Responsible for overall strategic planning and business direction and management of our Company
Mr. HO Chit (何捷先生)	49	Executive Director, deputy general manager and head of finance	September 29, 2021	September 29, 2021	Responsible for finance, investments and capital market activities of our Company
Mr. LI Sheng (李勝先生)	58	Deputy general manager	April 19, 2005	December 28, 2016	Responsible for overall management of SF Airlines
Mr. ZHOU Haiqiang (周海強先生)	47	Deputy general manager	April 23, 2001	December 20, 2022	Responsible for human resources management and cold chain business of our Group
Mr. GENG Yankun (耿豔坤先生)	38	Deputy general manager	September 11, 2017	December 20, 2022	Responsible for technology R&D related business of our Company
Ms. GAN Ling (甘玲女士)	50	Deputy general manager, Board secretary and the joint company secretary	December 24, 2015	December 28, 2016	Responsible for Board related matters, corporate finance and corporate governance

None of our Directors, Supervisors and members of senior management is related to other Directors, Supervisors and members of senior management.

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Wei (王衛先生), aged 54, is our founder, and was appointed as a Director, chairman of our Board and general manager of our Company in December 2016 and was re-designated as our executive Director on August 1, 2023. He is primarily responsible for overall strategic planning and business direction and management of our Company. Mr. Wang is a Controlling Shareholder of our Company.

Mr. Wang has more than 32 years of experience in the logistics industry. Mr. Wang was the president of our Group from March 1993 to March 2015 and has been the chief executive officer of our Group since March 2015. Mr. Wang has been the chairman of the board of directors and a non-executive director of Kerry Logistics (0636.HK) since October 2021. Mr. Wang was the non-executive director and the chairman of the board of directors of SF REIT Asset Management Limited (the manager of SF REIT (2191.HK)) from February 2021 to August 2023.

Mr. Wang was a director of the following companies which were incorporated in Hong Kong prior to their dissolution:

Name of the company	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
SF Secretarial Limited (順豐秘書服務有限公司)	Secretarial services	June 30, 2011	Deregistration	Cessation of business
Middle C Limited	Education & training	December 30, 2011	Deregistration	Cessation of business
Fortune Gate (Asia) Limited (中基(亞洲)有限公司)	Dormant	September 1, 2006	Deregistration	Cessation of business

To the best of our Directors' knowledge, information and belief after making reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Mr. Wang involved in the dissolution of the above companies, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Wang in his capacity as a director prior to their respective dissolution. Mr. Wang confirmed that these companies were solvent at the time of their respective dissolution.

Mr. HO Chit (何捷先生), aged 49, was appointed as a Director in November 2021, and a deputy general manager and the head of finance of our Company in September 2021. He was re-designated as our executive Director on August 1, 2023. He is primarily responsible for the finance, investments and capital market activities of our Company.

Mr. Ho has more than 27 years of experience in auditing, financial control, corporate finance and business management. He has been the chief financial officer of our Group since September 2021. Mr. Ho is currently a director of various subsidiaries of our Company. Mr. Ho is also a non-executive director since April 2022 and the chairman of the board of directors since August 2023 of SF REIT Asset Management Limited (the manager of SF REIT (2191.HK)). He has also been a non-executive director of Kerry Logistics (0636.HK) from October 2021 to August 2024, and an executive director and chief strategy officer since September 2024.

Prior to joining our Group, Mr. Ho was a senior manager in the auditing and advisory division of Arthur Andersen (安達信會計師事務所) and PricewaterhouseCoopers (普華永道會計師事務所) from 1997 to 2005. Mr. Ho has held positions in various companies listed on the NASDAQ and SZSE, including (i) the senior financial director of Sohu.com Limited (SOHU.US) from January 2005 to December 2008, (ii) the chief financial officer of Changyou.com Limited (which was listed on the NASDAQ with stock code CYOU.US until its privatization in 2020) from March 2009 to March 2014, and (iii) an independent director of China Great Wall Securities Co., Ltd.* (長城證券股份有限公司) (002939.SZSE) from August 2015 to May 2022. He was the chief executive officer of Fox Financial Technology Group Limited from March 2014 to May 2021, and he has also been a director of this company since April 2014.

Mr. Ho obtained his bachelor's degree in Business Administration in Accounting and Finance from the University of Hong Kong (香港大學) in December 1997, and an Executive Master of Business Administration degree from Tsinghua University (清華大學) in July 2013. Mr. Ho is a member of both the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Mr. Ho was a director of the following company which was incorporated in Hong Kong prior to its dissolution:

Name of the company	**Principal business activity prior to dissolution**	**Date of dissolution**	**Means of dissolution**	**Reason for dissolution**
Vision Jupiter Investments Company Limited (志必達投資有限公司)	Investment Holding	February 6, 2009	Striking-off	Cessation of business

To the best of our Directors' knowledge, information and belief after making reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Mr. Ho involved in the dissolution of the above company, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Ho in his capacity as a director prior to its dissolution. Mr. Ho confirmed that the company was solvent at the time of its dissolution.

Ms. WANG Xin (王欣女士), aged 51, was appointed as a Director in December 2022 and was re-designated as our executive Director on August 1, 2023. She is primarily responsible for strategic planning and implementation of our Company.

Ms. Wang has various experiences in management. She has been the assistant chief executive officer and chief human resources officer of our Group from January 2022 to January 2024, and has been the assistant chief executive officer and chief strategy officer of our Group since January 2024. Ms. Wang has also been a director, and the chairman of the board of KEX Thailand (KEX.BK) since May 2024. Prior to joining our Group, Ms. Wang was a director of A.T. Kearney (Shanghai) Management Consulting Co., Ltd. (科爾尼(上海)企業諮詢有限公司) from September 2008 to January 2011, and a senior partner of Roland Berger Enterprise Management Beijing Branch (羅蘭貝格企業管理(上海)有限公司北京分公司) from April 2011 to December 2021.

Ms. Wang obtained a master's degree in Business Administration from China Europe International Business School (CEIBS) (中歐國際工商學院) in April 2001.

Mr. XU Bensong (徐本松先生), aged 39, was appointed as an executive Director on October 29, 2024. He is primarily responsible for sales and marketing operation of our Company.

Mr. Xu has approximately 17 years of experience in the logistics industry. Mr. Xu joined our Group in 2007 and successively held various positions, including the operation manager of Yunnan district, senior operation manager of Sichuan district, general manager of Chongqing district, head of Group sales center, general manager of Beijing district, and assistant chief operating officer. He has been chief marketing officer of our Company since May 2024.

Mr. Xu obtained a master's degree in Business Administration from Sichuan University in China in December 2017, and an executive master of Business Administration (EMBA) degree from Peking University in China in July 2024.

Independent Non-executive Directors

Mr. CHAN Charles Sheung Wai (陳尚偉先生), aged 70, was appointed as an independent non-executive Director in December 2022. He is primarily responsible for supervising and providing independent advice on the operation and management of our Company.

Mr. Chan has more than 46 years of experience in corporate finance, financial regulations and risk management. Mr. Chan started his career as an auditor at the Canadian office of Arthur Andersen in September 1977 and became a partner in August 1988. He subsequently joined the China & Hong Kong office of Arthur Andersen as an audit partner in 1994. From July 2002 to June 2012, Mr. Chan was a partner of the China & Hong Kong office of PricewaterhouseCoopers. He later joined Protiviti (甫瀚諮詢有限公司) and was a senior managing director from July 2012 to December 2017.

Mr. Chan is an independent non-executive director of various companies listed on the Stock Exchange. He has been serving as an independent non-executive director for Maoyan Entertainment (貓眼娛樂) (1896.HK) since January 2019, Hansoh Pharmaceutical Group Company Limited (翰森製藥集團有限公司) (3692.HK) since May 2019, and Sun Art Retail Group Limited (高鑫零售有限公司) (6808.HK) since January 2021. Mr. Chan was also an independent non-executive director of various companies listed on the Stock Exchange, Shanghai Stock Exchange or NASDAQ. He served as an independent non-executive director for Shanghai Bio-heart Biological Technology Co., Ltd.* (上海百心安生物技術股份有限公司) (2185.HK) from November 2020 to June 2024, CITIC Securities Company Limited (中信証券股份有限公司) (600030.SSE, 6030.HK) from May 2016 to May 2019, Changyou.com Limited (which was listed on the NASDAQ with stock code CYOU.US until its privatization in 2020) from September 2013 to April 2020, and SRE Group Limited (上置集團有限公司) (1207.HK) from July 2012 to October 2022.

Mr. Chan obtained his bachelor's degree in Commerce from the University of Manitoba, Canada in May 1977. He is a member of both the Chartered Professional Accountants of Canada and the Hong Kong Institute of Certified Public Accountants. Mr. Chan was a member of the Election Committee for the first Legislative Council of Hong Kong in 1998 and a member of the Listing Committee of the Stock Exchange from 1998 to 2001.

Mr. Chan was a director of the following company which was incorporated in Hong Kong prior to its dissolution:

Name of the company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reason for dissolution
Canada China Trade Development Association (Hong Kong) Limited (香港中加總商會有限公司)	Dormant	January 10, 2003	Striking-off	Cessation of business

To the best of our Directors' knowledge, information and belief after making reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Mr. Chan involved in the dissolution of the above company, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Chan in his capacity as a director prior to its dissolution. Mr. Chan confirmed that this company was solvent at the time of its dissolution.

Mr. LEE Carmelo Ka Sze (李嘉士先生), aged 64, was appointed as an independent non-executive Director in December 2022. He is primarily responsible for providing independent advice on the operation and management of our Company.

Mr. Lee has more than 40 years of experience in the legal industry. He has been a partner of Woo Kwan Lee & Lo (胡關李羅律師行) since April 1989, was appointed to a senior partner in July 1998, and is now the managing partner. Mr. Lee holds positions in various companies listed on the Stock Exchange and the Shanghai Stock Exchange. He has been serving as an independent non-executive director of China Mobile Limited (中國移動有限公司) (600941.SSE, 0941.HK) since May 2022 and a non-executive director of Safety Godown Company, Limited (安全貨倉有限公司) (0237.HK) and Playmates Holdings Limited (彩星集團有限公司) (0635.HK) since September 2004 and November 2019, respectively. In the three years prior to the Latest Practicable Date, Mr. Lee was also an independent non-executive director of KWG Group Holdings Limited (合景泰富集團控股有限公司) (1813.HK) (until 1 March 2024).

Mr. Lee obtained a bachelor's degree in Laws from the University of Hong Kong (香港大學) in November 1982 and a Postgraduate Certificate in Laws from the University of Hong Kong (香港大學) in July 1983. Mr. Lee is qualified as a solicitor in Hong Kong, England and Wales (non-practising), Singapore (non-practising) and the Australian Capital Territory (non-practising). Mr. Lee served as one of the members of chairmen pool of the Listing Review Committee of the Stock Exchange (聯交所上市覆核委員會) from 2019 to July 2024. Mr. Lee is also a committee member of HKSAR InnoHK Steering Committee (InnoHK 督導委員會) of the Innovation and Technology Commission of Hong Kong (香港創新科技署), the Chairman of the Appeal Tribunal Panel (Buildings) (上訴審裁團(建築物)), a member of the Campaign Committee of The Community Chest of Hong Kong (香港公益金) and the co-chairman of the Community Chest Corporate Challenge Half Marathon Organising Committee. Mr. Lee had been the chairman of the Listing Committee (上市委員會) of the Stock Exchange from May 2012 to July 2015, and a Convenor cum member of the Financial Reporting Review Panel (財務匯報檢討委員團) of the Accounting and Financial Reporting Council of Hong Kong (會計及財務匯報局) from July 2016 to July 2022.

Dr. Ding Yi (丁益博士), aged 60, was appointed as an independent non-executive Director in December 2022. She is primarily responsible for supervising and providing independent advice on the operation and management of our Company.

Dr. Ding has more than 36 years of experience in financial management. Dr. Ding had been a lecturer of School of Finance of Renmin University of China (中國人民大學) from July 1988 to November 1993, the deputy division director, division director and deputy general manager in security department of Huaneng Power International, Inc. (華能國際電力股份有限公司) from November 1993 to September 2001, the deputy general manager of the investment management department of The People's Insurance Company of China Limited* (中國人民保險公司) (now known as The People's Insurance Company (Group) of China Limited* (中國人民保險集團股份有限公司)) (601319.SSE, 1339.HK) from September 2001 to July 2003, a director and the assistant general manager of PICC Asset Management Company Limited* (中國人保資產管理有限公司) from July 2003 to September 2005, the deputy general manager, general manager and chairwoman of Huaneng Capital Services Co., Ltd.* (華能資本服務有限公司) from September 2005 to July 2019, the chairwoman of Invesco Great Wall Fund Management Company Limited* (景順長城基金管理有限公司) from December 2018 to October 2020, and Dr. Ding has been an independent director of Huatai Asset Management Company Limited* (華泰資產管理有限公司) since September 2020 and an independent non-executive director of Zhangjiakou Yuanshi Advanced Materials Co., Ltd.* (張家口原軾新型材料股份有限公司) since November 2021. Dr. Ding is a director of various companies listed on the Shanghai Stock Exchange and the SZSE. She has been serving as a director of Tongwei Co., Ltd.* (通威股份有限公司) (600438.SSE) since May 2020, and as an independent non-executive director of Hua Xia Bank Co., Limited* (華夏銀行股份有限公司) (600015.SSE) since September 2020.

Dr. Ding obtained a bachelor's degree in Economics majoring in International Finance in July 1985, a master's degree in Economics majoring in International Finance in July 1988 and a doctoral degree in Economics majoring in Public Finance from Renmin University of China (中國人民大學) in June 1993. She qualified as a senior economist in November 1995.

BOARD OF SUPERVISORS

Ms. WANG Jia (王佳女士), aged 44, is a Supervisor appointed in April 2021. She is primarily responsible for supervising the performance of duties by our Directors and our senior management.

Ms. Wang has more than 20 years of work experience. Ms. Wang has held various positions within our Group since November 2014, including the financial planning expert and the head of internal control, and is now the head of risk control and compliance of our Group. Prior to joining our Group, she worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch* (德勤華永會計師事務所深圳分所), where she last served as a senior auditor from October 2002 to June 2006. She also worked at Ernst & Young (China) Advisory Limited Shenzhen Branch* (安永(中國)企業諮詢有限公司深圳分公司), where she last served as a senior manager from March 2007 to October 2014.

Ms. Wang obtained her bachelor's degree in Economics from Shenzhen University (深圳大學) in July 2002. She was awarded the professional designation of Certified Internal Auditor in November 2008 by the Institute of Internal Auditors (國際內部審計師協會). She has been a non-practising member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since March 2010. She qualified as the Certified Information Systems Auditor (國際信息系統審計師) in October 2017 granted by the Information Systems Audit and Control Association (信息系統審計和控制協會).

Mr. LIU Jilu (劉冀魯先生), aged 77, is a Supervisor appointed in December 2016. He is primarily responsible for supervising the performance of duties by our Directors and our senior management.

Mr. Liu has various experience in management. Prior to joining our Group, Mr. Liu was the person in charge of Ma'anshan Dingtai Metal Products Co., Ltd.* (馬鞍山市鼎泰金屬製品公司) from April 1994 to May 2003, the chairman and general manager of Ma'anshan Dingtai Technology Co., Ltd.* (馬鞍山市鼎泰科技有限責任公司) (later known as Dingtai New Materials and now known as our Company) from May 2003 to October 2007. Mr. Liu was also the director and chairman from October 2007 to December 2016, and the general manager from October 2007 to February 2011 of Dingtai New Materials (a predecessor of our Company).

Mr. Liu graduated from Anhui University (安徽大學) in the PRC in July 1986 and specialized his studies in Economics and Management.

Mr. Liu was a director of the following companies which were incorporated in the PRC prior to their dissolution:

Name of the company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reason for dissolution
Chongqing Yushen Technology Co. Ltd.* (重慶市渝神科技有限責任公司)	Manufacturing and sale of products and tools	August 9, 2017	Revocation of business license	Cessation of business
Ma'anshan Dingtai Installation Engineering Co. Ltd.* (馬鞍山市鼎泰安裝工程有限責任公司)	Highway guardrail installation, mechanical and electrical equipment installation	October 25, 2004	Revocation of business license	Cessation of business

To the best of our Directors' knowledge, information and belief after making reasonable enquiries, there was no judgment or findings of fraud, dishonesty, any misconduct or wrongful act on the part of Mr. Liu involved in the dissolution of the above companies, and as at the Latest Practicable Date, there was no outstanding liability or ongoing claim or litigation against Mr. Liu in his capacity as a director prior to their respective dissolution. Mr. Liu confirmed that this company was solvent at the time of their respective dissolution.

Ms. LI Juhua (李菊花女士), aged 45, is an employee representative Supervisor appointed in December 2019. She is primarily responsible for supervising the performance of duties by our Directors and our senior management.

Ms. Li has more than 22 years of work experience. Ms. Li successively held various key positions within our Group from May 2012 to December 2023, including the head of accounting department, head of tax department, head of financial shared service center and head of CFO office. She has been assistant CFO of our Group since January 2024. Ms. Li is currently a director of various subsidiaries of our Company. She is also a non-executive director of SF Intra-city (9699.HK) since November 2023 and has been a non-executive director of SF REIT Asset Management Limited (the manager of SF REIT (2191.HK)) from August 2023 to April 2024. Prior to joining our Group, Ms. Li was an accountant and a finance manager of Shanghai Totole Food Limited.* (上海太太樂調味食品有限公司) from June 2002 to December 2004, an assistant accountant and an assistant finance manager of Wal-Mart (China) Investment Co., Ltd.* (沃爾瑪(中國)投資有限公司) from December 2004 to March 2008, a finance manager of Shenzhen B&Q Decoration & Building Material Co., Ltd.* (深圳百安居裝飾建材有限公司) from April 2008 to February 2010, and the financial director of Maoye International Holdings Limited (茂業國際控股有限公司) (0848.HK) from January 2011 to May 2012.

Ms. Li obtained her bachelor's degree in Management from Tongji University (同濟大學) in July 2002. Ms. Li is a Fellow of the Chartered Management Accountants (FCMA) and the Chartered Global Management Accountant (CGMA).

Mr. ZHANG Shun (張順先生), aged 33, is an employee representative Supervisor of our Company appointed in December 2022. He is primarily responsible for supervising the performance of duties by our Directors and our senior management.

Mr. Zhang has more than eight years of experience in the logistics industry. Mr. Zhang successively held various positions within our Group from August 2015 to November 2020, including procurement management coordinator, procurement management senior coordinator and operation management senior coordinator. Mr. Zhang has been the head of culture and employee relations division of our Company from November 2020 to February 2024, and the assistant head of SF Express business region since March 2024.

Mr. Zhang obtained his master's degree in Economics from Sun Yat-sen University (中山大學) in June 2015.

Except as disclosed in this prospectus, to the best of the knowledge, information and belief of the Directors and Supervisors, having made all reasonable inquiries, there were no additional matters with respect to the appointment of the Directors and Supervisors that need to be brought to the attention of the Shareholders and there were no additional information relating to the Directors or Supervisors that are required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

For biographical details of Mr. WANG Wei (王衛), see "— Board of Directors — Executive Directors."

For biographical details of Mr. HO Chit (何捷), see "— Board of Directors — Executive Directors."

Mr. LI Sheng (李勝先生), aged 58, is a deputy general manager of our Company appointed in December 2016. He is responsible for overall management of SF Airlines.

Mr. Li has more than 19 years of experience in the logistics industry. He joined our Group in April 2005 and successively held various positions within our Group, including general manager of Hubei region, general manager of Sichuan region, vice president of our Group, president of Central China operation and president of West China operation, and is currently president and chairman of SF Airlines Company Limited* (順豐航空有限公司). He has been the assistant chief executive officer of the Group since May 2024. In addition, Mr. Li is also currently a director of several subsidiaries of our Company. Prior to joining our Group, Mr. Li worked at Wal-Mart (China) Investment Co., Ltd.* (沃爾瑪(中國)投資有限公司), where he last served as a senior regional manager from November 1998 to March 2005.

Mr. Li graduated from Sichuan Normal University (四川師範大學) in the PRC in December 2006, majoring in law via long distance learning. Mr. Li passed the examination of civil aviation safety production knowledge and management capability and obtained the certificate for person in charge issued by the Civil Aviation Administration of China. Mr. Li has been a director of the SF Foundation (順豐公益基金會) since October 2016.

Mr. ZHOU Haiqiang (周海強先生), aged 46, is a deputy general manager of our Company appointed in December 2022. He is responsible for human resources management and cold chain business of our Group.

Mr. Zhou has more than 23 years of experience in the logistics industry. He joined our Group in April 2001 and successively held various positions within our Group from April 2001 to November 2020, including senior manager of general affairs department of East China region operation headquarter, general manager of Hangzhou region, deputy president of e-commerce logistics business unit, assistant chief human resources officer and head of Shanghai operations. Mr. Zhou has been the assistant chief executive officer of our Group since November 2020 and chief human resources officer since November 2024.

Mr. Zhou obtained a college diploma in foreign business from Zhejiang Business and Economics School* ((浙江貿易經濟學校), which was merged into Taizhou Vocational and Technical College (台州職業技術學院) in 2006) in PRC in 1997. In 2009, Mr. Zhou completed his study in the Eight Session of SF Group Senior Management MBA Course Programme (順豐集團高管MBA課程進修08班) at Xiamen University (廈門大學) in PRC.

Mr. GENG Yankun (耿豔坤先生), aged 38, is a deputy general manager of our Company appointed in December 2022. He is responsible for technology R&D related business of our Company.

Mr. Geng has more than 14 years of experience in technology R&D and operation management. He joined our Group in September 2017, and currently holds various positions within our Group, including (i) the chief information and technology officer of our Group, (ii) head of the North China region of the Group; (iii) the chief executive officer and chairman of SF Technology, (iv) the chief executive officer and chairman of Beijing SF Intra-city Technology Co., Ltd.* (北京順豐同城科技有限公司), and (v) non-executive director of SF Intra-city (9699.HK). Mr. Geng is also currently a director of several subsidiaries of our Company. Prior to joining our Group, Mr. Geng was the senior manager of Baidu Online Network Technology (Beijing) Company Limited* (百度在線網絡技術(北京)有限公司) from July 2009 to September 2015, and the chief technology officer of Beijing Xiaodu Information and Technology Co., Ltd.* (北京小度信息科技有限公司) from October 2015 to September 2017.

Mr. Geng obtained a bachelor's degree in Engineering from the Harbin Institute of Technology (哈爾濱工業大學) in July 2007 and a master's degree in Engineering from Peking University (北京大學) in July 2009. Mr. Geng was a member of the Professional Science and Innovation Committee of the China Express Association (中國快遞協會科技創新專業委員會) from July 2021 to July 2023. He has been the vice chairman of the 2022 China digital logistics development report (2022中國數字物流發展報告) drafting committee of the China Federation of Logistics & Purchasing (中國物流與採購聯合會) since November 2022, and was recognized by that industry body as the 2016-2021 Double Chain Five Year Anniversary Most Influential Person (中物聯2016-2021雙鏈五週年風雲人物) and 2022 China Double Chain Annual Conference Innovative Digital Supply Chain Most Influential Person (中物聯2022年中國雙鏈年會數字供應鏈創新風雲人物) in December 2021 and January 2023, respectively.

Ms. GAN Ling (甘玲女士), aged 50, is a deputy general manager and secretary of our Board appointed in December 2016 and was appointed as joint company secretary of our Company in August 2023. She is responsible for Board related matters, corporate finance and corporate governance.

Ms. Gan has more than 17 years of experience in investment, corporate finance and corporate governance. She joined our Group in December 2015 and currently holds various positions within our Group and its associates, including (i) the deputy general manager and secretary of our Board since December 2016, and (ii) a non-executive director of SF REIT Asset Management Limited (the manager of SF REIT (2191.HK)) since December 2022. Prior to joining our Group, Ms. Gan was (i) an analyst at Coatue Management, L.L.C., one of the Tiger cub funds, in New York from December 2006 to April 2010, (ii) the deputy general manager of Maoye International Holdings Limited (茂業國際控股有限公司) (0848.HK) from October 2010 to February 2015, (iii) a director of Chengshang Group Co., Ltd.* (成商集團股份有限公司) (now known as Maoye Commercial Co., Ltd.* (茂業商業股份有限公司)) (600828.SSE) from June 2011 to March 2015.

Ms. Gan obtained a master's degree in Business Administration from The University of Texas in Austin in the United States of America in May 2005 and an executive master of Business Administration (EMBA) degree from PBCSF Tsinghua University (清華大學五道口金融學院) in China in January 2023. She has been a member of the Appeal Review Committee of the Shenzhen Stock Exchange since June 2017, and was awarded the "5A level for board secretaries (中國上市公司協會5A級董秘)" by the China Association of Listed Companies (中國上市公司協會) for two consecutive years in December 2022 and 2023. Ms. Gan was recognized as a "New Fortune Board Secretary (金牌董秘)" by the PRC magazine "New Fortune (新財富)" for five consecutive years from 2018 to 2022, and was inducted into the "Board Secretary Hall of Fame (董秘名人堂)" by the same magazine in April 2023.

OTHER DISCLOSURE

Except as disclosed in this section none of our Directors, Supervisors or members of the senior management of our Company hold any other directorship in other public companies, the securities of which are listed on any securities markets in Hong Kong or overseas, in the three years prior to the Latest Practicable Date. For our Directors' interest in our Shares within the meaning of Part XV of the SFO, see "Statutory and General Information — 3. Further Information about our Directors, Supervisors and Substantial Shareholders — C. Disclosure of Interests — (c) Disclosure of Interests of Directors, Supervisors and Chief Executive" in Appendix IV to this prospectus.

None of our Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in either August 2023 or October 2024, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

JOINT COMPANY SECRETARIES

Ms. GAN Ling (甘玲女士), is the deputy general manager, secretary of our Board and our joint company secretary. For biographical details of Ms. GAN Ling (甘玲), see "— Senior Management."

Ms. SO Ka Man (蘇嘉敏女士), is our joint company secretary. She is a director of the corporate services division of Tricor Services Limited and has been providing professional corporate services to Hong Kong listed companies as well as multi-national, private and offshore companies. Ms. So has over 20 years of experience in the corporate secretarial and compliance service field. Ms. So is currently acting as the company secretary or joint company secretary of a few listed companies on the Stock Exchange.

Ms. So graduated from The Hong Kong Polytechnic University (香港理工大學) in November 1996 with a bachelor's degree of Arts in Accountancy. Ms. So is a chartered secretary, a chartered governance professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code in Appendix C1 of the Listing Rules (the "**CG Code**"). Except for the deviation from provision C.2.1 of Part 2 of the CG Code, our Company's corporate governance practices have complied with the CG Code.

Provision C.2.1 of Part 2 of the CG Code stipulates that the role of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Wang is the chairman of our Board and the general manager (same nature as chief executive) of our Company. Since Mr. Wang has been operating and managing SF Taisen, the main operating subsidiary of our Company since its incorporation and due to his familiarity with the operations of our Group, our Board is of the view that it is in the best interest of our Group to have Mr. Wang taking up both roles for effective management and business development of our Group following the Listing and Mr. Wang will provide a strong and consistent leadership to our Group. This arrangement ensures a more effective and efficient overall strategic planning of our Group as this structure enables our Company to make and implement decisions promptly and effectively. Further, our Company has put in place an appropriate check-and-balance mechanism through our Board and three independent non-executive Directors. Our independent non-executive Directors are able to retain independence in terms of character and judgment and are able to express their views without undue constraint. In addition, our Board also consists of three other executive Directors, Mr. HO Chit, Ms. WANG Xin and Mr. XU Bensong, who are familiar with the day-to-day business of our Company. Our Company will consult our Board for any major decisions. Therefore, our Board considers that the balance of power and authority of the present arrangement will not be impaired because such arrangement would not result in excessive concentration of power in one individual which could adversely affect the interest of minority Shareholders. As such, the deviation from provision C.2.1 of Part 2 of the CG Code is appropriate in such circumstance. Our Board will continue to review and consider splitting the roles of the chairman of our Board and the general manager of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

COMPETING INTERESTS

As of the Latest Practicable Date, none of our Directors (other than independent non-executive Directors) had interests in any business, which competes or is likely to compete, either directly or indirectly with our business.

COMMITTEES UNDER OUR BOARD OF DIRECTORS

In accordance with relevant PRC laws, regulations, our Articles of Association and the corporate governance practice in the Listing Rules, we have formed five board committees, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Strategy Committee and the Risk Management Committee.

Audit Committee

The Audit Committee of our Company consists of three Directors, namely, Mr. CHAN Charles Sheung Wai, Mr. LEE Carmelo Ka Sze and Dr. DING Yi. Mr. CHAN Charles Sheung Wai serves as the chairman of the committee. The primary duties of the Audit Committee of our Company include (but are not limited to):

- supervising the annual audit work, making judgment on the authenticity, accuracy and completeness of the information in the audited financial reports before submitting to our Board for review;
- providing recommendations on engaging or changing external auditors, and supervising the performance of external auditors;
- responsible for the communication between internal auditors and external auditors; and
- handling other matters required by laws, rules and regulations of the jurisdictions where our Shares are listed, our Articles of Association, or as authorized by our Board.

Nomination Committee

The Nomination Committee of our Company consists of three Directors, namely, Mr. Wang, Mr. LEE Carmelo Ka Sze and Dr. DING Yi. Mr. LEE Carmelo Ka Sze serves as the chairman of the committee. The primary duties of the Nomination Committee of our Company include (but not limited to):

- formulating procedures and standards for the election of Directors and senior management and make recommendations to our Board on the proposed procedures and standards;

- making recommendations to our Board on the nomination of candidates for Directors and general manager;

- preliminarily examining the eligibility of candidates for Directors, general manager and secretary to our Board;

- making recommendations to our Board on the nomination of candidates for chairmen and members of our Board committees; and

- handling other matters required by laws, rules and regulations of the jurisdictions where our Shares are listed, our Articles of Association, or as authorized by our Board.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of our Company consists of three Directors, namely Dr. DING Yi, Mr. CHAN Charles Sheung Wai and Mr. LEE Carmelo Ka Sze. Dr. DING Yi serves as the chairman of the committee. The primary duties of the Remuneration and Appraisal Committee of our Company include (but not limited to):

- formulating and submitting the allowances plan of Directors to our Shareholders' meeting upon our Board's approval;

- reviewing and making recommendations on the assessment and remuneration management system for senior management, and evaluating performance of senior management;

- managing our Company's stock incentive plan, including reviewing the qualifications, granting conditions, and exercise conditions of the personnel who receive incentives under our Company's stock incentive plan; and

- handling other matters required by laws, rules and regulations of the jurisdictions where our Shares are listed, our Articles of Association, or as authorized by our Board.

Strategy Committee

The Strategy Committee of our Company consists of three Directors, namely Mr. CHAN Charles Sheung Wai, Dr. DING Yi and Mr. Wang. Mr. CHAN Charles Sheung Wai serves as the chairman of the committee. The primary duties of the Strategy Committee of our Company include (but not limited to):

- reviewing the overall development strategy plan of our Company, including our ESG development strategy, and advising our Board accordingly;

- evaluating the overall development of each business unit of our Company and making recommendations to our Board regarding any adjustments;

- reviewing our Company's business investment and financing plans, and making recommendations to our Board;

- reviewing the annual financial budget and final accounts plan, and making recommendations to our Board; and

- handling other matters required by laws, rules and regulations of the jurisdictions where our Shares are listed, our Articles of Association, or as authorized by our Board.

Risk Management Committee

The Risk Management Committee of our Company consists of three Directors, namely Mr. HO Chit, Mr. CHAN Charles Sheung Wai and Mr. LEE Carmelo Ka Sze. Mr. HO Chit serves as the chairman of the committee. The primary duties of the Risk Management Committee of our Company include (but not limited to):

- providing guidance to our Company's overall risk management and providing support for our Board to perform risk management functions;

- evaluating the integrity of the risk management system and issuing opinions; and

- handling other matters required by laws, rules and regulations of the jurisdictions where our Shares are listed, our Articles of Association or as authorized by our Board.

BOARD DIVERSITY POLICY

Our Company adopted a board diversity policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on our Board.

The Nomination Committee of our Company reviews and assesses our Board composition on behalf of our Board and recommends the appointment of new Directors, taking into account a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience, and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on our Board. The Nomination Committee will disclose the composition of our Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy. The Nomination Committee will review the Board Diversity Policy and assess its effectiveness, and where necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval.

Our Board has a balanced mix of experiences and industry background. Our Directors have a diverse education background including economics, law, accounting, business administration and management, as well as different industry backgrounds and professional qualifications. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has two female Directors, and has a wide age range comprising members from their 30s to 70s. Taking into account our Company's business model and the backgrounds and abilities of our Directors, the composition of our Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for ensuring the diversity of our Board and will use its best efforts to identify and recommend suitable candidates for our Board's consideration, subject to our Directors being satisfied with the qualification and experience of the relevant candidates after a reasonable review process based on the relevant criteria, and fulfilling their fiduciary duties to act in the best interests of our Company and our Shareholders as a whole when making the relevant appointments.

For details of the composition of the Nomination Committee of our Company, see "— Committees under our Board of Directors — Nomination Committee."

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, our Company has appointed Caitong International Capital Co., Limited (財通國際融資有限公司) as our compliance adviser. Pursuant to Rule 19A.05 of the Listing Rules, our Company will consult with and seek advice from the compliance adviser on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction under Chapter 14 or 14A of the Listing Rules, is contemplated including share issues and share repurchases;

(c) where our Company proposes to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate, or other information in the listing document; and

(d) where the Stock Exchange makes an inquiry of the listed issuer under Rule 13.10 of the Listing Rules.

The term of appointment of the compliance adviser of our Company shall commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

COMPENSATION AND REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The aggregate remuneration (including fees, salaries, bonuses, allowances and benefits in kind, and pension scheme contributions, but excluding share-based compensation expenses) for our Directors, former Directors, Supervisors and former Supervisors for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 were approximately RMB19.7 million, RMB19.8 million, RMB19.9 million and RMB11.1 million, respectively.

The aggregate remuneration (including fees, salaries, allowances and benefits in kind, and pension scheme contributions, but excluding share-based compensation expenses) for our Company's five highest paid individuals for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 were approximately RMB22.3 million, RMB28.2 million, RMB18.6 million and RMB11.8 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals during the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company. Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024, by any member of our Group to any of our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals.

EMPLOYEE SHARE INCENTIVE SCHEMES

Stock Option Incentive Plan for Executive Directors, Senior Management and Key Employees

Our Company adopted the 2022 Stock Option Incentive Plan on May 30, 2022, for the purpose of improving the corporate governance structure of our Company, establishing and improving an incentive mechanism, attracting and retaining outstanding core talents, and connecting the interests of our Shareholders, our Company, and our core talents, so as to promote a unified focus on the long-term development of our Company. Between May 30, 2022 and October 28, 2022 (both days inclusive), we have granted in aggregate 49,500,100 share options to 1,493 participants under the 2022 Stock Option Incentive Plan. As of the Latest Practicable Date, each of Mr. HO Chit, Ms. WANG Xin, Mr. XU Bensong, Mr. LI Sheng, Mr. ZHOU Haiqiang, Mr. GENG Yankun, and Ms. GAN Ling, being our Directors and members of senior management, was respectively holds 366,000, 305,000, 204,000, 366,000, 305,000, 305,000 and 170,000 share options which were outstanding under the 2022 Stock Option Incentive Plan.

For details of the 2022 Stock Option Incentive Plan, see "Statutory and General Information — 4. Our Incentive Schemes and Particulars of our Capital under Option — A. 2022 Stock Option Incentive Plan" in Appendix IV to this prospectus.

Kerry Logistics Share Award Scheme

Kerry Logistics has adopted a share award scheme in January 2019 for the issue of up to 10% of the total number of Kerry Logistics shares in issue from time to time (the "**Kerry Logistics Share Award Scheme**"). The Kerry Logistics Share Award Scheme is subject to the requirements under Chapter 17 of the Listing Rules starting from January 1, 2023. Pursuant to the Kerry Logistics Share Award Scheme, shares to be awarded to any selected eligible persons will be acquired by the trustee of the Kerry Logistics Share Award Scheme through on-market transactions at the prevailing market price using the necessary funds provided by Kerry Logistics and held on trust for the relevant selected participant until such awarded Shares are vested in accordance with the Kerry Logistics Share Award Scheme.

SF Intra-city Employee Incentive Scheme

SF Intra-city has adopted an employee incentive scheme in March 2023 for promoting the achievement of its long-term sustainable development and performance goals (the "**SF Intra-city Employee Incentive Scheme**"), under which units of beneficial rights under a trust (the "**Trust Benefit Units**") will be granted to the eligible employees. The SF Intra-city Employee Incentive Scheme is subject to the requirements under Chapter 17 of the Listing Rules. The SF Intra-city Employee Incentive Scheme shall be valid and effective for a term of ten years commencing on the adoption date, after which no additional Trust Benefit Units shall be granted. The source of the H shares of SF Intra-city under the SF Intra-city Employee Incentive Scheme shall be existing shares to be acquired by a trustee through on-market or off-market transactions. The maximum number of shares corresponding to the Trust Benefit Units which may be granted under the SF Intra-city Employee Incentive Scheme shall not exceed 5% of the SF Intra-city's H shares in issue as at the adoption date.

OVERVIEW

As of the Latest Practicable Date, the equity interest in our Company was controlled directly and indirectly (through Shenzhen Weishun) as to approximately 55.27% by Mingde Holding, and Mr. Wang directly held 99.90% of the equity interest in Mingde Holding. Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan), Mr. Wang will control approximately 53.39% of the voting rights in our share capital through Mingde Holding, which will in turn control approximately 51.38% of the voting rights in our share capital and approximately 2.01% of the voting rights in our share capital through its wholly-owned subsidiary, Shenzhen Weishun. As such, Mr. Wang, Mingde Holding and Shenzhen Weishun will remain as our Controlling Shareholders immediately upon the completion of the Global Offering.

For a simplified corporate structure chart of our Group, see "History, Development and Corporate Structure — Our Shareholding and Corporate Structure" in this prospectus.

NON-COMPETITION UNDERTAKINGS

Non-Competition Undertaking Given by Mingde Holding

In connection with the Material Asset Restructuring, Mingde Holding provided a non-compete undertaking to our Company on May 22, 2016, pursuant to which Mingde Holding undertakes to, among others:

(1) upon completion of the Material Asset Restructuring and so long as Mingde Holding exercises direct or indirect control over, or significant influence on the Company, Mingde Holding and its wholly-owned subsidiaries, controlled subsidiaries and other companies over which Mingde Holding exercises actual control or significant influence (except for our Company and its subsidiaries, hereinafter referred to as the "**Companies Controlled by Mingde Holding**") will not engage in any business that poses material competition to the Company's current or future business;

(2) upon completion of the Material Asset Restructuring and so long as Mingde Holding and the Companies Controlled by Mingde Holding may engage in material competition with the Company in the future or may engage in a conflict of interest with the Company, Mingde Holding will forego or cause the Companies Controlled by Mingde Holding to forego any such business opportunities that may compete with us, or inject into our Company all such businesses of Mingde Holding and the Companies Controlled by Mingde Holding that may compete with us at a fair and equitable market price at an appropriate time;

(3) Mingde Holding will not use any information made known to it by the Company to assist any third party to engage in or participate in any business activities that pose material competition with or that may potentially compete with us; and

(4) if Mingde Holding or the Companies Controlled by Mingde Holding violate the above undertakings, as a result of which our Company suffers a loss, Mingde Holding shall be liable for damages in accordance with applicable laws.

Non-Competition Undertaking Given by Mr. Wang

In connection with the Material Asset Restructuring, Mr. Wang provided a non-compete undertaking to our Company on May 22, 2016, pursuant to which Mr. Wang undertakes to, among others:

(1) upon completion of the Material Asset Restructuring and so long as Mr. Wang exercises direct or indirect control over, or significant influence on the Company, Mr. Wang and such other companies/entities directly or indirectly controlled by him (except for our Company and its subsidiaries, hereinafter referred to as the "**Companies Controlled by Mr. Wang**") will not engage in any business that poses material competition to the Company's current or future business;

(2) upon completion of the Material Asset Restructuring and so long as Mr. Wang and the Companies Controlled by Mr. Wang may engage in material competition with the Company in the future or may engage in a conflict of interest with the Company, Mr. Wang will forego or cause the Companies Controlled by Mr. Wang to forego any such business opportunities that may compete with us, or inject into our Company all such businesses of Mr. Wang and the Companies Controlled by Mr. Wang that may compete with us at a fair and equitable market price at an appropriate time;

(3) Mr. Wang will not use any information made known to him by the Company to assist any third party to engage in or participate in any business activities that pose material competition with or that may potentially compete with us; and

(4) if Mr. Wang or the Companies Controlled by Mr. Wang violate the above undertakings, as a result of which our Company suffers a loss, Mr. Wang shall be liable for damages in accordance with applicable laws.

CONFIRMATION IN RELATION TO ANY COMPETING INTEREST

Mingde Holding is a limited liability company established under the laws of the PRC on November 5, 1997. Apart from the investments in the Company, Mingde Holding is an investment holding company having investments in many other companies and industries, such as Shenzhen Fengxiang Information Technology Co., Ltd.* (深圳豐享信息技術有限公司, "**Shenzhen Fengxiang**"), Fengtu Technology (Shenzhen) Co., Ltd.* (豐圖科技(深圳)有限公司, "**Fengtu**") and Hive Box Holdings Limited (豐巢控股有限公司, "**Hive Box**"). For details of the businesses of these companies, see "Connected Transactions" in this prospectus. For details of the biography of Mr. Wang, see "Directors, Supervisors, Senior Management and Employees — Board of Directors — Executive Directors" in this prospectus.

Each of our Controlling Shareholders has confirmed that he/it does not have any interests in any business (apart from the business of the Group) that competes or is likely to compete, directly or indirectly, with our principal business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that we are able to conduct our business independently from our Controlling Shareholders after the Global Offering.

Management Independence

Our business has been managed and conducted by our Board and senior management. Our Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors, and we also have six senior management members (of which two are executive Directors). Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see "Directors, Supervisors, Senior Management and Employees" in this prospectus.

Save for Mr. Wang (chairman of the Board, executive Director and general manager of our Company and a director of certain subsidiaries of the Company) who is an executive director of Mingde Holding, as of the Latest Practicable Date, none of the other Directors or senior management of the Company held any position in the Mingde Holding Group (excluding our Group). Hence, we have sufficient Board and senior management team members who do not hold any position in and are not our Controlling Shareholders and/or their respective close associates, and are with adequate relevant experience to manage our business and operations.

In addition, our Directors consider that the Board and senior management of our Company are capable of functioning independently from our Controlling Shareholders for the following reasons:

(1) save for Mr. Wang, none of our Directors and senior management hold any position in Mingde Holding Group (excluding our Group), and are able to devote sufficient time and efforts to manage the daily operations of our Group and make decisions independent of the Controlling Shareholders. In addition, there are three independent non-executive Directors in our seven-member Board, who have been providing independent oversight and will continue to independently monitor the formulation and implementation of major decisions of our Group based on their

skills and qualification and related professional experience. Members of the senior management of our Company have been with our Group in management capacity for a number of years, and therefore, have substantial working experience in the industries we are engaged in, and their familiarity with our Group's business and with the competitive landscape we are in will therefore enable them to make business decisions that are in the best interests of our Group;

(2) given Mr. Wang is the founder of both our Group and Mingde Holding, it is necessary for him to remain as a director of both companies. Nevertheless, when performing his duty as one of the executive Directors and the general manager of the Company, Mr. Wang has been devoting and will continue to allocate adequate amount of time and effort to the management and operation of our Group and would bear the best interests of the Company and the Shareholders as whole in mind;

(3) we have established clear reporting lines among the management team of our Company and between our management team and the Board, and our management team ultimately reports to the executive Directors, who are responsible for reporting to the Board. The Board supervises and monitors the performance of our Company's management team generally through receiving regular reports from our executive Directors, attending regular meetings and other ad hoc meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of our management team, as well as through the regular updates provided to our Directors of our operational and financial information;

(4) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she must act for the benefit and in the interest of our Company and the Shareholders as a whole, and not allow any conflict between his/her duties as a Director and his/her personal interests;

(5) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the SZSE. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest, and shall not be counted in the quorum present at the particular Board meeting;

(6) each of Mingde Holding and Mr. Wang has entered into an undertaking in favor of our Company to maintain the independence of our Company, which particularly enshrines the independence of personnel of the Company. For further information, see "— Undertaking to Maintain the Independence of our Company"; and

(7) we have adopted a series of corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders, which would enhance our independent management. For further information, see "— Corporate Governance Measures."

In light of the above, our Directors are of the view that our Company has our own management team which is capable of maintaining the independence of our Company from our Controlling Shareholders and supporting the independent operation of our Group.

Operational Independence

Our Directors are of the view that we can continue operating independently from our Controlling Shareholders after the Listing. Despite the controlling interest in our Company retained by our Controlling Shareholders after the Listing, we hold and enjoy the benefit of all relevant permits and licenses necessary for carrying out our business in all material respect, and we have sufficient capital, facilities, equipments and employees to operate our business independently from our Controlling Shareholders. We also have full powers to make all decisions regarding, and to carry out, our own business operations independently from our Controlling Shareholders. In addition, our access to, and relationship with, our key customers and suppliers are independent from our Controlling Shareholders.

Notwithstanding that we have procured and will continue to procure goods and services in respect of employee benefits of our Group and comprehensive goods and services in relation to our business operations from, and we have leased and will continue to lease certain premises to and from the Mingde Connected Persons, and our Group has also provided and will continue to provide certain logistics, technology, telecommunications and other miscellaneous services to the Mingde Connected Persons and the Hive Box Connected Persons, the details of which are set out in the section headed "Connected Transactions" in this prospectus, these transactions did not and are not expected to involve significant transaction amounts and are not material to the operation and conduct of our Group's principal business. Such connected transactions with the Mingde Connected Persons and the Hive Box Connected Persons will be conducted on arm's length basis and on normal commercial terms in the ordinary and usual course of our business. Therefore, our Directors believe that these connected transactions with the Mingde Connected Persons and the Hive Box Connected Persons do not affect our operational independence.

In light of the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective associates during the Track Record Period and will continue to be able to operate independently upon Listing.

Financial Independence

We have adopted our own independent internal control, accounting, funding, reporting and financial management systems, and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. Moreover, our Board has established the Audit Committee comprising solely of independent non-executive Directors to provide independent oversight to, among others, our accounting and financial reporting processes.

Moreover, we open and manage our bank accounts independently, and have never shared any bank account with Mingde Holding Group (excluding our Group) and/or Mr. Wang. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders in view of our Group's strong financial position, steady cash flow generation and level of liquid assets as well as our ability to raise funds on a standalone basis.

No loan or guarantee has been provided by, or granted to, our Controlling Shareholders or their respective associates during the Track Record Period and as of the Latest Practicable Date.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

Undertaking to Maintain the Independence of our Company

In connection with the Material Asset Restructuring, each of Mingde Holding and Mr. Wang undertook on May 22, 2016 to maintain the independence of our Company, in particular and among others:

Independence of Personnel of the Company

(1) The senior management members of the Company shall work full-time for the Company and receive remuneration from the Company, and shall not hold any positions in Mingde Holding apart from directorship and shall not retain any duties other than as a director or supervisor in the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable);

(2) The financial personnel of the Company shall not engage in dual roles with Mingde Holding, Mr. Wang, the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable);

(3) The Company's personnel and labor relations shall be independent of Mingde Holding, Mr. Wang, the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable); and

(4) Mingde Holding and Mr. Wang (as applicable) shall only exercise its/his rights as Shareholders through general meetings and shall recommend candidates to act as Directors, Supervisors, and senior management member of the Company in accordance with laws and regulations or the provisions of the Articles of Association and other applicable rules and regulations. Mingde Holding and Mr. Wang (as applicable) shall not intervene with the Company's personnel appointments or dismissals beyond the exercise of rights in general meetings or of the Board.

Independence of Assets of the Company

(1) The Company has independent and complete assets, and the assets of the Company are completely under the control of the Company and are owned and operated independently by the Company;

(2) Mingde Holding, Mr. Wang, the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable) shall not illegally appropriate the capital and assets of the Company in any manner; and

(3) No guarantees or securities shall be provided illegally using the assets of the Company against any liability of Mingde Holding, Mr. Wang, the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable).

Financial Independence of the Company

(1) The Company and its subsidiaries have established independent accounting and finance department and independent finance and accounting systems and financial management systems;

(2) The Company and its subsidiaries are able to make financial decisions independently, and Mingde Holding and Mr. Wang (as applicable) shall not intervene in the use of funds by the Company beyond the exercise of rights in general meetings or of the Board;

(3) The Company and its subsidiaries can independently open bank accounts, and shall not share any bank account with Mingde Holding, Mr. Wang, the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable); and

(4) The Company and its subsidiaries shall pay taxes independently.

Independence of Organization of the Company

(1) The Company has established and implemented a corporate governance structure in accordance with laws, and established an independent and complete organizational structure separate from those of controlled by Mingde Holding and Mr. Wang (as applicable). The Company will not share the same office or other business premises together with Mingde Holding, Mr. Wang, the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable); and

(2) The Company operates independently and autonomously, and Mingde Holding and Mr. Wang (as applicable) will not intervene in the management of the Company beyond the exercise of rights in general meetings or of the Board.

Independence of the Business of the Company

(1) Upon completion of the Material Asset Restructuring, the Company independently holds the ownership of its assets, personnel and qualifications to carry out its business activities and has the ability to operate independently in the market;

(2) Mingde Holding, Mr. Wang, the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable) shall avoid engaging in businesses competing with the Company and its subsidiaries; and

(3) Mingde Holding and Mr. Wang (as applicable) shall not illegally appropriate funds or assets of the Company. Mingde Holding and Mr. Wang (as applicable) shall strictly abide by the Company's related party transaction policies, regulate and minimize the occurrence of related party transactions with the Company. In respect of related party transactions with the Company, Mingde Holding and Mr. Wang (as applicable) shall, and shall procure the Companies Controlled by Mingde Holding and/or the Companies Controlled by Mr. Wang (as applicable) to, conduct the transactions in accordance with fair, reasonable, and normal commercial terms, and shall not require or accept terms given by the Company that are more favorable than those received by third parties in fair market transactions, and shall ensure strict performance of such related party transaction agreements executed with the Company in good faith. Mingde Holding and Mr. Wang (as applicable) shall strictly comply with the related party transactions decision-making procedures and the corresponding disclosure obligations in accordance with the Articles of Association and relevant laws and regulations.

CORPORATE GOVERNANCE MEASURES

Our Directors acknowledge the importance of good corporate governance in protection of our Shareholders' interests. In order to further manage any potential conflicts of interest with the Controlling Shareholders and their respective close associates, we have adopted the following measures:

(1) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules, and in particular, our Articles of Association provide that, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting in respect of the resolution considering the approval of such contract or arrangement or proposal. In addition, where a general meeting of our Shareholders is to be held for considering proposed transactions in which any of our Controlling Shareholders or their respective close associates has a material interest, the relevant Controlling Shareholders will abstain from voting on the relevant resolutions;

(2) our Company has formulated and adopted policies and mechanisms in relation to (i) internal controls and decision-making procedures for related party transactions and connected transactions, (ii) the prevention of appropriation of funds by Controlling Shareholders, actual controllers and other related parties, (iii) provision of external guarantee, and (iv) internal audit;

(3) if our Group and our Controlling Shareholders or any of their associates intend to engage in any connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules;

(4) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual reports that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(5) we will keep a balanced composition of executive and independent non-executive Directors on the Board. We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and are free of any business or other relationship that could interfere in any material manner with the exercise of their independent judgment. We also believe that our independent non-executive Directors are able to provide impartial opinions to safeguard the interests of our Shareholders as a whole;

(6) our independent non-executive Directors will continuously review whether there are any conflicts of interests between our Group and our Controlling Shareholders and the compliance and observance by our Controlling Shareholders of their non-competition and independence undertakings, and provide impartial and professional advice to protect the interests of our minority Shareholders. The Controlling Shareholders has also undertaken to perform the disclosure obligations in accordance with the Company's Articles of Association and relevant laws and regulations;

(7) where our independent non-executive Directors request or are requested to review any conflict of interests circumstances between our Group and our Controlling Shareholders and their respective close associates, our Controlling Shareholders and/or our other Directors shall provide our independent non-executive Directors with all necessary information for consideration and our independent non-executive Directors shall be provided with access to independent advisers at the expense of our Company;

(8) our audit committee, comprising only of our three independent non-executive Directors, will conduct a review on the effectiveness of the above internal control measures on an annual basis; and

(9) we have appointed Caitong International Capital Co., Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to corporate governance, upon Listing.

We will engage in certain transactions with our connected persons after the Listing, which will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

The following persons, with whom we have entered into certain transaction in our ordinary course of business, will become our connected persons as defined under the Listing Rules upon completion of the Listing:

Connected persons	Connected relationship
Connected persons at the issuer level	
Mingde Holding Group (including without limitation Shenzhen Fengxiang and Fengtu, each of which is a subsidiary of Mingde Holding), and companies in which Mingde Holding controls 30% or more of its voting power at general meetings (the "**Mingde Connected Persons**")	Mingde Holding is one of our Controlling Shareholders, which will directly and indirectly control approximately 53.39% of the voting rights in our total issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan). Accordingly, members of the Mingde Holding Group (excluding our Group) and 30%-controlled entities of Mingde Holding will become our connected persons upon completion of the Listing.
Hive Box and companies in which Hive Box controls 30% or more of its voting power at general meetings (together, the "**Hive Box Connected Persons**")	As of the Latest Practicable Date, Mr. Wang, one of our Controlling Shareholders and our executive Director indirectly exercises over 30% of the voting rights in Hive Box. Accordingly, Hive Box and the subsidiaries and 30%-controlled entities of Hive Box are associates of Mr. Wang and will become our connected persons upon completion of the Listing.

Connected persons	Connected relationship
Connected persons at the subsidiary level	
Kerry Properties and its subsidiaries (the "**KPL Group**")	As of the Latest Practicable Date, Kerry Properties directly held 20.84% of the total issued share capital, and is a substantial shareholder, of our subsidiary, Kerry Logistics. Therefore, the KPL Group will become our connected persons at the subsidiary level upon completion of the Listing.
Kerry Group Limited ("**KGL**") and its subsidiaries, including Kerry Holdings and Kuok Registrations Limited ("**KRL**"), and 30%-controlled entities	As of the Latest Practicable Date, KGL indirectly held 32.97% of the total issued share capital, and is one of the controlling shareholders, of our subsidiary, Kerry Logistics. Therefore, KGL and its subsidiaries and 30%-controlled entities will become our connected persons at the subsidiary level upon completion of the Listing.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

	Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought
	Fully-exempt continuing connected transactions *– with connected person(s) at the issuer level*			
1	Provision of technology, communication and miscellaneous services and goods by our Group	Mingde Connected Persons and the Hive Box Connected Persons	14A.76(1)(a)	N/A
2	Leasing of premises and equipment by our Group as tenant or landlord	Mingde Connected Persons	14A.76(1)(a)	N/A

	Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought
	– with connected persons at the subsidiary level			
3	Provision and procurement of comprehensive services by our Group	KGL and its subsidiaries and 30%-controlled entities	14A.76(1)(b)	N/A
4	Provision of warehouses management services by a subsidiary of Kerry Logistics	KHL Group	14A.76(1)(b)	N/A
5	Framework agreement in respect of the provision of services, leasing of premises and procurement of comprehensive services by Kerry Logistics	Kerry Holdings	14A.76(1)(b)	N/A
6	Framework agreements in respect of the provision of services and leasing of premises by Kerry Logistics	Kerry Properties	14A.76(1)(b)	N/A
7	Brand license granted to Kerry Logistics and its subsidiaries	KRL	14A.76(1)(b)	N/A
	Partially-exempt continuing connected transactions			
8	Procurement of goods and services in respect of employees benefits of our Group	Shenzhen Fengxiang	14A.76(2)(a)	Announcement requirement
9	Procurement of comprehensive goods and services in relation to our business operations	Fengtu and Hive Box	14A.76(2)(a)	Announcement requirement
10	Provision of integrated logistics services by our Group	Shenzhen Fengxiang and Hive Box	14A.76(2)(a)	Announcement requirement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Transactions with Connected Persons at the Issuer Level

We have entered into, and expect to continue to enter into, the following types of transactions with our connected persons at the issuer level, which were entered into on normal commercial terms or better and are expected to continue after the Listing. Our Directors currently expect that the highest applicable percentage ratio in respect of the aggregate transaction amount of transactions within each such category as set out below, calculated for the purpose of Chapter 14A of the Listing Rules, will be less than 0.1% on an annual basis. Under Rule 14A.76(1) of the Listing Rules, these transactions will be fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules:

1. Provision of technology, communication and miscellaneous services and goods

We have entered into, and will continue to enter into post-Listing, certain agreements with certain of the Mingde Connected Persons and/or the Hive Box Connected Persons, pursuant to which we supply to the Mingde Connected Persons and/or the Hive Box Connected Persons various types of services and goods and the relevant Mingde Connected Persons and/or the Hive Box Connected Persons pay services fees and procurement costs, respectively, to us in respect thereof, including:

(i) technical and technological related services provided by certain subsidiaries of our Company, including without limitation SF Technology and Shenzhen SF Communications Services Co., Ltd.* (深圳順豐通訊服務有限公司) ("**SF Communications**") and their respective subsidiaries, to certain of the Mingde Connected Persons and/or the Hive Box Connected Persons, such as (i) big data and system maintenance services, customized research and development services and risk management and security services provided to Mingde Connected Persons with a view to supporting and optimizing its systems and operations; and (ii) customer services-related services provided by SF Communications and its subsidiaries to the Hive Box Connected Persons and/or the Mingde Connected Persons, where a designated customer services team will, under our guidelines and protocols, provide hotline consultation and post-sale services to calling customers; and

(ii) various other supplementary operational and back-office services, or consumable products, provided or supplied to certain Mingde Connected Persons and/or Hive Box Connected Persons, such as administration services, property and premise management services, security management services, routine human resources management services, hospitality and meetings services, payment channel and agency services, e-commerce clients platform services and consumable products provided by certain subsidiaries of our Company,

(together, the "**Comprehensive Services and Goods Supply Arrangements**").

Pricing policy

The services fees to be charged to Mingde Connected Persons and/or Hive Box Connected Persons by our Group under the Comprehensive Services and Goods Supply Arrangements have been and will be determined on arm's length basis, and are generally charged with reference to factors including, where relevant and appropriate, (i) the fee and price quotes for similar services and goods we charge to other users of such services our subsidiaries offer; (ii) the prevailing market price for the relevant services, taking into account the nature and the complexity of the services provided; and (iii) the relevant costs incurred by our Group in rendering such services, including labor cost, administrative expenses and other overhead expenses, and the amount of resources (including human resources) and volume of the services incurred in the provision of such services.

Reasons for the transactions

Our Group is the largest integrated logistics service provider in Asia in terms of revenue in 2023, committed to becoming a data and technology-driven company providing solutions to third parties. Given the scale of our business and our leading position within the industry, we have developed and have extensive experience in the operation of technology solutions complimentary to the operation of our business. We have also developed mature capability to provide high quality customer services from our experience working with our broad business and retail customers base over the years. The provision of technical and technological related services to the Mingde Connected Persons and/or the Hive Box Connected Persons will allow our Group to monetize on our expertise and more efficiently utilize such resources originally available to us to grow its business and develop its reputation in the market. The provision of certain operational and back-office supplemental services has also, in many instances, enabled us to achieve economies of scale and improve our efficiency.

In addition, our Group has been providing technological and technical related services, supplementary operational and back-office services and a small amount of consumable goods to the Mingde Connected Persons and/or the Hive Box Connected Persons for a number of years. The fees that we charge the Mingde Connected Persons and/or the Hive Box Connected Persons for such services or goods is comparable to the prevailing market price for such services and goods. Over the years, the Mingde Connected Persons and the Hive Box Connected Persons have developed an amicable and effective working relationship with our Group and have complied with the relevant terms of the supply contracts in all material respects.

2. *Leasing of premises*

We have entered into, and expect to continue to enter into, property leasing arrangements with certain Mingde Connected Persons, including Hangzhou Fengtai E-Commerce Industrial Park Management Co., Ltd.* (杭州豐泰電商產業園管理有限公司) ("**Fengtai E-Commerce**"), pursuant to which we rent office premises owned by Fengtai E-Commerce and pay rental fees to the Mingde Connected Persons, and we lease office premises owned by us to Mingde Holding and Shenzhen Fengxiang (and/or its subsidiaries) in return for rental fees.

Pricing policy

The rental fees in respect of the leasing of properties by our Group from the Mingde Connected Persons and the leasing of properties by the Mingde Connected Persons from our Group shall be determined based on arm's length negotiation between us and the relevant Mingde Connected Person, with reference to, among others, the prevailing market rent offered by Independent Third Parties at the relevant time when the rental agreement is entered into for comparable properties with similar gross floor area and functions in nearby area, among others.

Reasons for the transactions

Our Group leases certain properties to and from the Mingde Connected Persons for office use and we expect that we will continue such leases of properties after the Listing. We believe that it is mutually beneficial and would save our Group administrative costs and time that would otherwise be spent on negotiating and entering into contracts with different Independent Third Party property owners or tenants (as applicable). Further relocation of our existing leased properties to other properties may also cause unnecessary disruptions to our business and additional costs and expenses.

A majority of our office premises and warehouses are either properties owned by us or leased from Independent Third Party property owners, and we have not been and will not be bound to lease our office premises and warehouses from or to the Mingde Connected Persons. We will continue to use our best effort to identify the most favorable leasing terms for our office premises and warehouses in the future, and expect to lease office premises and warehouses from Independent Third Party property owners if the terms and conditions of the lease and/or the location or infrastructure of the premises offered by such Independent Third Party property owners are more favorable to us.

Transactions with Connected Persons at the Subsidiary Level

We have also entered into the following agreements with our connected persons at the subsidiary level, which was entered into on normal commercial terms or better and is expected to continue after the Listing. Our Directors currently expect that the highest applicable percentage ratio of these transactions calculated for the purpose of Chapter 14A of the Listing

Rules will be less than 1% on an annual basis. Under Rule 14A.76(1) of the Listing Rules, these transactions will be fully exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Provision and procurement of comprehensive services by our Group with KGL

Certain members of our Group (excluding Kerry Logistics and its subsidiaries (the "**KLN Group**")) and KGL and its subsidiaries and 30%-controlled entities (the "**KGL Connected Persons**") have conducted or will conduct certain transactions, including the lease of premises by the KGL Connected Persons for our services points or delivery lockers, provision of hotel accommodation and hospitality services by the KGL Connected Persons and integrated logistics services to the KGL Connected Persons. Such agreements were entered into or will be entered into on normal commercial terms in the ordinary and usual course of our business and are expected to continue after the Listing.

Pricing policy

Fees for the aforementioned services provided or procured by us shall be determined based on arm's length negotiation between us and the relevant member of the KGL Connected Persons, and in particular, fees for property leasing shall be determined with reference to the prevailing market rent offered by Independent Third Parties on comparable circumstances; fees for hotel accommodation and hospitality services shall be such market rate as charged by the KGL Connected Persons; and fees for integrated logistics services shall be in the range of applicable price we charge Independent Third Party customers comparable to the KGL Connected Persons.

Reasons for the transactions

KGL is a multinational conglomerate with investment holdings in various areas of business, including as one of the controlling shareholders of Kerry Properties (a company listed on the Stock Exchange, stock code: 0683.HK, which engages in property development in the PRC and the Asia Pacific region), and is interested in more than 30% shareholding of Shangri-la Asia Limited (a company listed on the Stock Exchange, stock code: 0069.HK, which is a global hotel chain operator and hospitality service provider). On the other hand, we are the largest integrated logistics service provider in Asia with a full-spectrum of logistics services capability. Given the leading market positions and extensive services networks of both the KGL Connected Persons and our Group in their respective industries, it is natural for, and in the best interest of our Group to, from time to time, enter into leases for certain commercial premises owned by members of the KGL Connected Persons for our business operations, and provide integrated logistics services to members of the KGL Connected Persons. Therefore, we believe that it is beneficial and in the best interests for our Group and the Shareholders as a whole to enter into the aforementioned transactions.

4. Warehouses Management Agreements

On August 28, 2024, Kerry Warehouse (Hong Kong) Limited (the "**Warehouses Manager**") (a wholly-owned subsidiary of Kerry Logistics) has entered into seven warehouses management agreements with, respectively, the legal owners of seven Hong Kong warehouses (the "**Warehouses**") to provide building management services, leasing management services, operation of warehouse facilities and other related services (the "**Warehouses Management Services**") for the Warehouses (collectively the "**Warehouses Management Agreements**").

The legal owners of the Warehouses are wholly-owned subsidiaries of Kerry Holdings, and are our connected persons at the subsidiary level.

The term of each Warehouses Management Agreement (as amended) commenced on October 4, 2024 and will expire on October 3, 2027, unless terminated earlier pursuant to its terms.

Fees under the Warehouses Management Agreements and pricing policy

In consideration for the provision of the Warehouses Management Services, the relevant legal owners shall pay certain management fees (including monthly lease management fees charged as a percentage of the income from the operations of the relevant Warehouses, monthly building manager fees charged as a percentage of the actual management expenses incurred, reimbursement of estate agent commissions on an "at-cost basis", and payment of certain outgoings and expenses) to the Warehouses Manager. The management fee was determined after arm's length negotiations between the parties and is on normal commercial terms, taking into account various factors, including the services fees charged by Independent Third Party warehouse service providers for standard building management services, and adjusted according to the type, size and location of the premises, and the relevant parties' or customers' specific Warehouses Management Services required.

In addition, under certain Warehouses Management Agreements (as amended), the Warehouses Manager has agreed to guarantee relevant legal owners of certain Warehouses a minimum level of gross revenue during the term of the Warehouses Management Agreements (as amended). If the Warehouses Manager is unable to seek tenants for the relevant Warehouses and achieve the guaranteed gross revenue for the relevant Warehouse, the Warehouses Manager shall, as principal, satisfy such minimum guaranteed gross revenue. The guaranteed gross revenue was determined after arm's length negotiations between the parties with reference to the estimated rate of occupancy and/or usage of the relevant Warehouse throughout the term of the Warehouses Management Agreements (as amended), and the estimated market rental and other revenue to be generated from such occupancy and/or usage of the relevant Warehouse.

Reasons for the transactions

Given the experience of the KLN Group in operating warehouses, the KLN Group can leverage on its existing set-up and resources to generate revenue by providing the Warehouses Management Services. In addition, due to the long-standing business relationship between the KLN Group and Kerry Holdings (together with its subsidiaries, the "**KHL Group**"), we believe that it is beneficial to our Group and Shareholders as a whole to enter into the Warehouses Management Agreements as these transactions will facilitate the operation and growth of our business in general.

5. KHL Framework Services Agreement

On July 31, 2024, Kerry Logistics entered into a framework services agreement with Kerry Holdings (the "**KHL Framework Services Agreement**"). Pursuant to the KHL Framework Services Agreement:

(i) the KLN Group agreed to provide in places outside Taiwan services including delivery and transportation services, local courier services, freight services, freight agency services, insurance brokerage and related services, catering services and food and beverages trading, and services relating to management and operation of warehouse facilities (including building management, leasing and licensing management, warrant operations, IT support, human resources, administration and related services, and excluding the Warehouses Management Services to be provided pursuant to the Warehouses Management Agreements) to the KHL Group (excluding Kerry Properties and its subsidiaries, the "**Relevant KHL Group**");

(ii) the Relevant KHL Group agreed to lease their premises in Hong Kong to the KLN Group; and

(iii) the Relevant KHL Group agreed to provide services in and/or from Taiwan including land transportation, freight services, freight agency services and other logistics services, and warehousing services to the KLN Group.

The KHL Framework Services Agreement (as amended) will take effect on September 16, 2024 and will expire on the third anniversary of the commencement date. The KHL Framework Services Agreement can be extended for a further term of three years with the mutual written agreement of Kerry Logistics and Kerry Holdings. Individual agreements will be entered into from time to time and as required between members of the KLN Group (on the one hand) and members of the Relevant KHL Group (on the other hand) with respect to specific services covered by the KHL Framework Services Agreement (as amended).

Pricing policy

Pursuant to the KHL Framework Services Agreement, the pricing of each of the underlying transactions entered into thereunder shall be determined by the parties at the time of entry into the relevant agreements for such transactions with reference to the applicable market practice and value. In particular:

(i) with respect to the services to be provided by the KLN Group to Relevant KHL Group: (a) in relation to logistics and freight services, services fees shall be charged with reference to the weight and type of cargo, mode of shipment, freight rate of the carrier, type of storage space required and the prevailing market services fees charged by comparable Independent Third Party service providers; (b) in relation to insurance brokerage and related services, the services fee shall be determined with reference to the prevailing market insurance brokerage fees charged by Independent Third Party insurance companies; and (c) in relation to services relating to management and operation of warehouse facilities, the services fee shall be determined with reference to the type, size and location of the premises, the relevant party/customers' specific requirements and the prevailing market services fees charged by Independent Third Party warehouse service providers;

(ii) with respect to the leasing of properties by the Relevant KHL Group to the KLN Group, the rental shall be determined with reference to the prevailing market rent offered by Independent Third Parties at the relevant time for comparable properties in the nearby area; and

(iii) with respect to the services to be provided by the Relevant KHL Group to the KLN Group: (a) in relation to logistics and freight services, services fees shall be charged with reference to the weight and type of cargo, mode of shipment, freight rate of the carrier, type of storage space required and the prevailing market services fees charged by comparable Independent Third Party service providers; and (b) in relation to warehousing services, the services fee shall be determined with reference to the type, size and location of the premises, the relevant party/customers' specific requirements and the prevailing market services fees charged by Independent Third Party warehouse service providers.

Reasons for the transaction

As an integrated logistics service provider, the KLN Group has been providing logistics services, freight services and related services, such as insurance brokerage to the Relevant KHL Group in places outside Taiwan, and by continuing to provide its services to the Relevant KHL Group, the KLN Group is able to further enhance its operational scale. In relation to the provision of services relating to management and operation of warehouse facilities, the Relevant KLN Group can leverage on its existing set-up and resources to generate revenue. On the other hand, the KHL Group has been providing, among other businesses, integrated logistics and international freight forwarding services in and from Taiwan, and, the Relevant

KHL Group has been providing international freight forwarding agency and related services to the KLN Group and its customers in and from Taiwan where the KLN Group do not have a presence. In addition, the KLN Group has setup and has been operating its businesses in and from the leased properties owned by the Relevant KHL Group, and may require to lease additional premises for its business operations due to the continuing growth in the Group's operations in Hong Kong. We believe that owing to the long-term business relationship between the KLN Group and the Relevant KHL Group, it would be beneficial to our Group and Shareholders as a whole to enter into the KHL Framework Services Agreement to facilitate the operation and growth of our business.

6. KPL Framework Agreements

On November 30, 2022, Kerry Logistics entered into (i) a framework agreement (the "**KLN-KPL Services Framework Agreement**") with Kerry Properties, pursuant to which the KLN Group agreed to provide services including delivery services, local courier services, freight services, freight agency services, insurance brokerage and related services, and services relating to management and operation of warehouse facilities (including building management, leasing and licensing management, warrant operations, IT support, human resources, administration and related services) to the KPL Group; and (ii) a framework agreement (the "**KPL Services Framework Agreement**", together with the KLN-KPL Services Framework Agreement, the "**KPL Framework Agreements**") with Kerry Properties pursuant to which the KPL Group agreed to lease premises owned by the KPL Group, including without limitation office premises, residential premises and warehouses, to the KLN Group.

The KPL Framework Agreements are for a fixed term of three years commencing on January 1, 2023. Individual agreements will be entered into from time to time and as required between members of the KLN Group (on the one hand) and members of the KPL Group (on the other hand) with respect to specific services covered by the KPL Framework Agreements.

Pricing policy

Pursuant to the KPL Framework Agreements, the pricing of each of the underlying transactions entered into thereunder shall be determined by the parties at the time of entry into the relevant agreements for such transactions with reference to the applicable market practice and value. In particular:

(i) with respect to the services to be provided by the KLN Group to KPL Group: (a) in relation to logistics and freight services, services fees shall be charged with reference to the weight and type of cargo, mode of shipment, freight rate of the carrier, type of storage space required and the prevailing market services fees charged by comparable Independent Third Party service providers; (b) in relation to insurance brokerage and related services, the services fee shall be determined with reference to the prevailing market insurance brokerage fees charged by Independent Third Party insurance companies; and (c) in relation to services relating to management and operation of warehouse facilities, the services fee shall be determined with reference to the type, size and location of the premises, the relevant party/customers' specific requirements and the prevailing market services fees charged by Independent Third Party warehouse service providers; and

(ii) with respect to the leasing of properties by the KPL Group to the KLN Group, the rental shall be determined with reference to the prevailing market rent offered by Independent Third Parties at the relevant time for comparable properties in the nearby area.

Reasons for the transactions

As an integrated logistics service provider, the KLN Group has been providing logistics related services including insurance brokerage and related services, and has been able to enhance its operational scale by expanding its services to the KPL Group. In relation to the provision of services relating to management and operation of warehouse facilities, the KLN Group can leverage on its existing set-up and resources to generate revenue. In addition, the KLN Group requires to continue its leasing of premises from the KPL Group for its business operations due to the continuing growth in the KLN Group's operations in Hong Kong. We believe that owing to the long-term business relationship between the KLN Group and the KPL Group, it would be beneficial to our Group and Shareholders as a whole to enter into the KPL Framework Agreements to facilitate the operation and growth of our business.

7. Kerry Brand Licence Agreements

On March 25, 2021, in order to ensure that Kerry Logistics and its subsidiaries will be able to continue to use its brand name upon completion of the acquisition of a majority stake in Kerry Logistics by our Company, the following brand name and trademarks licensing agreements have been entered into by the relevant parties:

(i) a brand license agreement entered into between Kerry Logistics and KRL (a subsidiary of Kerry Holdings), pursuant to which KRL agreed to grant to Kerry Logistics (i) a limited, non-exclusive, non-assignable and revocable licence for certain existing Kerry licensed trademarks, and a limited, non-exclusive, non-assignable and revocable right to use "KERRY" as part of company name, trade name, internet domain names and social media handles, in both cases in relation to certain permitted purposes and territories as set out in the agreement; and (ii) a right to grant sub-licences to certain existing sub-licensees and, subject to KRL's prior written consent (such consent not to be unreasonably withheld or delayed), a right to sub-license additional sub-licences to its subsidiaries (the "**Kerry Logistics Brand Licence Agreement**"); and

(ii) a brand license agreement entered into between KEX Thailand and KRL, pursuant to which KRL agreed to grant to KEX Thailand (i) a limited, non-exclusive, non-assignable and revocable licence for certain existing Kerry Express licensed trademarks, and a limited, non-exclusive, non-assignable and revocable right to use "KERRY EXPRESS" as part of company name, trade name, internet domain names and social media handles, in both cases in relation to certain permitted purposes and territories as set out in the agreement; and (ii) a right to grant sub-licences to certain existing sub-licensees and, subject to KRL's prior written consent (such consent not to be unreasonably withheld or delayed), a right to sub-license additional sub-licences to its subsidiaries (the "**KEX Brand Licence Agreement**", together with the Kerry Logistics Brand Licence Agreement, the "**Kerry Brand Licence Agreements**").

The Kerry Logistics Brand License Agreements took effect on September 16, 2021 and will expire on June 30, 2025. With respect to the KEX Brand Licence Agreement, given Kerry Logistics ceased to be a shareholder of KEX Thailand, on May 23, 2024, KRL has served a termination notice to KEX Thailand for the termination of the KEX Brand Licence Agreement, pursuant to which the Agreement will be terminated with effect from 9 months after the date on which such termination notice was served (i.e. on February 22, 2025), and the right for KEX Thailand to use the names and trademarks associated with "KERRY EXPRESS" brand will cease on February 22, 2025.

The licence fee for each of the Kerry Brand Licence Agreements is a nominal one-off amount of HK$100, which was determined by arm's length negotiations between the parties with reference to historical licence fees and use of the licence.

Reasons for the transactions

The KLN Group and KEX Thailand have adopted its trademarks and trade names involving the use of "KERRY" or "KERRY EXPRESS" (as the case may be) across all the international markets in which the KLN Group operates. The ongoing use of trademarks and trade names involving the use of "KERRY" or "KERRY EXPRESS" (as the case may be) by the KLN Group and KEX Thailand would enable it to continue to retain its brand identity and culture and maintain customer familiarity in the overseas markets. We believe that the Kerry Brand Licence Agreements are in the interests of our Group and Shareholders as a whole.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following framework agreements with the relevant Mingde Connected Persons, which were entered into on normal commercial terms or better and are expected to continue after the Listing. Our Directors currently expect that the highest applicable percentage ratio of these transactions calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule

14A.76(2) of the Listing Rules, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules:

8. Employees Benefit Goods and Services Procurement Framework Agreement

Parties

(i) our Company; and

(ii) Shenzhen Fengxiang, a Mingde Connected Person which is principally engaged in the business of development and provision of employees benefits related systems and services and merchandise.

Principal terms

The Company entered into a framework agreement with Shenzhen Fengxiang on December 28, 2023 (the "**Employees Benefit Goods and Services Procurement Framework Agreement**"), pursuant to which our Group will procure from Shenzhen Fengxiang and its subsidiaries and 30%-controlled entities certain types of goods and services for the purpose of our employees' benefits, including (i) information technology services via the "Fengshi (豐食)" business system, an online group catering services platform offering enterprise customers staff meals and meals ordering services; (ii) software and hardware for our staff canteen, meal delivery services for our staff canteen and overtime meal deliveries; (iii) operation, development, launch, technology and maintenance services in respect of the development and operation of a tailor-made benefit platform for our employees, which allows our employees to earn points on the platform and use points earned to exchange for goods; (iv) consumer merchandises for employees' benefit purpose; (v) services for the planning, organizing and implementing team building, annual events, training, seminars, tea sessions and other employees' benefits events; and (vi) other related ancillary services and goods (the "**Employees Benefit Procurement Arrangements**").

The Employees Benefit Goods and Services Procurement Framework Agreement is valid for a term commencing on January 1, 2024 and ending on December 31, 2026, and subject to renewal for another three years upon parties' mutual agreements and we will comply with the applicable requirements under the Listing Rules and applicable internal requirements upon renewal. Shenzhen Fengxiang and/or members of its subsidiaries and 30%-controlled entities (on the one hand) and members of the Group (on the other hand) will enter into separate underlying agreements, which will set out the specific terms and conditions according to the principles provided in the Employees Benefit Goods and Services Procurement Framework Agreement.

Pricing Policy

The procurement fees charged by the relevant Mingde Connected Persons under the transactions subject to the Employees Benefit Goods and Services Procurement Framework Agreement have been and will be determined on arm's length basis, with reference to factors including (i) the fee and price quotes for similar services and goods in the market, and with respect to certain tailor-made services and products provided by Shenzhen Fengxiang to us where there is limited supply of the same type of services and products offered by Independent Third Parties in the market, the degree of tailor-made and specifications required of such services and products provided by Shenzhen Fengxiang; (ii) where relevant and appropriate, the relevant costs incurred by the relevant Mingde Connected Persons in rendering such goods and services, including labor cost and administrative expenses; (iii) the volume of the service or the amount of goods purchased, as applicable and appropriate; and/or (iv) the quality of the services and goods offered by Shenzhen Fengxiang in the previous year as reflected from the feedback collected from our employees through the appraisal system adopted. The price charged by Shenzhen Fengxiang for the benefits platform services offered to us is also comparable to the price charged by Shenzhen Fengxiang to its other independent customers with similar services requirements, and Shenzhen Fengxiang has an internal price comparison system to compare the pricing of consumer merchandise sold on its benefits platform to the pricing on other e-commerce platforms. To ensure that the pricing of the services and goods provided by the relevant Mingde Connected Persons is on normal commercial terms, fair and reasonable and in the interests of our Shareholders as a whole, prior to entering into transactions with the relevant Mingde Connected Persons, we would conduct an assessment process whereby we will compare the pricing and terms of the services and goods offered by Shenzhen Fengxiang (and/or its subsidiaries and 30%-controlled entities) with those offered by other suppliers.

Historical amount

Shenzhen Fengxiang started providing services and goods relating to employees' benefit to us from July 2021. The approximate aggregate transaction amounts between our Group and Shenzhen Fengxiang and its subsidiaries for the Employees Benefit Procurement Arrangements for the years ended December 31, 2021, 2022 and 2023 and for the six months ended June 30, 2024 are as follows:

For the year ended December 31,			**For the six months ended June 30,**
2021	**2022**	**2023**	**2024**
(RMB'000)	**(RMB'000)**	**(RMB'000)**	**(RMB'000)**
121,006	255,349	285,325	122,391

The increase in the above transaction amounts during the Track Record Period is mainly due to (i) our increased demand for such goods and services under the Employees Benefit Procurement Arrangements to cope with the continued growth of our workforce; and (ii) Shenzhen Fengxiang started providing the relevant services to us from July 2021.

Annual caps

We expect the maximum aggregate amount payable by our Group to the relevant Mingde Connected Persons for the Employees Benefit Procurement Arrangements for the years ending December 31, 2024, 2025 and 2026 to be as follows:

For the year ending December 31,		
2024	**2025**	**2026**
(RMB'000)	**(RMB'000)**	**(RMB'000)**
420,000	530,000	662,500

Basis of annual caps

In determining the annual caps for the transactions contemplated under the Employees Benefit Goods and Services Procurement Framework Agreement, we have primarily considered, among other things, the following:

(i) the historical transaction amounts in respect of the Employees Benefit Procurement Arrangements and the expected increase in procurement costs of the goods and services subject to the Employees Benefit Procurement Arrangements and the pilot launch of our new incentive system "Feng Dou (豐豆)" to reward our couriers for their positive conduct during the courier process in 2023 in the form of points that can be spent on our existing tailor-made benefit platform for our employees to exchange for consumer merchandises such as groceries, apparel and gadgets, among others, which is expected to gradually expand, cumulating to an estimated overall growth rate of approximately 17% per annum in this regard. Under the "Feng Dou" platform launched in 2023, our couriers and employees are now able to earn points for redeeming goods multiple times throughout any given year based on their performance and conduct at work;

(ii) since the goods and services we procure from the relevant Mingde Connected Persons under the Employees Benefit Procurement Arrangements are goods and services to be used for the purpose of employees benefits for our employees, and the expected expansion of our workforce generally at an estimated rate of approximately 10% per annum to cope with the expansion of our business will increase our need for employees benefit-related services and goods; and

(iii) given the aforementioned incentive scheme was only launched in 2023 and is therefore relatively new from the perspective of our employees, we expect that as our employees get more accustomed with this incentive system in the second half of 2024, they may choose to spend more of the points they earnt to exchange for goods on the benefits platform, as compared with the six months ended June 30, 2024. At the same time, such benefit points do not have an expiration date, which means that our employees can choose to spend those benefit points they have earnt and accumulated throughout 2023 and the first six months of 2024 in the second half of 2024. Given benefit points are given out throughout the year and order volume is expected to be higher in the second half of a year owing to seasonality, it is expected that our employees would receive more benefit points in the second half of 2024. Furthermore, the variety of goods available for exchange on our benefits platform have been increasing, which we expect to further enhance the attractiveness of such platform to our employees and may encourage them to spend more points on the platform. The goods available for exchange on our benefits platform includes both goods of a lower value (such as daily necessities) and those of a higher value (such as electronic devices), so it is possible that some of our employees may save up points to exchange for goods that are of higher value in the latter part of the year.

Reasons for the transaction

In line with our people-centric culture and management philosophy, and considering the nature of our business, the size of our workforce and the geographical span of our business operations across Asia and the rest of the world, we would require tailor-made employees benefit solutions, as opposed to a generic employees benefit system. On the other hand, the Mingde Connected Persons have a proven track record of operating e-commerce and retail business operations. At the same time, we have established a long-term and stable business relationship with the Mingde Connected Persons, and the Mingde Connected Persons have through past cooperation acquired a comprehensive understanding of our business and operational requirements and could translate their understanding and experience working with us into designing and adapting employees benefit solutions that would best suit our business. In addition, given we have already adopted the employees benefit platform provided by the relevant Mingde Connected Persons, and our employees have been familiar with the existing platform, we consider that it would bring about unnecessary inconvenience to our business and to our employees, and additional costs and expenses, if we were to discontinue the Employees Benefit Procurement Arrangements with the relevant Mingde Connected Persons and to migrate our employees benefit system to another platform operated by an Independent Third Party. Accordingly, we believe it is in the best interest of the Group and our Shareholders as a whole to continue the Employees Benefit Procurement Arrangements with the relevant Mingde Connected Persons as they are capable of fulfilling our demands with a stable and high quality supply of goods and services on terms which are similar to or better than those offered by Independent Third Parties.

9. *Comprehensive Goods and Services Procurement Arrangements*

Parties

(As to Fengtu Comprehensive Goods and Services Procurement Framework Agreement)

(i) our Company; and

(ii) Fengtu, a Mingde Connected Person, which is principally engaged in the development and provision of logistics mapping systems and related technologies and systems.

(As to Hive Box Comprehensive Goods and Services Procurement Framework Agreement)

(i) our Company; and

(ii) Hive Box, which is principally engaged in the provision of out-of-home delivery and shipment services using smart lockers, alongside other value-added services.

Principal terms

The Company entered into a comprehensive goods and services procurement framework agreement with Fengtu on December 28, 2023 (the "**Fengtu Comprehensive Goods and Services Procurement Framework Agreement**"), pursuant to which our Group will procure from Fengtu and its subsidiaries and 30%-controlled entities certain types of goods and services, including:

(i) certain services in support of the operation and back-office functions of our Group, including logistical mapping services and development, launch, technology and systems maintenance services in respect of the mapping systems, delivery and road safety risk management technology services, and services in respect of the development of other system solutions or project-based technology products offered by Fengtu and its subsidiaries to support our delivery services;

(ii) certain goods in support of our operation and back-office functions, such as software and hardware equipment from time to time sourced from Fengtu supplementary to the vehicle system and the systems solutions we procure from Fengtu (including services in respect of the installation and maintenance of the same); and

(iii) other ancillary services and goods in relation to (i) and (ii) above,

(together, the "**Fengtu Procurement Arrangements**").

The Company also entered into a comprehensive goods and services procurement framework agreement with Hive Box on December 28, 2023 (the "**Hive Box Comprehensive Goods and Services Procurement Framework Agreement**", together with the Fengtu Comprehensive Goods and Services Procurement Framework Agreement, the "**Comprehensive Goods and Services Procurement Framework Agreements**"), pursuant to which our Group will procure from the Hive Box Connected Persons certain types of goods and services, including:

(i) certain services in support of the operation of our Group's logistics services business, including drop-off and pick-up smart locker services, delivery-related services, e-commerce platform services, project-based research and development services and advertising services provided by the Hive Box Connected Persons;

(ii) certain goods in support of our business operations, such as smart lockers and delivery boxes from time to time sourced from the Hive Box Connected Persons; and

(iii) other ancillary services and goods in relation to (i) and (ii) above (together, the "**Hive Box Procurement Arrangements**" and together with the Fengtu Procurement Arrangements, the "**Comprehensive Goods and Services Procurement Arrangements**").

Given the Fengtu Procurement Arrangements and the Hive Box Procurement Arrangements both involved our procurement of goods and services that are used in our integrated logistics services, and both Fengtu and Hive Box are companies controlled by our Controlling Shareholders, the Fengtu Procurement Arrangements and the Hive Box Procurement Arrangements are aggregated pursuant to Rule 14A.82(1) of the Listing Rules.

Each of the Comprehensive Goods and Services Procurement Framework Agreements is valid for a term commencing on January 1, 2024 and ending on December 31, 2026, and subject to renewal for another three years upon parties' mutual agreements and we will comply with the applicable requirements under the Listing Rules and applicable internal requirements upon renewal. Members of the Mingde Connected Persons and/or the Hive Box Connected Persons (on the one hand) and members of the Group (on the other hand) will enter into separate underlying agreements, which will set out the specific terms and conditions in accordance with the principles provided in the Comprehensive Goods and Services Procurement Framework Agreements.

Pricing Policy

The procurement fees to be charged by the relevant Mingde Connected Persons and/or the Hive Box Connected Persons for transactions conducted under the Comprehensive Goods and Services Procurement Arrangements will be determined on arm's length basis, with reference to factors including where relevant and appropriate, (i) the fee and price quotes for similar goods and services in the market, and with respect to certain tailor-made services and products provided by Fengtu to us where there is limited supply of the same type of services and products offered by Independent Third Parties in the market, the degree of tailor-made and specifications required of such services and products provided by Fengtu; (ii) where relevant and appropriate, the relevant costs incurred by the relevant supplier in rendering such goods and services, including labor cost and administrative expenses; (iii) with respect to the smart locker products and services provided by the Hive Box Connected Persons, the prices of similar products and services offered by the Hive Box Connected Persons to other logistics service providers; and/or (iv) the volume of the services or the amount of goods purchased.

Historical amount

The approximate aggregate transaction amounts between our Group and the relevant Mingde Connected Persons and/or the Hive Box Connected Persons for the Comprehensive Goods and Services Procurement Arrangements for the years ended December 31, 2021, 2022 and 2023 and for the six months ended June 30, 2024 are as follows:

For the year ended December 31,			For the six months ended June 30,
2021	**2022**	**2023**	**2024**
(RMB'000)	**(RMB'000)**	**(RMB'000)**	**(RMB'000)**
281,354	578,842	662,245	253,176

The upward trend in the above transaction amounts during the Track Record Period is mainly due to (i) our increased demand for such goods and services and our expanded scope of business collaboration under the Comprehensive Goods and Services Procurement Arrangements to cope with the continued growth of our business during the Track Record Period; and (ii) the fact that Fengtu became our connected person since October 2021. In particular, the transaction amount in 2022 experienced a significant increase, primarily because 2022 was the first full financial year during which annual transaction amount of the Fengtu Procurement Arrangements was fully reflected in the overall transaction amount for the Comprehensive Goods and Services Procurement Arrangements, as Fengtu only became our connected person in October 2021.

Annual caps

We expect the maximum aggregate amount payable by our Group to the relevant Mingde Connected Persons and/or the Hive Box Connected Persons for the Comprehensive Goods and Services Procurement Arrangements for the years ending December 31, 2024, 2025 and 2026 to be as follows:

For the year ending December 31,		
2024	**2025**	**2026**
(RMB'000)	**(RMB'000)**	**(RMB'000)**
710,000	820,000	950,000

Basis of annual caps

In determining the annual caps for the transactions contemplated under the Comprehensive Goods and Services Procurement Arrangements, we have considered, among other things, the following:

(i) the historical transaction amounts and volume in respect of the Comprehensive Goods and Services Procurement Arrangements, taking into account the seasonality we typically experience where higher volume of orders are expected in the second half of the year;

(ii) most of the goods and services we procure from the relevant Mingde Connected Persons and the Hive Box Connected Persons are goods and services to be used to support the logistics business operation of our Group. Given (a) the expected expansion of our services network; (b) the expected rising demand from our customers for our services; and (c) the potential for development of new collaboration scenarios with the Hive Box Connected Persons alongside us seeking new logistics solutions for our customers, we expect that the operation and scale of our business will continue to increase in the next three years, which will further drive up our demand for the Comprehensive Goods and Services Procurement Arrangements. By way of illustration, we currently expect that our demand for the logistic mapping services to be provided by Fengtu will continue to increase at approximately 15% to 16% year-on-year between 2024 and 2026 and that our demand for services from Hive Box Connected Persons in support of our business will increase at approximately 14% to 20% year-on-year between 2024 and 2026; and

(iii) the relevant Mingde Connected Persons and the Hive Box Connected Persons have continued to expand their services offerings and market shares in the sectors that they operate and we expect that our cooperation with such supplier up and down the supply chain of the logistics services industry will continue to diversify and deepen.

Reasons for the transaction

Mingde Holding and Mr. Wang have invested in businesses which provides services and goods (such as mapping services and smart delivery lockers) that logistics service providers would require. Many of the Mingde Connected Persons and the Hive Box Connected Persons have significant market share and reputation in the relevant area of business that they operate and are able to provide the goods and services required by the Group in its business operations. The Company and its subsidiaries have been procuring the relevant goods and services from the relevant Mingde Connected Persons and the Hive Box Connected Persons to satisfy its business and operational needs, and we have established a long-term and stable business relationship with such connected persons, while the relevant Mingde Connected Persons and the Hive Box Connected Persons have through past cooperation acquired a comprehensive understanding of our business and operational requirements. Taking into consideration that certain Mingde Connected Persons and Hive Box Connected Persons have provided goods and services to us for a long period of time and the reliable quality of the goods and services provided, we believe it is in the best interest of the Group and our Shareholders as a whole to continue the Comprehensive Goods and Services Procurement Arrangements from the relevant Mingde Connected Persons and the Hive Box Connected Persons as they are capable of fulfilling our demands with a stable and high quality supply of goods and services on terms which are similar to or better than those offered by Independent Third Parties. Entering into the Comprehensive Goods and Services Purchasing Framework Agreements will also minimize inconvenience to the Group's operation and internal procedures.

10. Integrated Logistics Services Provision Arrangements

Parties *(As to Fengxiang Integrated Logistics Services Provision Framework Agreement)*

(i) our Company; and

(ii) Shenzhen Fengxiang, a Mingde Connected Person.

(As to Hive Box Integrated Logistics Services Provision Framework Agreement)

(i) our Company; and

(ii) Hive Box.

Principal terms

The Company entered into an integrated logistics services provision framework agreement with Shenzhen Fengxiang on December 28, 2023 (the "**Fengxiang Integrated Logistics Services Provision Framework Agreement**"), pursuant to which our Group will provide to Shenzhen Fengxiang and its subsidiaries and 30%-controlled entities (the "**Fengxiang Connected Persons**") certain types of integrated logistics services that the Fengxiang Connected Persons would require in their respective ordinary course of business, including logistics services, transportation and delivery services, freight delivery services, warehousing and storage services, and other related ancillary services (the "**Fengxiang Integrated Logistics Services Provision Arrangements**").

The Company entered into an integrated logistics services provision framework agreement with Hive Box on December 28, 2023 (the "**Hive Box Integrated Logistics Services Provision Framework Agreement**", together with the Fengxiang Integrated Logistics Services Provision Framework Agreement, the "**Integrated Logistics Services Provision Framework Agreements**"), pursuant to which our Group will provide to Hive Box and its subsidiaries and 30%-controlled entities certain types of integrated logistics services, including logistics services (such as delivery services in respect of return of goods by customers of certain e-commerce platforms using smart lockers operated by the Hive Box Connected Persons), transportation and delivery services, freight delivery services, warehousing and storage services, and other related ancillary services (the "**Hive Box Integrated Logistics Services Provision Arrangements**", together with the Fengxiang Integrated Logistics Services Provision Arrangements, the "**Integrated Logistics Services Provision Arrangements**").

Given the Fengxiang Integrated Logistics Services Provision Arrangements and the Hive Box Integrated Logistics Services Provision Arrangements both involved our provision of integrated logistics services to companies that are controlled by our Controlling Shareholders, the Fengxiang Integrated Logistics Services Provision Arrangements and the Hive Box Integrated Logistics Services Provision Arrangements are aggregated pursuant to Rule 14A.82(1) of the Listing Rules.

Each of the Integrated Logistics Services Provision Framework Agreements is valid for a term commencing on January 1, 2024 and ending on December 31, 2026, and subject to renewal for another three years upon parties' mutual agreements and we will comply with the applicable requirements under the Listing Rules and applicable internal requirements upon renewal. Members of the Fengxiang Connected Persons and/or the Hive Box Connected Persons (on the one hand) and members of the Group (on the other hand) will enter into separate underlying agreements or work orders, which will set out the specific terms and conditions in accordance with the principles provided in the Integrated Logistics Services Provision Framework Agreements.

Pricing policy

The fees we charge the Fengxiang Connected Persons and/or the Hive Box Connected Persons in respect of our provision of integrated logistics services for transactions conducted under the Integrated Logistics Services Provision Arrangements will be (i) in the range of applicable price we charge Independent Third Party customers which are strategic customers of our Group; (ii) determined in accordance with the prevailing market rates, taking into account the volume of business and our premium position within the industry; and (iii) charged with reference to the weight and type of parcel or cargo delivered, mode of parcel pick-up, delivery or shipment, freight rate of the carrier and type of storage space required, as applicable.

Historical amount

The approximate aggregate transaction amounts between our Group and the relevant Fengxiang Connected Persons and/or the Hive Box Connected Persons for the Integrated Logistics Services Provision Arrangements for the years ended December 31, 2021, 2022 and 2023 and for the six months ended June 30, 2024 are as follows:

For the year ended December 31,			For the six months ended June 30,
2021	**2022**	**2023**	**2024**
(RMB'000)	**(RMB'000)**	**(RMB'000)**	**(RMB'000)**
9,088	17,313	25,493	707,621

The increase in the transaction amount for the year ended December 31, 2023 was mainly due to the increased demand for the integrated logistics services from our Group to cope with the continued growth of business of the relevant Fengxiang Connected Persons and the Hive Box Connected Persons.

Annual caps

We expect the maximum aggregate amount payable to our Group by the relevant Fengxiang Connected Persons and/or the Hive Box Connected Persons for the Integrated Logistics Services Provision Arrangements for the years ending December 31, 2024, 2025 and 2026 to be as follows:

For the year ending December 31,		
2024	**2025**	**2026**
(RMB'000)	**(RMB'000)**	**(RMB'000)**
1,815,000	2,218,000	2,821,600

Basis of annual caps

In determining the annual caps for the transactions contemplated under the Integrated Logistics Services Provision Arrangements, we have considered, among other things, the following:

(i) in 2024, we have reached an agreement with Hive Box Connected Persons in respect of the mode of settlement for the return of goods services for certain e-commerce platforms. For such e-commerce platforms goods return services, Hive Box Connected Persons have been receiving delivery orders from consumers for return of goods services for e-commerce platforms conducted through smart lockers. When consumers request for goods return on e-commerce platforms and choose to drop off the returned goods at the smart lockers of the Hive Box Connected Persons, the consumers will pay relevant fees for the return of goods to e-commerce platforms, and the e-commerce platforms will pay service fees (which includes both fees for using the smart lockers and for the logistics services involved for the delivery of the returned goods to the merchants on the e-commerce platforms) to the Hive Box Connected Persons.

(a) Under the new arrangement, if we provide logistics services for the delivery of the returned goods for orders received through Hive Box Connected Persons, after receiving the service fees from the e-commerce platforms as aforementioned, the Hive Box Connected Persons would pay an amount to our Group representing the integrated logistics service fees charged by our Group to Hive Box Connected Persons for the use of our integrated logistics services for delivery of the returned goods.

(b) Whereas under the previous arrangement, after receiving the service fees from the e-commerce platforms as aforementioned, the Hive Box Connected Persons would pay to our Group the gross amount of service fees for such goods return services and we would then pay a service fee to the Hive Box Connected Persons for the use of smart lockers in the provision of such e-commerce platforms goods return services;

(ii) our cooperation with the Hive Box Connected Persons in respect of the delivery services for return of goods for e-commerce platforms will continue to strengthen due to:

(a) the expected increase in the use of smart lockers operated by Hive Box Connected Persons for return of goods by consumers;

(b) the expected growth of business of the e-commerce platforms currently cooperating with the Hive Box Connected Persons, which will further drive demand for delivery services for return of goods; and

(c) the plan of the Hive Box Connected Persons to explore and commence cooperation with more e-commerce platforms for the use of smart lockers operated by Hive Box Connected Persons for return of goods; and

(iii) the historical transaction amounts and volume in respect of the integrated logistics services provided to the Hive Box Connected Persons (other than under the e-commerce platforms return of goods services) and the Fengxiang Connected Persons in their day-to-day operations.

Reasons for the transactions

As the largest integrated logistics service provider in Asia and the fourth largest integrated logistics service provider globally, we are the go-to brand for premium logistics services for customers including businesses in the PRC such as the Fengxiang Connected Persons and the Hive Box Connected Persons in recognition of our full-spectrum logistics services capability. Given our market position, extensive customer base and broad services network, it is natural for, and in the best interest of our Group to provide the Fengxiang Connected Persons and the Hive Box Connected Persons with logistics services in exchange for services fees. From the perspective of the Fengxiang Connected Persons and the Hive Box Connected Persons, given our Group's leading position in integrated logistics services industry in Asia, we are able to provide comprehensive and high-quality solutions and services to the Fengxiang Connected Persons and the Hive Box Connected Persons. Therefore, we believe that it is mutually beneficial for our Group (on the one hand) and the Fengxiang Connected Persons and the Hive Box Connected Persons (on the other hand), and is in the best interest of our Shareholders as a whole, to continue our business cooperation on the provision of integrated logistics services.

WAIVER GRANTED BY THE STOCK EXCHANGE

After the Listing, the Group expects to continue to carry out the transactions contemplated under the Employees Benefit Goods and Services Procurement Framework Agreement, the Comprehensive Goods and Services Procurement Arrangements and the Integrated Logistics Services Provision Arrangements (the "**Partially-Exempt Continuing Connected Transactions**") on a recurring and continuing basis. As the Partially-Exempt Continuing Connected Transactions are expected to be carried out on a continuing basis and to extend over a period of time, and the material terms of the Partially-Exempt Continuing Connected Transactions post-Listing are disclosed in this prospectus and potential investors will participate in the Global Offering on the basis of (among others) these disclosures, our Directors consider that strict compliance with the announcement requirements under Chapter 14A of the Listing Rules would be unduly burdensome and, in particular, would induce unnecessary administrative costs to our Company.

As a result, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, subject to the condition that the maximum aggregate annual transaction amount shall not exceed the annual caps as stated above, a waiver under Rule 14A.105 of the Listing Rules to exempt transactions set out in "— Partially-Exempt Continuing Connected Transactions" from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules.

Our independent non-executive Directors and auditors of our Company will review whether the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually in accordance with the requirements of the Listing Rules. In addition, we confirm that we will comply with the relevant requirements under Chapter 14A of the Listing Rules and immediately inform the Stock Exchange if any of the annual caps set out above is exceeded, or when there is a material change in the terms of these transactions.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the Partially-Exempt Continuing Connected Transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms (or better), and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by the Company in relation to the aforesaid partially exempt continuing connected transactions, (ii) obtained necessary representations and confirmations from the Company and the Directors, and (iii) participated in the due diligence and discussions with the management of our Group. Based on the above, the Joint Sponsors are of the view that, as of the date of this prospectus, the aforesaid Partially-Exempt Continuing Connected Transactions have been and will be entered into in the ordinary and usual course of business of the Company on normal commercial terms (or better) which are fair and reasonable, and in the interests of the Company and its Shareholders as a whole, and the proposed annual caps in respect of such Partially-Exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date and immediately following the completion of the Global Offering and without taking into account any further Shares which may be issued pursuant to the exercise of the share options granted under the 2022 Stock Option Incentive Plan, each of the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

					Assuming no exercise of the Over-allotment Option		Assuming full exercise of the Over-allotment Option	
Name of substantial Shareholder	Nature of interest	Description of Shares	Number of Shares directly or indirectly held	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of shareholding in our A Shares	Approximate percentage of interest in the total issued share capital of our Company	Approximate percentage of shareholding in our A Shares	Approximate percentage of interest in the total issued share capital of our Company
Mr. Wang	Interest held by controlled corporations[(1)]	A Shares	2,661,927,139	55.27%	55.27%	53.39%	55.27%	53.11%
Mingde Holding .	Beneficial owner[(1)]	A Shares	2,561,927,139[(2)]	53.19%	53.19%	51.38%	53.19%	51.12%
	Interest held by controlled corporations[(1)]	A Shares	100,000,000	2.08%	2.08%	2.01%	2.08%	1.99%

Notes:

(1) As of the Latest Practicable Date, Mingde Holding was held by Mr. Wang as to approximately 99.90%. Shenzhen Weishun, which held 100,000,000 A Shares as of the Latest Practicable Date, is a wholly-owned subsidiary of Mingde Holding. As such, Mingde Holding will be deemed to be interested in the A Shares held by Shenzhen Weishun and Mr. Wang will be deemed to be interested in the A Shares held by Mingde Holding and Shenzhen Weishun for purpose of Part XV of the SFO.

(2) As of the Latest Practicable Date, out of the 2,561,927,139 A Shares held by Mingde Holding, (i) 42,430,000 A Shares of Mingde Holding were pledged to the EB Pledge Agent and placed in security and trust account "Mingde Holding – Huatai United Securities – 21 Mingde EB Guarantee and Trust Property Account* (明德控股–華泰聯合證券–21明德EB擔保及信託財產專戶)" (the "**2021 EB Security Account**") maintained in respect of the 2021 Mingde Exchangeable Bonds, (ii) 340,000,000 A Shares of Mingde Holding were pledged to the EB Pledge Agent and placed in a security and trust account maintained in respect of the 2024 Mingde Exchangeable Bonds, and (iii) an aggregate of another 737,400,000 A Shares held by Mingde Holding were subject to pledges granted under certain loan and credit facilities in favor of certain PRC financial institutions regulated by NAFR and/or CSRC. Part of the proceeds raised by Mingde Holding from the 2024 Mingde Exchangeable Bonds have been utilised to partially redeem the 2021 Mingde Exchangeable Bonds and the remaining balance of the proceeds from the 2024 Mingde Exchangeable Bonds are expected to be used for repayment of the remaining outstanding 2021 Mingde Exchangeable Bonds. Following the repayment of the 2021 Mingde Exchangeable Bonds, the corresponding amount of A Shares pledged in the 2021 EB Security Account will be released accordingly. For further details of the exchangeable bonds issued by Mingde Holding and the share pledges granted by Mingde Holding, see "— Exchangeable Bonds Issued by Mingde Holding" and "— Share Pledges by Mingde Holding", respectively, in this section below.

For those who are directly and/or indirectly interested in 10% or more of the issued voting shares of any other members of our Group, see "Statutory and General Information — 3. Further Information about our Directors, Supervisors and Substantial Shareholders — C. Disclosure of Interests — (b) Interests in our Company's subsidiaries" in Appendix IV to this prospectus.

Save as disclosed above and in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the Global Offering (and the offering of any additional H Shares pursuant to the Over-allotment Option), have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

EXCHANGEABLE BONDS ISSUED BY MINGDE HOLDING

2021 Mingde Exchangeable Bonds

On November 23, 2021, Mingde Holding conducted a non-public issuance of the 2021 Mingde Exchangeable Bonds to institutional investors in an aggregate principal amount of RMB8 billion for a fixed term of three years with maturity date on November 23, 2024 at a coupon rate of 0.01%, which are exchangeable for A Shares held by Mingde Holding. The 2021 Mingde Exchangeable Bonds are listed on the SZSE and are tradable by institutional investors. The exercise period of the 2021 Mingde Exchangeable Bonds commenced on May 24, 2022 and will end on November 18, 2024 (the "**2021 EB Exercise Period**"), during which holders of the 2021 Mingde Exchangeable Bonds can, at their own discretion, exercise their rights to exchange their holdings in the 2021 Mingde Exchangeable Bonds into A Shares held by Mingde Holding at any time during the EB Exercise Period.

2021 EB Share Adjustments

The number of A Shares that can be exchanged under the 2021 Mingde Exchangeable Bonds is calculated by dividing the principal amount of the 2021 Mingde Exchangeable Bonds held by a bondholder by a specified share exchange price (the "**2021 EB Exchange Price**"). The initial 2021 EB Exchange Price is subject to downward adjustments (i) automatically upon occurrence of certain events, including the distribution of stock dividends or making any capital conversion, the issuance of new Shares at a subscription price lower than the Exchange Price and distribution of cash dividends by our Company (the "**2021 EB Automatic Adjustments**"), and (ii) at the discretion of Mingde Holding when the closing price of A Shares falls below 85% of the prevailing 2021 EB Exchange Price for at least 15 trading days in any period of 30 consecutive trading days on the condition that the 2021 EB Exchange Price as adjusted by Mingde Holding shall not be lower than the closing price of the A Shares in the preceding trading day and the average closing price of the A Shares for the 20 preceding trading days (the "**2021 EB Discretionary Adjustments**", together with the 2021 EB Automatic Adjustments called "**2021 EB Share Adjustments**").

(1) 2021 EB Automatic Adjustments

The 2021 EB Exchange Price will be adjusted according to the following formula on the occurrence of the following events:

(a) for distribution of stock dividends or making any capital conversion: $P1=P0/(1+n)$

(b) for issuing new shares (or allotment of shares): $P1=(P0+A\times k)/(1+k)$

(c) for the simultaneous conduct of both (a) and (b): $P1=(P0+A\times k)/(1+n+k)$

(d) for distribution of cash dividends: $P1=P0-D$

(e) for the simultaneous conduct of (a), (b) and (d): $P1=(P0-D+A\times k)/(1+n+k)$

Whereby, "P0" means the 2021 EB Exchange Price prior to the adjustments, "n" means percentage of shares issued subject to stock dividend or shares resulting from capital conversion, "k" means percentage of new shares issuance or allotment, "A" means the price for new shares issuance or allotment, "D" means cash dividend per share, and "P1" means the 2021 EB Exchange Price after the adjustments.

Our Company may from time to time raise funds according to its requirements by issuing new shares or bonus shares and from time to time distribute cash dividends. These corporate actions, if taken before the maturity of the 2021 Mingde Exchangeable Bonds, may trigger the 2021 EB Automatic Adjustments. As neither Mingde Holding has absolute control over these corporate actions nor any control over whether or to what extent the bondholders will exercise their exchange rights, it is possible (although very remote) that Mingde Holding may cease to be a Controlling Shareholder due to the 2021 EB Automatic Adjustments during the 2021 EB Exercise Period.

(2) 2021 EB Discretionary Adjustments

During the 2021 EB Exercise Period, Mingde Holding may exercise its discretion to make 2021 EB Discretionary Adjustments subject to the terms of the 2021 Mingde Exchangeable Bonds. Any 2021 EB Discretionary Adjustments to be made will be conducted under the circumstances and in the manner as provided for in accordance with the terms of the 2021 Mingde Exchangeable Bonds.

Mingde Holding does not intend to exercise the 2021 EB Discretionary Adjustments to the extent that it will cease to be a Controlling Shareholder during the twelve months from the date of Listing.

Pledge of A Shares in favour of EB Pledge Agent

As security for the obligations of Mingde Holding under the 2021 Mingde Exchangeable Bonds, Mingde Holding entered into a share pledge agreement with the EB Pledge Agent on November 10, 2021, pursuant to which 42,430,000 A Shares held by Mingde Holding, representing approximately 0.88% of the total issued share capital of our Company as at the Latest Practicable Date, were pledged to the EB Pledge Agent as the pledge agent of the holders of the 2021 Mingde Exchangeable Bonds (the "**2021 EB Share Pledge**"). Under the 2021 Mingde Exchangeable Bonds, Mingde Holding is obliged to pledge additional A Shares, which would be triggered upon (i) a decrease in the trading price of the A Shares to a level such that the required pledge ratio falls below 100% for 20 consecutive trading days, where the pledge ratio is computed by dividing the market value of the A Shares pledged with the EB Pledge Agent based on the average trading price of the A Shares in the preceding trading day by the sum of the outstanding principal amount and the accrued interest; and/or (ii) a downward adjustment in the 2021 EB Exchange Price in circumstances where the downward adjustment would lead to the total number of A Shares subject to the exchange rights of the bondholders exceeding the number of A Shares pledged to the EB Pledge Agent.

The prevailing 2021 EB Exchange Price represents a substantial premium to A Share closing price as of the Latest Practicable Date. As of the Latest Practicable Date, (i) the outstanding principal amount of the 2021 Mingde Exchangeable Bond was RMB1,144,150,000; and (ii) none of the bondholders has exercised their right of exchange.

Early Redemption and Latest Developments

As of the Latest Practicable Date, Mingde Holding had initiated an offer for the early redemption of all outstanding 2021 Mingde Exchangeable Bonds, pursuant to which holders of the 2021 Mingde Exchangeable Bonds were entitled to elect for the redemption by Mingde Holding of the exchangeable bonds it held from June 17, 2024 to June 20, 2024. Upon the expiry of the election period on June 20, 2024, the number of 2021 Mingde Exchangeable Bonds being applied for redemption corresponded to a principal amount of RMB6,855,850,000. Upon completion of the redemption on June 27, 2024, the outstanding principal amount of the 2021 Mingde Exchangeable Bonds was reduced from RMB8,000,000,000 to RMB1,144,150,000, and as a result of which a pledge by Mingde Holding to the EB Pledge Agent of 200,000,000 A Shares with respect to the 2021 Mingde Exchangeable Bonds was released on July 5, 2024. On November 23, 2024, the 2021 Mingde Exchangeable Bonds will mature, pursuant to which the remaining outstanding interest and principal amount of the 2021 Mingde Exchangeable Bonds will be repaid from proceeds derived from the 2024 Mingde Exchangeable Bonds and internal funds of Mingde Holding. Following repayment of the 2021 Mingde Exchangeable Bonds, the corresponding 2021 EB Share Pledge will be released accordingly.

2024 Mingde Exchangeable Bonds

On May 23, 2024, Mingde Holding conducted a non-public issuance of the 2024 Mingde Exchangeable Bonds to institutional investors in an aggregate principal amount of RMB8 billion for a fixed term of three years with maturity date on May 23, 2027 at a coupon rate of 2.90%, which are exchangeable for A Shares held by Mingde Holding. Part of the proceeds raised by Mingde Holding from the 2024 Mingde Exchangeable Bonds have been utilised to partially redeem the 2021 Mingde Exchangeable Bonds and the remaining balance of the proceeds from the 2024 Mingde Exchangeable Bonds are expected to be used for its repayment of the remaining outstanding 2021 Mingde Exchangeable Bonds. The 2024 Mingde Exchangeable Bonds are listed on the SZSE and are tradable by institutional investors. The exercise period of the 2024 Mingde Exchangeable Bonds shall commence on November 25, 2024 and will end on May 17, 2027 (the "**2024 EB Exercise Period**"), during which holders of the 2024 Mingde Exchangeable Bonds can, at their own discretion, exercise their rights to exchange their holdings in the 2024 Mingde Exchangeable Bonds into A Shares held by Mingde Holding at any time during the 2024 EB Exercise Period.

2024 EB Share Adjustments

The number of A Shares that can be exchanged under the 2024 Mingde Exchangeable Bonds is calculated by dividing the principal amount of the 2024 Mingde Exchangeable Bonds held by a bondholder by a specified share exchange price (the "**2024 EB Exchange Price**"). The initial 2024 EB Exchange Price is subject to downward adjustments (i) automatically upon occurrence of certain events, including the distribution of stock dividends or making any capital conversion, the issuance of new Shares at a subscription lower than the Exchange Price and distribution of cash dividends by our Company (the "**2024 EB Automatic Adjustments**"), and (ii) at the discretion of Mingde Holding when the closing price falls below 85% of the prevailing 2024 EB Exchange Price for at least 15 trading days in any period of 30 consecutive trading days on the condition that the 2024 EB Exchange Price as adjusted by Mingde Holding shall not be lower than the closing price of the A Shares in the preceding trading day and the average price of the A Shares for the 20 preceding trading days (the "**2024 EB Discretionary Adjustments**"), together with the 2024 EB Automatic Adjustments called "**2024 EB Share Adjustments**").

(1) 2024 EB Automatic Adjustments

The 2024 EB Exchange Price will be adjusted according to the following formula on the occurrence of the following events:

(a) for distribution of stock dividends or making any capital conversion: P1=P0(1+n)

(b) for issuing new shares (or allotment of shares): P1=(P0+Axk)/1+k)

(c) for the simultaneous conduct of both (a) and (b): P1=(P0+Axk)/(1+n+k)

(d) for the distribution of cash dividends: P1=P0-D

(e) for the simultaneous conduct of (a), (b) and (d): P1=(P0-D+Axk)/(1+n+k)

Whereby, "P0" means the 2024 EB Exchange Price prior to the adjustments, "n" means percentage of shares issued subject to stock dividends or shares resulting from capital conversion, "k" means percentage of new shares issuance or allotment, "A" means the price for new shares issuance or allotment, "D" means cash dividend per share, and "P1" means the 2024 EB Exchange Price after adjustments.

After the Listing, our Company may from time to time raise funds according to its requirements by issuing new shares or bonus shares and from time to time distribute cash dividends. These corporate actions, if taken after the Listing but before the maturity of the 2024 Mingde Exchangeable Bonds, may trigger the 2024 EB Automatic Adjustments. As neither Mingde Holding has absolute control over these corporate actions nor any control over whether or to what extent the bondholders will exercise their exchange rights, it is possible (although very remote) that Mingde Holding may cease to be a Controlling Shareholder due to the 2024 EB Automatic Adjustments during the twelve months from the date of Listing.

(2) 2024 EB Discretionary Adjustments

During the 2024 EB Exercise Period, Mingde Holding may exercise its discretion to make 2024 EB Discretionary Adjustments subject to the terms of the 2024 Mingde Exchangeable Bonds. Any 2024 EB Discretionary Adjustments to be made will be conducted under the circumstances and in the manner as provided for in accordance with the terms of the 2024 Mingde Exchangeable Bonds.

Mingde Holding does not intend to exercise the 2024 EB Discretionary Adjustments to the extent that it will cease to be a Controlling Shareholder during the twelve months from the date of Listing.

Pledge of A Shares in favour of EB Pledge Agent

As security for the obligations of Mingde Holding under the 2024 Mingde Exchangeable Bonds, Mingde Holding entered into a share pledge agreement with the EB Pledge Agent on May 7, 2024, pursuant to which 340,000,000 A Shares held by Mingde Holding, representing approximately 7.06% of the total issued share capital of our Company as at the Latest Practicable Date, were pledged to the EB Pledge Agent as the pledge agent of the holders of the 2024 Mingde Exchangeable Bonds (the "**2024 EB Share Pledge**"). Under the 2024 Mingde Exchangeable Bonds, Mingde Holding is obliged to pledge additional A Shares and/or cash, which would be triggered upon (i) a decrease in the trading price of the A Shares to a level such that the required pledge ratio falls below 100% for 20 consecutive trading days, where the pledge ratio is computed by dividing the sum of the market value of the A Shares pledged with the EB Pledge Agent based on the average trading price of the A Shares in the preceding trading day and cash pledged with the EB Pledge agent (if any), by the sum of the outstanding principal amount and the accrued interest; and/or (ii) a downward adjustment in the 2024 EB Exchange Price in circumstances where the downward adjustment would lead to the total number of A Shares subject to the exchange rights of the bondholders exceeding the number of A Shares pledged to the EB Pledge Agent.

The prevailing 2024 EB Exchange Price represents a substantial premium to A Share closing price as of the Latest Practicable Date. As of the Latest Practicable Date, (i) the outstanding principal amount of the 2024 Mingde Exchangeable Bond was RMB8 billion; and (ii) none of the bondholders has exercised their rights of exchange.

Transfer of beneficial interest of pledged A Shares to holders of 2021 Mingde Exchangeable Bonds and 2024 Mingde Exchangeable Bonds

In the event any holder of the 2021 Mingde Exchangeable Bonds or 2024 Mingde Exchangeable Bonds at its own discretion exercises its right to exchange its holdings in the 2021 Mingde Exchangeable Bonds or 2024 Mingde Exchangeable Bonds into A Shares held by Mingde Holding during the 2021 EB Exercise Period and 2024 EB Exercise Period, Mingde Holding would be required to transfer the beneficial interest in the relevant number of pledged A Shares to such requesting holders of the 2021 Mingde Exchangeable Bonds or 2024 Mingde Exchangeable Bonds. In such event, the pledge of the relevant number of pledged A Shares would be released and the corresponding principal amount of the 2021 Mingde Exchangeable Bonds or 2024 Mingde Exchange Bonds held by the bondholder being canceled. As of the Latest Practicable Date, the maximum number of pledged A Shares which may be required to be transferred to the bondholders amounted to 151,268,675 A Shares, representing (i) approximately 3.1% of the Company's issued share capital as of the Latest Practicable Date, and (ii) approximately 3.0% of the Company's issued share capital upon the completion of the Global Offering and the exercise of the Over-allotment Option in full and assuming no further Shares have been issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan. This may however be subject to upward adjustment as a result of the 2021 EB Share Adjustments and 2024 EB Share Adjustments.

Upon the completion of the Global Offering and the exercise of the Over-allotment Option in full, assuming the final Offer Price is fixed at the lowest end of our Company's Offer Price range, assuming no further Shares have been issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan and assuming the 2021 Mingde Exchangeable Bonds have been fully repaid, 139,178,845 pledged A Shares may be required to be transferred to the bondholders upon the exercise of exchange rights in respect of all outstanding principal amount under the 2024 Mingde Exchangeable Bonds as a result of the 2024 EB Automatic Adjustments.

SHARE PLEDGES BY MINGDE HOLDING

Apart from its investments in our Company, Mingde Holding has invested in many other companies and industries, such as Shenzhen Fengxiang, Fengtu and Hive Box, the details of the businesses of which are set out in the section headed "Connected Transactions" in this prospectus. Given its nature and scale of businesses, Mingde Holding has genuine funding requirements from time to time. Pledging A Shares held by Mingde Holding is a typical kind of collateral to support its external financing. As of the Latest Practicable Date, in addition to the 2021 EB Share Pledge and 2024 EB Share Pledge, an aggregate of 737,400,000 A Shares held by Mingde Holding, representing approximately 15.31% of the total issued share capital of our Company, were subject to pledges granted in favor of certain PRC financial institutions regulated by NAFR and/or CSRC (collectively, "**PRC Regulated Financial Institutions**"), such as PRC banks or PRC branch of the authorised institutions (as defined in the Banking Ordinance) regulated by NAFR, PRC trust companies regulated by NAFR and PRC securities companies regulated by CSRC, as security for Mingde Holding's loans and credit facilities in support of its external financing activities.

Certain loan and credit facilities of Mingde Holding secured by share pledges in respect of the A Shares it holds are subject to margin call, close-out or loan-to-value ratio requirements that would be triggered by a material variation in value of our A Shares. Nevertheless, with respect to a vast majority of such loan and credit facilities, Mingde Holding can opt to repay a portion of the relevant outstanding loans and/or provide additional margin funds in the event such margin call or loan-to-value ratio requirement is triggered to avoid having to pledge additional Shares in respect of such loan or credit facilities. As of the Latest Practicable Date, apart from holding Shares in our Company, Mingde Holding held sizeable amount of liquid assets which can be used to repay its indebtedness as and when it falls due, including cash and cash equivalent, financial products issued by financial institutions and equity investments in a number of companies with revenue-generating business operations, and has been able to obtain financing through a variety of financing channels. In particular, as of the Latest Practicable Date, Mingde Holding has directly and indirectly received dividends declared by our Company in relation to the financial years ended December 31, 2021, 2022 and 2023 in an aggregate amount of approximately RMB2.75 billion. On November 7, 2024, Mingde Holding directly and indirectly further received dividends in the amount of RMB3.7 billion. Furthermore, to the best knowledge of our Directors having made all reasonable enquiries, there has not been any adverse credit records against Mingde Holding in respect of any breach of repayment obligations under its indebtedness.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued share capital of our Company was RMB4,816,186,983, comprising 4,816,186,983 A Shares of nominal value RMB1.00 each, all of which are listed on the SZSE.

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	4,816,186,983	100.00%
Total	**4,816,186,983**	**100.00%**

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised and no further Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	4,816,186,983	96.59%
H Shares issued pursuant to the Global Offering	170,000,000	3.41%
Total	**4,986,186,983**	**100.00%**

Immediately following completion of the Global Offering, assuming that the Over-allotment Option is fully exercised, and no further Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan, the entire share capital of our Company would be as follows:

Description of Shares	Number of Shares	Percentage of issued share capital
A Shares	4,816,186,983	96.10%
H Shares issued pursuant to the Global Offering	195,500,000	3.90%
Total	**5,011,686,983**	**100.0%**

OUR SHARES

Our H Shares in issue upon completion of the Global Offering and our A Shares are ordinary shares in the share capital of our Company and are considered as one class of Shares. However, apart from qualified domestic institutional investors and persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approval of any competent authority, or (if our H Shares are eligible securities for that purpose) through Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect pursuant to relevant PRC laws and regulations, our H Shares may not be subscribed by or traded between legal or natural persons of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by PRC investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in RMB. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in RMB. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the Global Offering. *The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies* (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shares holders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

We have obtained approval from our holders of A Shares to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained at the general meeting of our Company held on August 17, 2023 upon, among other things, the following major terms:

(i) Size of the offer

The number of H Shares to be offered under the Global Offering shall not exceed 10% of the total share capital of our Company as enlarged by the H Shares to be issued pursuant to the Global Offering (before the exercise of the Over-allotment Option). The number of H Shares to be issued pursuant to the exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered pursuant to the Global Offering.

(ii) Method of offering

The method of offering shall be by way of a public offer for subscription in Hong Kong and an international offering to institutional and professional investors.

(iii) Target investors

The H Shares shall be issued to overseas professional organizations, institutions individual investors and other eligible investors.

(iv) Price determination basis

The issue price of the H Shares will be determined after due consideration of the interests of existing Shareholders, the acceptance of investors and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) Valid period

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the Shareholders' meeting was held on August 17, 2023.

There is no other approved offering plan for any other shares except for the Global Offering.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our Shareholders' general meeting is required, see "Summary of Articles of Association — Shareholders and Shareholders' General Meetings" in Appendix III to this prospectus.

You should read the following discussion and analysis in conjunction with our audited consolidated financial statements included in the Accountant's Report set out in Appendix I to this prospectus, together with the accompanying notes. Our financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this prospectus, including the sections headed "Risk Factors" and "Business."

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading global integrated logistics service provider, the largest player in China and Asia, and the fourth largest player globally, in terms of revenue in 2023, according to Frost & Sullivan. We are a Fortune Global 500 company with market leadership in five logistics sub-segments in China and four in Asia, offering a complete range of logistics services including express, freight, cold chain, intra-city on-demand, supply chain solutions and international logistics services.

We have a premium brand that is widely recognized for top-notch services and is a commonly used verb in Chinese, with *"Let me SF this to you"* having become synonymous with *"Let me express mail this to you."* We were the only logistics company recognized as one of the Top Five Most Admired Chinese Companies by Fortune Magazine in 2024. As of June 30, 2024, we had an extensive global delivery network covering 202 countries and regions, supported by 99 aircraft and over 186,000 vehicles, the largest air and ground delivery fleet in Asia, according to Frost & Sullivan. We are also a technology-driven company with 4,199 patents and patent applications as of June 30, 2024, and we continuously leverage proprietary technologies to deliver innovative solutions and execution excellence. We had approximately 2.2 million customers with active credit accounts and approximately 699 million retail customers as of June 30, 2024, both of which were the highest among all logistics service providers in Asia, according to Frost & Sullivan.

We have achieved high-quality and sustainable growth during the Track Record Period. Our revenue increased from RMB207.2 billion in 2021 to RMB258.4 billion in 2023, representing a CAGR of 11.7%; our revenue also increased by 8.1% from RMB124.4 billion for the six months ended June 30, 2023 to RMB134.4 billion for the same period in 2024. Our profit for the year attributable to owners of our Company was RMB4.7 billion, RMB6.2 billion and RMB8.2 billion in 2021, 2022 and 2023, respectively, representing a CAGR of 31.9% from 2021; our profit for the period attributable to owners of our Company also increased by 15.1% from RMB4.2 billion for the six months ended June 30, 2023 to RMB4.8 billion for the same period in 2024. Our EBITDA (non-IFRS measure) increased from RMB21.8 billion in 2021 to RMB29.4 billion in 2023, representing a CAGR of 16.3%; our EBITDA (non-IFRS measure) also increased by 8.2% from RMB14.7 billion for the six months ended June 30, 2023 to RMB15.9 billion for the same period in 2024. For details, see "— Non-IFRS Measures."

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, including but not limited to the following:

Macroeconomic and Other Factors That Affect Logistics Markets in China, Asia and Globally

As an integrated logistics service provider offering a full spectrum of logistics services to business customers in various industries and to retail customers, our results of operations depend on the continuous development of logistics markets in China, Asia and globally. The prospects of regional and global logistics markets are subject to the influence of a number of macroeconomic and other factors, such as regional or global economic conditions, level of economic activities, purchasing power and disposable income of consumers, progress of urbanization, development of public infrastructure, inflation, currency and interest rate fluctuations, development and deployment of technology, government policies, as well as regional and international political uncertainties and other force majeure events. In particular, regional and global logistics markets, and hence our results of operations, could be highly sensitive to certain factors, such as: (i) fluctuating levels of economic conditions and manufacturing activities in China, Asia and globally, as well as cross-border commerce, leading to changes in demand for logistics services; (ii) evolving customer demands and expectations for logistics services, as well as our ability to meet these demands and expectations; (iii) changing industry trends including emergence of new e-commerce sales channels and marketing formats; (iv) changes in labor supply and cost; and (v) fluctuations in transportation costs, as a result of various factors such as changes in fuel prices and air and sea freight rates.

We anticipate further growth in the logistics industry. According to Frost & Sullivan, total global logistics spending was US$11.1 trillion in 2023, and is expected to reach US$13.7 trillion in 2028, representing a significant global market opportunity. Within the global logistics market, Asia is the largest and fastest-growing market, representing 45.5% of global logistics spending in 2023, and is expected to grow at a CAGR of 5.5% from 2023 to 2028.

Given our leading market position, premium service quality, broad customer base, business model, synergistic network infrastructure and advanced technologies, we believe we are resilient against changes in macroeconomic conditions, and are well positioned to capture the most attractive growth opportunities in the logistics markets in Asia and continue to expand globally.

Our Ability to Expand Our Customer Base, and to Retain and Grow the Wallet Share of Our Existing Customers

Our business growth is driven by our ability to expand our customer base, and to retain and grow the wallet share of our existing customer base by increasing penetration of existing services and cross-selling new services.

Our future growth will depend on our ability to expand our customer base. We have accumulated an extensive customer base spread across major industry verticals in Asia. We have developed industry-tailored logistics services to address the specific needs of industry verticals, and are continuously expanding into emerging industry verticals. We believe our ability to innovate and upgrade our full-spectrum services capabilities, so as to provide tailored services to meet the needs of our customers, is a key factor for our success. With the emergence and development of various e-commerce platforms, as well as the resulting significant increase in demand for third-party express and other logistics services, we as an independent third party logistics service provider are expanding our customer base and gaining market share in e-commerce logistics. The number of our customers with active credit accounts increased from approximately 1.6 million as of December 31, 2021 to approximately 2.2 million as of June 30, 2024. We also endeavor to meet the ever-changing expectations of our retail customers, and provide both easy online accesses for, and a wide range of offline services to, our retail customers. The number of our retail customers increased from approximately 491 million as of December 31, 2021 to approximately 699 million as of June 30, 2024. Empowered by our existing capabilities and resources, we believe we are well-positioned to further expand our operations along the industry value chain, both in Asia and globally, and hence to grow our customer base.

In addition, we must continually meet the demand of our existing customer base. We believe our services are fast, reliable and customer-centric, which empower us to retain and grow the wallet share of our existing customer base. We achieve business growth by, among other things, cross-selling other logistics services and solutions, for example, from procurement to distribution and to cross-border solutions. As our business customers continue to grow and their demand for logistics services increases in scale and complexity, we are able to increase the penetration of existing services and cross-sell new services, and thus deepen our wallet share among these customers. In 2023, 64% of our business customers used more than one of our services. Attributable to our ability to provide fast, reliable and customer-centric services, we also believe we are able to meet our customers' demand, and maintain premium pricing for our time-definite and economy express services.

Our Ability to Maintain and Expand Our Logistics Infrastructure and Networks

Our results of operations depend in part on our ability to effectively maintain and expand our logistics infrastructure and networks. Leveraging our synergistic aviation, ground and information networks, our multi-network integration lays the foundation for our comprehensive logistics services capabilities. As of June 30, 2024, our multi-network integration featured, among other things: (i) an aviation network with 99 all-cargo aircraft, consisting of 87 self-operated aircraft and 12 chartered-in aircraft; (ii) a ground network enabled by our ground fleet consisting of over 86,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally, as well as numerous service outlets, sorting centers and warehouses; and (iii) an information network that connects our aviation and ground networks through technology. With our efficient, reliable and synergistic networks, we swiftly and economically enter new segments through weaving in more interconnections on top of our already highly dense networks, while ensuring premium service quality at commercially reasonable costs.

We endeavor to further strengthen our services capabilities through enhancing network integration and coverage, as well as improving our network infrastructure. For instance, we have further complemented our aviation network with our investment in the Ezhou cargo hub, which is expected to serve as the center for our aviation network. We are also committed to enhancing our information network, further empowering us to offer intelligent transportation solutions, smart terminal arrangements, and accurate forecasting and scheduling, hence ensuring our capabilities to provide precise and speedy logistics services. We believe our consistent efforts to maintain and expand our logistics infrastructure and networks will lead to sustainable, profitable growth.

Our Ability to Manage and Further Improve Our Operational Efficiency

Our results of operations also depend in part on our ability to manage and further improve our operational efficiency. As the leading Asia-based integrated logistics service provider with a directly operated model, we provide independent, third-party logistics services to our customers. As a result of our business model, we are able to exert full control over our operations and assets, which in turn allow us to manage and deploy our services capabilities efficiently and achieve economies of scale. For example, we efficiently coordinated the deployment and use of our service outlets, sorting centers and warehouses, and hence improved utilization of such service outlets, sorting centers and warehouses while controlling costs. Our directly operated model also empowers us to swiftly adapt our existing capabilities and resources to changing market demand and expectations, enabling us to quickly seize emerging business opportunities in a cost-effective manner.

In addition, we are a technology-driven company. We believe our operational efficiency also benefits from our technologies. For instance, our technology platform utilizes proprietary techniques to manage and automate end-to-end logistics processes. It enables us to monitor in real-time the efficiency and utilization of our networks, enabling us to better plan and budget our capital investments and realize operational efficiencies. We have also developed a proprietary and comprehensive digital toolset to support the delivery process performed by our couriers. Moreover, we have been committed to the digital transformation of our business operations and administrative routines, with a view to further improving our cost efficiency. We believe our directly operated model, as well as the continual investment in, and adoption of technologies, will empower us to achieve optimal operational efficiency in the long run.

Our Ability to Execute Acquisitions and Investments and Successful Integration

Besides the organic growth of our business, we also seek further expansion by strategic acquisitions and investments. During the Track Record Period, we expanded our service offerings and customer base through acquisitions and investments. We believe these acquisitions and investments create synergies with our existing businesses and enable us to operate in a more efficient manner, provided that we are able to successfully integrate the acquisitions and investments into our existing business. In addition, during the Track Record Period, we invested in and, in due course, may continue to invest in, non-controlling interests in companies along the industry value chain with synergies to our core business. Such acquisitions and investments may impact our results of operations and financial condition, depending on the consideration involved and the performance of target companies in which we invest or that we acquire.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). The historical financial information has been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other material accounting policies, critical estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 2 and 4 to the Accountant's Report in Appendix I to this prospectus.

Revenue Recognition

We recognize revenue when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;

- creates or enhances an asset that the customer controls as we perform; or

- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict our performance in satisfying the performance obligation:

- direct measurements of the value we transferred to the customer; or

- our efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Incremental costs incurred to obtain a contract, if recoverable, are capitalized as contract assets and subsequently amortized when the related revenue is recognized.

Revenue From Logistics and Freight Forwarding Services

We derive revenue from provision of logistics and freight forwarding services, including express and freight delivery services (comprising, time-definite express services, economy express services, freight delivery services, and cold chain and pharmaceuticals logistics services), intra-city on-demand delivery services, and supply chain and international services.

We recognize revenue based on the progress of the services performed within the relevant period, which is determined based on proportion of costs incurred to date to the estimated total costs or days spent to the estimated total days. As of the end of the relevant reporting period, we re-estimate the progress of the services performed to reflect the actual status of contract performance.

When we recognize revenue based on the progress of the services performed, the amount with unconditional right to consideration we obtained is recognized as trade receivables, and the rest is recognized as contract assets. Meanwhile, provision for trade receivables and contract assets are recognized on the basis of expected credit losses. If the contract consideration received or receivable exceeds the progress of the services performed, the excess portion will be recognized as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include costs to fulfil a contract and costs to obtain a contract. Costs incurred for provision of the aforesaid services are recognized as costs to fulfil a contract, which is carried forward to the cost of revenue when revenue recognized based on the progress of the services performed. Incremental costs we incurred for the acquisition of the aforesaid services contract are recognized as the costs to obtain a contract. For the costs to obtain a contract with an amortization period of less than one year, the costs are charged to profit or loss when incurred. For the costs to obtain a contract with an amortization period more than one year, the costs are charged in the profit or loss on the same basis as revenue of rendering of services recognized under the relevant contract, as described above. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering the services net of the estimated cost to be incurred, we make provision for impairment on the excess portion and recognize it as asset impairment losses. As of the end of the relevant reporting period, based on whether the amortization period of the costs to fulfil a contract is more than one year when initially recognized, the amount of our costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with an amortization period of more than one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

Sales of Goods

Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or we have objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract. As our sales transactions are made in accordance with our credit policies allowing credit terms that normally range from 30 to 90 days, which are consistent with market practices, no financing element is deemed present in our sales transactions.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Other Services

Our services also include telecommunication services, repairment services, research and development and technical services and other services.

With regard to certain maintenance services, research and development and technical services, we recognize revenue at a point in time when the services are delivered to customers. For other services, we recognize revenue based on the progress of the services performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs as of the date of end of the reporting period.

Goodwill

Goodwill is initially measured as 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.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

We determine whether goodwill is impaired at least on an annual basis. The recoverable amount of goodwill is determined at higher of fair value less costs of disposal and value in use amount. The calculations of value in use amount require use of estimates. The cash flow projections used to determine the value in use of a CGU is based on significant assumptions, such as revenue growth rate, net profit margins before tax and interests, and pre-tax discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions.

Impairment Tests

Our carrying amount of goodwill is allocated to several groups of CGUs, including, among others, Kerry Logistics CGU, acquired by our Group in September 2021, and Fenghao Supply Chain CGU, acquired by our Group in February 2019. The following table sets out the key assumptions used for value in use calculations of Kerry Logistics CGU and Fenghao Supply Chain CGU. For details, see Note 17(b) to the Accountant's Report in Appendix I to this prospectus.

	Year ended December 31,			Six months ended June 30,
	2021	**2022**	**2023**	**2024**
Revenue growth rate over the forecast period	-1.90%~14.20%	-16.50%~17.00%	2.50%~16.64%	2.50%~29.69%
Terminal revenue growth rate	3.00%	2.00%~3.00%	2.00%~2.50%	2.00%~2.50%
Net profit margin before tax and interests	2.00%~6.22%	-0.47%~7.16%	-0.20%~6.60%	-0.83%~6.61%
Pre-tax discount rate	13.37%	11.71%~14.10%	11.90%~14.00%	11.30%~13.45%

For the year ended December 31, 2021, the recoverable amount of Kerry Logistics CGU was determined based on the closing stock price of Kerry Logistics. For the years ended December 31, 2022 and 2023 and the six months ended June 30, 2024, the recoverable amount of Kerry Logistics CGU was determined based on discounted cash flow method.

Various factors were taken into consideration in determining the appropriate terminal revenue growth rate to be used over the forecast period. These factors include, but are not limited to, the long-term inflation rates of the geographic markets where the CGUs operate. The terminal revenue growth rate does not exceed the long-term average growth rate for the relevant geographic market where we operate.

We determined budgeted profit margins and revenue growth rates based on our historical performance and our expectations of the relevant market(s).

The pre-tax discount rates reflected the current market assessment of the time value of money, and the risks specific to the business of the relevant CGUs.

Impact of Possible Changes in Key Assumptions

The recoverable amount of Kerry Logistics CGU was estimated to exceed its carrying amount as of December 31, 2022 and 2023 and June 30, 2024 by RMB4,279 million, RMB1,375 million and RMB456 million, respectively.

The recoverable amount of Fenghao Supply Chain CGU was estimated to exceed its carrying amount as of December 31, 2021, 2022 and 2023 and June 30, 2024 by RMB300 million, RMB267 million, RMB411 million and RMB1,293 million, respectively.

We have considered and assessed the reasonably possible changes for the key assumptions, and have not identified any instances that could cause the carrying amount of each CGU to exceed its respective recoverable amount.

The recoverable amount of each CGU would equal to the respective carrying amount if each key assumption was to change as follows with all other variables held constant:

Kerry Logistics CGU

	As of December 31,		As of June 30,
	2022	2023	2024
Revenue growth rate over the forecast period	-19.56%~8.97%	8.98%~12.05%	5.69%~29.08%
Terminal revenue growth rate	0.34%	1.50%	1.86%
Net profit margin before tax and interests	4.88%~5.03%	4.76%~5.41%	5.03%~5.53%
Pre-tax discount rate	15.56%	14.48%	13.60%

Fenghao Supply Chain CGU

	As of December 31,			As of June 30,
	2021	2022	2023	2024
Revenue growth rate over the forecast period	-2.68%~13.36%	2.40%~16.57%	2.02%~16.19%	-0.88%~11.88%
Terminal revenue growth rate	2.49%	2.65%	1.89%	0.28%
Net profit margin before tax and interests	2.47%~5.98%	-0.69%~6.93%	-0.55%~6.25%	-2.82%~5.58%
Pre-tax discount rate	13.82%	11.99%	12.41%	12.99%

Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 our Company and our subsidiaries operate and generate taxable income. Our management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and consider whether it is probable that a taxation authority will accept an uncertain tax treatment. We measure our 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.

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 consolidated financial statements. 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 substantially 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.

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. To determine the future taxable profits, reference was made to the latest available profit forecast. The key assumptions adopted in the future taxable profit forecast include revenue growth rates and gross margin rates.

Measurement of the Expected Credit Losses

For financial assets and contract assets at amortized cost, we calculate expected credit losses based on exposure at default and expected credit loss rates.

We refer to internal historical information, such as credit losses, and consider the impact of historical credit loss experience according to the current situation and forward-looking information to determine expected credit loss rates. Our management also consider the customer's credit status, credit history, operating status as well as collateral, the guarantee ability of the guarantor and other information.

We monitor and review relevant assumptions about expected credit losses regularly. Where there is a difference between the actual bad debts and the original estimate, such difference will affect our provision for bad debts of the above assets in the future period.

Estimated Impairment of Long-Term Assets (Other Than Goodwill)

We test whether property, plant and equipment, right-of-use assets, investment properties, intangible assets (other than goodwill), and other non-current assets have been impaired in accordance with the accounting policy stated in Note 4.1 to the Accountant's Report in Appendix I to this prospectus. The recoverable amount of the cash-generating unit has been determined based on the higher of its value in use and its fair value less costs of disposal. The cash flow projections used to determine the value in use of a cash-generating unit is based on significant assumptions, such as revenue growth rate, long term growth rate, gross margin rates, and discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions.

Assessment of the Fair Value of Identifiable Net Assets in Acquisition Transactions and Goodwill Recognition

We recognize identifiable net assets acquired in business combinations involving enterprises not under common control at the fair value at the acquisition date, and if the combination cost exceeds our interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill.

The assessment of the fair value of identifiable assets and liabilities involves critical estimates and judgements from management, in particular, the identification of intangible assets and the evaluation of their fair values, thereby affecting the recognition of goodwill. The assessment of the fair value of identifiable net assets on the acquisition date includes the identification of various kinds of assets, the selection of valuation methods, and the forecast of future cash flows, which involves critical estimates and judgements about key assumptions including revenue growth rate, gross profit rate and discount rate. Different inputs used in these key assumptions may lead to significant differences between fair value estimates.

Level 3 Fair Value Measurement

In respect of the level 3 fair value measurement of our financial assets, with reference to the guidance under the "Guidance Note on Directors' Duties in the Context of Valuations in Corporate Transactions" issued by the SFC in May 2017 (the "**Guidance**") applicable to directors of companies listed on the Stock Exchange, our Directors adopted the following procedures: (i) selected qualified finance personnel with adequate knowledge and conducted valuation on the financial assets without readily determinable fair value; (ii) carefully considered available information in assessing the financial data and assumptions including but not limited to recent transaction price, discount for lack of marketability, expected rate of return, and macroeconomic and industry conditions; (iii) reviewed the terms of the underlying agreements of our financial assets, as well as the fair value measurement reports prepared by our qualified finance personnel. Based on the above procedures, our Directors are of the view that the level 3 fair value measurement of our financial assets is fair and reasonable and our financial statements are properly prepared.

Details of the fair value measurement of our financial assets, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 3.3 to the Accountant's Report in Appendix I to this prospectus, which was reported on by the Reporting Accountant in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The Reporting Accountant's opinion on our historical financial information, as a whole, for the Track Record Period is set out on I-1 to I-3 in the Accountant's Report in Appendix I to this prospectus.

The Joint Sponsors have conducted the following independent due diligence work in relation to level 3 fair value measurement: (i) reviewed the relevant notes included in the Accountant's Report in Appendix I to this prospectus; (ii) discussed with us on the primary factors that we take into account, key assumptions and methodologies adopted for valuation of the level 3 financial assets, and the internal control measures we undertake for reviewing and approving the relevant valuation; and (iii) discussed with the Reporting Accountant in respect of the work performed in relation to the valuation of the level 3 financial assets for the purpose of reporting on the historical financial information of our Group for the Track Record Period as a whole. Based on the above due diligence and having considered the work done by the Directors and the Reporting Accountant as stated above, nothing has come to the attention of the Joint Sponsors that would cause the Joint Sponsors to question the valuation analysis performed by us.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss with line items in absolute amounts and as percentages of our revenue for the years/periods indicated, which has been derived from the Accountant's Report in Appendix I to this prospectus:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Revenue	207,186,647	100.0	267,490,414	100.0	258,409,403	100.0	124,365,598	100.0	134,409,720	100.0
Cost of revenue	(181,409,103)	(87.6)	(234,478,008)	(87.7)	(225,775,678)	(87.4)	(107,767,733)	(86.7)	(116,096,281)	(86.4)
Gross profit	**25,777,544**	**12.4**	**33,012,406**	**12.3**	**32,633,725**	**12.6**	**16,597,865**	**13.3**	**18,313,439**	**13.6**
Selling and marketing expenses	(2,837,899)	(1.4)	(2,784,114)	(1.0)	(2,991,589)	(1.2)	(1,392,755)	(1.1)	(1,470,892)	(1.1)
General and administrative expenses	(15,115,275)	(7.3)	(17,694,719)	(6.6)	(17,766,049)	(6.9)	(8,999,978)	(7.2)	(9,049,272)	(6.7)
Research and development expenses	(2,154,839)	(1.0)	(2,222,865)	(0.8)	(2,285,314)	(0.9)	(1,174,970)	(0.9)	(1,301,455)	(1.0)
Net (impairment losses)/reversal of impairment losses on financial assets and contract assets	(579,851)	(0.3)	(825,170)	(0.3)	33,480	0.0	66,022	0.1	(159,872)	(0.1)
Other income	2,089,534	1.0	2,494,659	0.9	2,281,202	0.9	880,404	0.7	572,750	0.4
Other gains, net	1,956,535	1.0	831,262	0.3	408,474	0.3	257,072	0.2	293,793	0.2
Operating profit	**9,135,749**	**4.4**	**12,811,459**	**4.8**	**12,313,929**	**4.8**	**6,233,660**	**5.1**	**7,198,491**	**5.3**
Finance income	187,794	0.1	345,662	0.1	633,373	0.2	292,849	0.2	415,064	0.3
Finance costs	(1,562,963)	(0.8)	(2,054,360)	(0.8)	(2,269,700)	(0.9)	(1,092,673)	(0.9)	(1,230,918)	(0.9)
Share of profit/(loss) of associates and joint ventures, net	42,660	0.0	7,549	0.0	(67,190)	(0.0)	(13,486)	(0.0)	(62,580)	(0.0)
Impairment provision for investments in associates and joint ventures	(52,384)	(0.0)	(72,474)	(0.0)	(123,907)	(0.0)	–	–	–	–
Profit before income tax	**7,750,856**	**3.7**	**11,037,836**	**4.1**	**10,486,505**	**4.1**	**5,420,350**	**4.4**	**6,320,057**	**4.7**
Income tax expense	(3,368,762)	(1.6)	(3,980,922)	(1.5)	(2,574,896)	(1.0)	(1,526,110)	(1.3)	(1,559,135)	(1.2)
Profit for the year/period	**4,382,094**	**2.1**	**7,056,914**	**2.6**	**7,911,609**	**3.1**	**3,894,240**	**3.1**	**4,760,922**	**3.5**
Attributable to:										
Owners of our Company	4,731,979	2.3	6,227,058	2.3	8,234,493	3.2	4,176,282	3.4	4,806,714	3.6
Non-controlling interests	(349,885)	(0.2)	829,856	0.3	(322,884)	(0.1)	(282,042)	(0.3)	(45,792)	(0.1)
	4,382,094	**2.1**	**7,056,914**	**2.6**	**7,911,609**	**3.1**	**3,894,240**	**3.1**	**4,760,922**	**3.5**

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use certain non-IFRS measures, namely, EBITDA (non-IFRS measure) and EBITDA margin (non-IFRS measure), as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS.

We believe that these non-IFRS measures facilitate comparisons of our operating performance by eliminating potential impacts of certain items listed below. We also believe that such non-IFRS measures present useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table reconciles EBITDA (non-IFRS measure) to our profit for the year/period, presented in accordance with IFRS, for the years/periods indicated:

	Year ended December 31,			**Six months ended June 30,**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Profit for the year/period	**4,382,094**	**7,056,914**	**7,911,609**	**3,894,240**	**4,760,922**
Add:					
Depreciation and amortization*	12,654,902	16,241,432	17,319,107	8,498,107	8,789,650
Finance costs, net	1,375,169	1,708,698	1,636,327	799,824	815,854
Income tax expense	3,368,762	3,980,922	2,574,896	1,526,110	1,559,135
EBITDA (non-IFRS measure)	**21,780,927**	**28,987,966**	**29,441,939**	**14,718,281**	**15,925,561**

Note:

* Depreciation and amortization equals the sum of depreciation of right-of-use assets and depreciation and amortization (excluding right-of-use assets).

EBITDA margin (non-IFRS measure) represents our EBITDA (non-IFRS measure) for a relevant year divided by revenue for the same year, expressed as a percentage. Our EBITDA margin (non-IFRS measure) was 10.5%, 10.8%, 11.4%, 11.8% and 11.9% for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively.

Revenue

During the Track Record Period, we generated revenue primarily from our (i) express and freight delivery segment, (ii) intra-city on-demand delivery segment, and (iii) supply chain and international segment. The following table sets forth a by-segment breakdown of our revenue, in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Express and freight delivery segment[1]	**160,675,510**	**77.6**	**169,764,860**	**63.5**	**186,890,137**	**72.4**	**90,058,986**	**72.5**	**96,820,175**	**72.1**
Time-definite express services	98,961,735	47.8	105,696,512	39.5	115,456,067	44.7	56,069,720	45.1	59,185,770	44.0
Economy express services	25,428,003	12.3	25,551,306	9.6	25,051,548	9.7	12,129,430	9.8	13,254,012	9.9
Freight delivery services	27,290,961	13.2	27,917,012	10.4	33,078,821	12.8	15,120,722	12.2	17,554,101	13.1
Cold chain and pharmaceutical logistics services	7,802,610	3.8	8,612,665	3.2	10,312,988	4.0	5,338,545	4.3	5,062,524	3.8
Others[2]	1,192,201	0.5	1,987,365	0.8	2,990,713	1.2	1,400,569	1.1	1,763,768	1.3
Intra-city on-demand delivery segment	**5,117,905**	**2.5**	**6,567,057**	**2.4**	**7,371,250**	**2.8**	**3,406,837**	**2.8**	**4,022,952**	**2.9**
Intra-city on-demand delivery services	5,003,156	2.4	6,436,102	2.4	7,249,500	2.8	3,339,291	2.7	3,956,020	2.9
Others[2]	114,749	0.1	130,955	0.0	121,750	0.0	67,546	0.1	66,932	0.0
Supply chain and international segment	**39,979,632**	**19.3**	**89,916,599**	**33.6**	**62,859,302**	**24.3**	**30,283,063**	**24.3**	**32,914,104**	**24.5**
Supply chain and international services	39,203,772	18.9	87,866,143	32.8	59,978,741	23.2	28,857,391	23.2	31,195,538	23.2
Others[2]	775,860	0.4	2,050,456	0.8	2,880,561	1.1	1,425,672	1.1	1,718,566	1.3
Undistributed units[3]	**1,413,600**	**0.6**	**1,241,898**	**0.5**	**1,288,714**	**0.5**	**616,712**	**0.4**	**652,489**	**0.5**
Total	**207,186,647**	**100.0**	**267,490,414**	**100.0**	**258,409,403**	**100.0**	**124,365,598**	**100.0**	**134,409,720**	**100.0**

Notes:

(1) We adjusted our reportable segments in 2023 by merging two segments, previously named as "express delivery segment" and "freight delivery segment," into "express and freight delivery segment." As a result, our segment information for the years ended December 31, 2021 and 2022 has been restated, see Note 5 to the Accountant's Report in Appendix I to this prospectus.

(2) Others primarily represents our ancillary non-logistics services, such as sales of goods, provided under the banner of the relevant segment. Primarily incidental to our comprehensive supply chain solutions, we at times provided, as per our key accounts' requests, certain raw materials and machineries.

(3) Undistributed units primarily include our non-principal businesses, such as leasing and provision of technology services.

Our express and freight delivery segment mainly comprises time-definite express, economy express, freight delivery and cold chain and pharmaceutical logistics services. Increases in revenue from our express and freight delivery segment during the Track Record Period were primarily driven by high-quality growth in each of the sub-segments, while we continued improving the competitiveness of our services, including but not limited to our service quality, as well as optimizing our product mix.

We provide intra-city on-demand delivery for merchants and consumers. Increases in revenue from our intra-city on-demand delivery segment during the Track Record Period were primarily driven by the growth of high-value orders resulting from further diversification of and upgrades to our service offerings to cover more service scenarios, and further expansion of our services network to cover lower-tier cities, counties and districts in China.

Our supply chain and international segment primarily consists of supply chain services, international express services and international freight forwarding services. Revenue from our supply chain and international segment fluctuated during the Track Record Period, primarily reflecting (i) our consolidation of Kerry Logistics since September 2021, as well as the organic growth of our self-developed supply chain and international segment, and (ii) fluctuations in the market demand for, and the fee rates of, international sea and air freight.

The following table sets forth a breakdown of our revenue by geographical area, in absolute amounts and as percentages of our total revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Within mainland China[1]	189,029,359	91.2	208,562,879	78.0	223,510,607	86.5	107,339,757	86.3	115,996,449	86.3
Hong Kong, Macau, Taiwan[2]	5,080,415	2.5	10,389,782	3.9	9,134,850	3.5	4,334,903	3.5	4,512,024	3.4
Other international[3]	13,076,873	6.3	48,537,753	18.1	25,763,946	10.0	12,690,938	10.2	13,901,247	10.3
Total	**207,186,647**	**100.0**	**267,490,414**	**100.0**	**258,409,403**	**100.0**	**124,365,598**	**100.0**	**134,409,720**	**100.0**

Notes:

(1) Revenue from our operations within mainland China;

(2) Revenue from our operations within Hong Kong, Macau and Taiwan regions;

(3) Revenue from our operations in other overseas markets; such revenue was primarily derived from our supply chain and international segment.

Cost of Revenue

Our cost of revenue primarily consists of labor costs (comprising our employee benefit expenses and labor outsourcing costs), transportation costs, and depreciation and amortization.

The following table sets forth a breakdown of our cost of revenue by nature, in absolute amounts and as percentages of total cost of revenue, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Labor costs	83,576,212	46.1	91,585,902	39.1	102,785,139	45.5	49,141,500	45.6	53,523,463	46.1
Employee benefit expenses	13,622,676	7.5	15,222,082	6.5	15,683,015	6.9	7,843,962	7.3	7,832,687	6.7
Labor outsourcing costs	69,953,536	38.6	76,363,820	32.6	87,102,124	38.6	41,297,538	38.3	45,690,776	39.4
Transportation costs	70,854,194	39.1	106,844,961	45.6	82,930,208	36.7	39,307,703	36.5	42,765,854	36.8
Depreciation and amortization	11,112,275	6.1	14,327,602	6.1	15,202,588	6.7	7,498,720	7.0	7,663,668	6.6
Others	15,866,422	8.7	21,719,543	9.2	24,857,743	11.1	11,819,810	10.9	12,143,296	10.5
Total	**181,409,103**	**100.0**	**234,478,008**	**100.0**	**225,775,678**	**100.0**	**107,767,733**	**100.0**	**116,096,281**	**100.0**

Our labor costs comprise (i) employee benefit expenses, representing employee benefits in relation to couriers and other operational staff employed by us, and (ii) labor outsourcing costs, representing expenses charged by service providers, mainly relating to first-mile pick-up and last-mile delivery services provided to us.

The sensitivity analysis below has been determined based on a 1.0% increase/decrease in our labor costs, categorized into employee benefit expenses and labor outsourcing costs. 1.0% is the sensitivity rate used and represents our management's assessment of the reasonably possible change in our labor costs. A positive (negative) number below indicates an increase/(decrease) in our gross profit.

For the years ended December 31, 2021, 2022 and 2023 and six months ended June 30, 2023 and 2024, if our labor costs increase or decrease by 1.0%, our gross profit would decrease or increase by approximately RMB835.8 million, RMB915.9 million, RMB1,027.9 million, RMB491.4 million and RMB535.2 million, respectively.

Our transportation costs comprise (i) transportation expenses, primarily in relation to fuel costs, road and bridge tolls, as well as sea freight, air freight and rail freight charges, and (ii) transportation outsourcing costs, representing expenses charged by outsourced transportation service providers, mainly relating to certain line-haul and short-haul transportations.

Depreciation and amortization categorized under cost of revenue are primarily in relation to freehold land and buildings, aircraft, aircraft engines, rotables and high-value maintenance, machinery and equipment, as well as transportation vehicles.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of revenue. Our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. Despite the continued impact of challenging market conditions, our gross profit margin remained relatively stable at 12.4% and 12.3% in 2021 and 2022, respectively, and increased to 12.6% in 2023, primarily driven by (i) our multi-network integration, which allowed us to improve synergy across our business segments and achieve better economies of scale, and (ii) our continuous pursuit of lean management. Mainly driven by the same reasons set forth above, our gross profit margin also increased from 13.3% for the six months ended June 30, 2023 to 13.6% for the same period in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses primarily include: (i) labor costs, comprising employee benefit expenses relating to selling and marketing staff employed by us, and labor outsourcing costs relating to call center outsourcing; (ii) depreciation and amortization, primarily representing amortization of customer relationships acquired in relation to our acquisitions of subsidiaries; and (iii) marketing expenses.

The following table sets forth a breakdown of our selling and marketing expenses, in absolute amounts and as percentages of total selling and marketing expenses, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Labor costs	1,922,949	67.8	1,811,750	65.1	1,753,192	58.6	840,605	60.4	881,757	59.9
Depreciation and amortization	232,845	8.2	378,299	13.6	420,002	14.0	200,616	14.4	215,422	14.6
Marketing expenses	362,953	12.8	263,958	9.5	393,464	13.2	163,848	11.8	164,348	11.2
Others	319,152	11.2	330,107	11.8	424,931	14.2	187,686	13.4	209,365	14.3
Total	**2,837,899**	**100.0**	**2,784,114**	**100.0**	**2,991,589**	**100.0**	**1,392,755**	**100.0**	**1,470,892**	**100.0**

General and Administrative Expenses

Our general and administrative expenses primarily include: (i) labor costs, primarily including employee benefit expenses relating to our administrative staff; (ii) depreciation and amortization; and (iii) professional service fees, primarily relating to audit service, legal service and other professional services.

The following table sets forth a breakdown of our general and administrative expenses, in absolute amounts and as percentages of total general and administrative expenses, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Labor costs	12,514,808	82.8	14,626,666	82.7	14,607,199	82.2	7,647,847	85.0	7,511,917	83.0
Depreciation and amortization	770,803	5.1	813,041	4.6	797,263	4.5	362,978	4.0	375,144	4.1
Professional service fees	422,148	2.8	371,833	2.1	418,159	2.4	191,769	2.1	132,847	1.5
Others	1,407,516	9.3	1,883,179	10.6	1,943,428	10.9	797,384	8.9	1,029,364	11.4
Total	**15,115,275**	**100.0**	**17,694,719**	**100.0**	**17,766,049**	**100.0**	**8,999,978**	**100.0**	**9,049,272**	**100.0**

Research and Development Expenses

Our research and development expenses primarily include: (i) labor costs, primarily including employee benefit expenses relating to our research and development staff; (ii) depreciation and amortization; and (iii) information technology expenses, primarily relating to our use of third party software or information technology services.

The following table sets forth a breakdown of our research and development expenses, in absolute amounts and as percentages of total research and development expenses, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Labor costs	1,306,796	60.6	1,254,195	56.4	1,247,128	54.6	640,375	54.5	679,305	52.2
Depreciation and amortization	538,979	25.0	722,490	32.5	899,254	39.3	435,793	37.1	535,416	41.1
Information technology expenses	217,361	10.1	165,026	7.4	88,200	3.9	59,028	5.0	55,899	4.3
Others	91,703	4.3	81,154	3.7	50,732	2.2	39,774	3.4	30,835	2.4
Total	**2,154,839**	**100.0**	**2,222,865**	**100.0**	**2,285,314**	**100.0**	**1,174,970**	**100.0**	**1,301,455**	**100.0**

Net (Impairment Losses)/Reversal of Impairment Losses on Financial Assets and Contract Assets

Our net (impairment losses)/reversal of impairment losses on financial assets and contract assets primarily represent loss allowances, or reversals of loss allowances, for trade and note receivables and other financial assets, as well as contract assets, made based on our estimates.

Other Income

Our other income primarily consists of (i) government grants, mainly including preferential tax treatments and other fiscal subsidies related to our principle business, such as fiscal subsidies for logistics service providers and cargo airline subsidies, and (ii) dividends income.

The following table sets forth a breakdown of our other income in absolute amounts and as percentages of total other income for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Government grants	1,787,501	85.6	2,255,563	90.4	1,983,551	87.0	752,237	85.4	404,911	70.7
Dividends income	31,853	1.5	13,811	0.6	2,438	0.1	2,535	0.3	426	0.1
Others	270,180	12.9	225,285	9.0	295,213	12.9	125,632	14.3	167,413	29.2
Total	**2,089,534**	**100.0**	**2,494,659**	**100.0**	**2,281,202**	**100.0**	**880,404**	**100.0**	**572,750**	**100.0**

Other Gains, Net

Our net other gains primarily reflect (i) fair value change in financial assets at fair value through profit or loss, or FVPL, (ii) gains on disposal of investments in associates and joint ventures, (iii) gains on disposal of investments in subsidiaries, (iv) (losses)/gains on disposal of property, plant and equipment, right-of-use assets and other non-current assets, (v) impairment of inventories, property, plant and equipment and other non-current assets, and (vi) net exchange (losses)/gains.

Finance Income

Our finance income represents interest income on deposits in financial institutions. In 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, we had finance income of RMB187.8 million, RMB345.7 million, RMB633.4 million, RMB292.8 million and RMB415.1 million, respectively.

Finance Costs

Our finance costs primarily consist of (i) interest expense on borrowings and (ii) interest expense on lease liabilities.

The following table sets forth a breakdown of our finance costs, in absolute amounts and as percentages of total finance costs, for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Interest expenses on borrowings	1,015,357	65.0	1,570,293	76.4	1,808,850	79.7	866,130	79.3	997,654	81.1
Interest expenses on lease liabilities	553,613	35.4	609,652	29.7	564,374	24.9	289,013	26.4	262,301	21.3
Less: Interest capitalized	(6,007)	(0.4)	(125,585)	(6.1)	(103,524)	(4.6)	(62,470)	(5.7)	(29,037)	(2.4)
Total	**1,562,963**	**100.0**	**2,054,360**	**100.0**	**2,269,700**	**100.0**	**1,092,673**	**100.0**	**1,230,918**	**100.0**

Share of Profit/(Loss) of Associates and Joint Ventures, Net

We recorded a net share of profit of associates and joint ventures of RMB42.7 million and RMB7.5 million in 2021 and 2022, respectively. We recorded a net share of loss of associates and joint ventures of RMB67.2 million, RMB13.5 million and RMB62.6 million in 2023 and the six months ended June 30, 2023 and 2024, respectively. The change of position in 2023, and the subsequent increase in the net share of loss of associates and joint ventures in the six months ended June 30, 2024 as compared to the same period in 2023, were primarily related to our shareholding in a joint venture in relation to the Ezhou cargo hub.

Impairment Provision for Investments in Associates and Joint Ventures

We recorded impairment provision for investments in associates and joint ventures of RMB52.4 million, RMB72.5 million, RMB123.9 million in 2021, 2022 and 2023, respectively. Our impairment provision for investments in associates and joint ventures experienced a year-on-year increase of 71.0% in 2023, mainly because we made provisions for certain loss-making associates, in line with our accounting policies and for prudence's sake, in the same year. We did not make impairment provision for investments in associates and joint ventures for the six months ended June 30, 2024.

Income Tax Expense

Our income tax expense primarily consists of (i) current income tax and (ii) deferred income tax. The general enterprise income tax rate in the PRC is 25%. During the Track Record Period, certain entities within our Group enjoyed preferential tax treatments. In 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, we recorded income tax expense of RMB3.4 billion, RMB4.0 billion, RMB2.6 billion, RMB1.5 billion and RMB1.6 billion, respectively.

Mainland China

Pursuant to the EIT Law, our Company and subsidiaries in mainland China are generally subject to EIT at 25%.

In addition, in 2021, 2022 and 2023 and for the six months ended June 30, 2023 and 2024, several subsidiaries in mainland China were qualified as small and micro enterprises under the PRC EIT regime, and as such enjoyed a corporate income tax rate of 2.5%-10%.

Further, during the Track Record Period, certain of our subsidiaries benefited from a preferential tax rate of 15% under the EIT Law as they were qualified as high and new technology enterprises under relevant regulations or located in the applicable regions, such as certain western regions and special economic zones, subject to certain general restrictions described in the EIT Law and other related regulations.

Other Jurisdictions

Income tax on profit arising from other jurisdictions, including Hong Kong, Macau, Singapore, Japan, South Korea, the USA and Thailand, had been calculated on the estimated assessable profit for the year/period at the respective rates prevailing in the relevant jurisdictions, ranging from 8.25% to 24%.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six months Ended June 30, 2024 Compared with Six months Ended June 30, 2023

Revenue

Our revenue increased by 8.1% from RMB124.4 billion for the six months ended June 30, 2023 to RMB134.4 billion for the same period in 2024.

By Segment

The increase in revenue from express and freight delivery segment was primarily attributable to:

(i) an increase in revenue from time-definite express services by 5.6% from RMB56.1 billion for the six months ended June 30, 2023 to RMB59.2 billion for the six months ended June 30, 2024, primarily driven by (a) our top-notch service capabilities, complemented by enhanced delivery efficiency and a further diversified matrix of service offerings with a tiered time of delivery, boosting the cost performance and attractiveness of our service offerings; (b) a surge in business volume of our air cargo freight, enabled by smart planning, integration and enrichment of our aviation resources, including our access to commercial flight cargo space, and our business development achievements in attracting manufacturing customers, such as high technology, pharmaceutical, and new energy vehicle companies; (c) the broadening of and upgrades to our service offerings to cover more scenarios, such as our time-definite delivery services between major cities within half a day; and (d) our efforts to fortify and grow the market share in e-commerce reverse logistics business;

(ii) an increase in revenue from economy express services by 9.3% from RMB12.1 billion for the six months ended June 30, 2023 to RMB13.3 billion for the six months ended June 30, 2024. We disposed of Fengwang Information Technology in June 2023, in pursuit of healthy and sustainable development of our principal business. Our revenue from economy express services (excluding the impact of Fengwang Information Technology) increased by 15.6% for the six months ended June 30, 2024 as compared to the same period in 2023, primarily attributable to (a) the stable growth of our e-commerce related businesses, underpinned by the relentless optimization of our service capabilities, as well as innovations in our service offerings addressing unmet demands of underserved yet high-value e-commerce verticals, (b) our smart warehousing network planning, coupled with our positioning as an independent third-party logistics service provider, well positioned us to retain and grow the wallet share of our existing consumer goods and e-commerce customers, and (c) our solid pricing power, bolstered by our superior service quality;

(iii) an increase in revenue from freight delivery services by 16.1% from RMB15.1 billion for the six months ended June 30, 2023 to RMB17.6 billion for the six months ended June 30, 2024, primarily attributable to (i) the bespoke solutions underpinned by our superior service quality and delivery timeliness, which spearheaded our penetration of high-growth and high-value industries, such as home appliances, electronics and automobiles industries; (ii) the intelligent planning of our rich LTL freight delivery resources to tackle market pain points, thereby boosting business volume from customers in manufacturing industries, such as new energy vehicle and communications and technology companies;

(iv) the revenue from cold chain and pharmaceuticals logistics services of RMB5.1 billion for the six months ended June 30, 2024, compared to revenue of the same line of business of RMB5.3 billion for the six months ended June 30, 2023. Due to severe weather conditions such as frost and continuous rainfall in southern China, the production of certain seasonal fruits experienced a significant reduction during the first half of 2024, affecting the fresh and seasonal food logistics industry in general. Despite the chills seeping from tough weather conditions, we were able to render reliable and cost-effective fresh and seasonal food logistics services, while further exploring other growth opportunities. The foregoing decrease was partially offset by increases in our revenues from food cold chain logistics services and pharmaceuticals logistics services. Our food cold chain logistics business experienced stable growth in revenue, primarily attributable to our cold chain logistics solutions that were continuously customized to entertain the fast-evolving needs of our key accounts. Our pharmaceuticals logistics business also recorded a revenue growth, primarily driven by an expansion of service scenarios.

The increase in revenue from our intra-city on-demand delivery segment was primarily driven by: (i) our professional and high-quality on-demand delivery services, catering and customized to numerous types of customers, which allowed us to deepen cooperations with key accounts and expand the scale of our annual active merchants and consumers; (ii) our technology-enabled hour-level delivery network, efficaciously meeting the speed-up requirements of intra-city express delivery, while ensuring our operational efficiency, thereby bolstering our service capabilities; and (iii) our continued exploration of the new business landscape in local lifestyle services, further broadening our readily expansive service scenarios, and the further penetration of lower-tier cities, counties and districts in China.

Revenue from the supply chain and international segment increased by 8.7% for the six months ended June 30, 2024 as compared to that for the same period in 2023, benefitting from the recent market rebound which gave rise to increases in fee rates. In addition, capitalizing on our market leadership and enhanced service capabilities, we swiftly tapped into growth opportunities arising from key and emerging trends including Chinese companies' overseas expansions, and imports of fresh and seasonal food. As we navigated through the fluctuations in the international sea and air freight market, we again showcased our strong resilience, our business acumen and agility, which we believe were of paramount importance in capturing burgeoning growth opportunities soon as they emerged from the horizon. For further background, see "–Year Ended December 31, 2023 Compared with the Year Ended December 31, 2022" in this prospectus.

By Region

Our revenue from mainland China increased by 8.1% from RMB107.3 billion for the six months ended June 30, 2023 to RMB116.0 billion for the six months ended June 30, 2024. Contribution by revenue from mainland China to our total revenue, expressed as a percentage, remained stable at 86.3% for the six months ended June 30, 2023 and the same period in 2024.

Our revenue from outside of mainland China increased by 8.1% from RMB17.0 billion for the six months ended June 30, 2023 to RMB18.4 billion for the six months ended June 30, 2024. The increase in revenue from outside of mainland China for the six months ended June 30, 2024 was in line with the increase in revenue from our supply chain and international segment. Contribution by revenue from outside of mainland China to our total revenue, expressed as a percentage, remained stable at 13.7% for the six months ended June 30, 2023 and the same period in 2024.

Cost of Revenue

Our cost of revenue increased by 7.7% from RMB107.8 billion for the six months ended June 30, 2023 to RMB116.1 billion for the six months ended June 30, 2024, primarily attributable to (i) an increase in labor costs by 8.9% from RMB49.1 billion for the six months ended June 30, 2023 to RMB53.5 billion for the same period in 2024, and (ii) an increase in our transportation costs from by 8.8% from RMB39.3 billion for the six months ended June 30, 2023 to RMB42.8 billion for the same period in 2024.

The increase in our labor costs was primarily attributable to further pay raises for our couriers and other frontline employees to improve the competitiveness of our employee benefits, further incentivizing the couriers and other frontline employees to provide services of superior quality. Our labor costs-to-revenue ratio remained relatively stable at 39.5% and 39.8% for the six months ended June 30, 2023 and the same period in 2024, respectively.

The increase in our transportation costs was generally in line with the increase in the transportation costs of our supply chain and international segment, which had experienced a rebound in business volume, bolstered by the recent market recovery and the initiatives we took in tapping into growth opportunities arising from key and emerging trends, such as Chinese companies' overseas expansions and imports of fresh and seasonal food. Our transportation costs-to-revenue ratio remained relatively stable at 31.6% and 31.8% for the six months ended June 30, 2023 and the same period in 2024, respectively.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased by 10.3% from RMB16.6 billion for the six months ended June 30, 2023 to RMB18.3 billion for the six months ended June 30, 2024. Our gross profit margin increased from 13.3% for the six months ended June 30, 2023 to 13.6% for the six months ended June 30, 2024, primarily driven by efficiency gains achieved through, among other things, our continuous efforts in multi-network integration and the pursuit of lean management.

Selling and Marketing Expenses

Our selling and marketing expenses remained stable at RMB1.4 billion and RMB1.5 billion for the six months ended June 30, 2023 and 2024, respectively.

General and Administrative Expenses

Our general and administrative expenses remained stable at RMB9.0 billion for the six months ended June 30, 2023 and 2024.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB1.2 billion and RMB1.3 billion for the six months ended June 30, 2023 and 2024, respectively.

Net (Impairment Losses)/Reversal of Impairment Losses on Financial Assets and Contract Assets

We recorded net impairment losses on financial assets and contract assets of RMB159.9 million for the six months ended June 30, 2024, as compared to a reversal of net impairment losses on financial assets and contract assets of RMB66.0 million for the same period in 2023. The change of position was primarily due to an increase in loss allowances for our trade receivables and other financial assets, which was based on our assessment and generally in line with our business growth.

Other Income

Our other income decreased by 34.9% from RMB880.4 million for the six months ended June 30, 2023 to RMB572.8 million for the same period in 2024, mainly reflecting a decrease in our government grants, which was primarily because the policy granting certain tax incentive had expired in December 2023.

Other Gains, Net

Our net other gains increased by 14.3% from RMB257.1 million for the six months ended June 30, 2023 to RMB293.8 million for the six months ended June 30, 2024, primarily driven by an increase in our net exchange gains, resulting from foreign exchange fluctuations. The increase was partially offset by a decrease in our gains on disposal of investments in subsidiaries, primarily because we disposed of Fengwang Information Technology in June 2023, in pursuit of healthy and sustainable development of our principal business, while we did not have similarly sized disposals in the first half of 2024.

Finance Income

Our finance income increased by 41.7% from RMB292.8 million for the six months ended June 30, 2023 to RMB415.1 million for the six months ended June 30, 2024, representing an increase in our interest income on deposits in financial institutions.

Finance Costs

Our finance costs increased by 12.7% from RMB1.1 billion for the six months ended June 30, 2023 to RMB1.2 billion for the six months ended June 30, 2024. The increase was primarily attributable to an increase in our interest expenses on borrowings, as we generally maintained higher average balances of borrowings for the six months ended June 30, 2024 as compared to the same period in 2023.

Income Tax Expense

Our income tax expense remained relatively stable at RMB1.5 billion and RMB1.6 billion for the six months ended June 30, 2023 and 2024, respectively.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 22.3% from RMB3.9 billion for the six months ended June 30, 2023 to RMB4.8 billion for the six months ended June 30, 2024. The increase was primarily driven by efficiency gains achieved through, among other things, our continuous efforts in multi-network integration and the pursuit of lean management.

Year Ended December 31, 2023 Compared with the Year Ended December 31, 2022

Revenue

Our revenue remained relatively stable at RMB258.4 billion in 2023, as compared to revenue of RMB267.5 billion in 2022.

By Segment

The increase in revenue from express and freight delivery segment was primarily attributable to:

(i) an increase in revenue from time-definite express services by 9.2% from RMB105.7 billion in 2022 to RMB115.5 billion in 2023, primarily driven by (a) the continuous enhancement and integration of our strong service capabilities, which ensured superior service quality, featuring, among other things, further optimized delivery efficiency and customer experience, allowing us to capture the growth opportunities presented by the gradual economic and consumption recovery, (b) the further diversification of and upgrades to our time-definite express service offerings to cover more service scenarios, including our time-definite delivery services between major cities within half a day, and (c) the surge in our e-commerce reverse logistics business volume, attributable in part to our continued cooperation with emerging e-commerce platforms;

(ii) the revenue from economy express services of RMB25.1 billion in 2023, compared to revenue of the same line of business of RMB25.6 billion in 2022. We disposed of Fengwang Information Technology in June 2023. Our revenue from economy express services (excluding the impact of Fengwang Information Technology) experienced a year-on-year increase of 8.6% in 2023, primarily attributable to (a) the stable growth of our e-commerce related businesses, capturing the demands for mid to high-end service offerings in this vertical, and (b) our enhanced pricing power, resulting from the continuous diversification of our service offerings and our efforts in upholding superior service quality;

(iii) an increase in revenue from freight delivery services by 18.5% from RMB27.9 billion in 2022 to RMB33.1 billion in 2023, primarily attributable to (a) the continuous improvements in and integration of our logistics networks, enabling superior services quality and bespoke solutions tackling market pain points, all of which allowed us to further penetrate high-growth and high-value industries and markets, such as advanced manufacturing and smart home appliances, and (b) our efforts in upholding superior service quality and delivery timeliness, which enhanced the competitive edge and secured our pricing power; and

(iv) an increase in revenue from cold chain and pharmaceuticals logistics services by 19.7% from RMB8.6 billion in 2022 to RMB10.3 billion in 2023, primarily because we, as a leading player in the sector, enjoyed competitive edges in terms of (a) service capabilities, as China strengthened infrastructure development and supply-side reform of its cold chain logistics industry, we were better poised to benefit from the favorable policies and enhanced infrastructure, and (b) our well-established and extensive cold-chain logistics networks, which better positioned us to capitalize on and penetrate key consumer trends including live stream e-commerce, newly emerged service scenarios in the fresh and seasonable food vertical, as well as community e-commerce.

The increase in revenue from our intra-city on-demand delivery segment was primarily driven by: (i) robust demand for food delivery services, with consumers expanding the habit of on-demand delivery into retail consumption scenarios, and non-food delivery scenarios maintaining steady growth; (ii) our integrated capabilities in logistics infrastructure which has enabled us to provide professional and high-quality on-demand delivery services to different types of customers, deepen cooperation with key account customers, and achieve expansion of the scale of annual active merchants and consumers; (iii) the further expansion of our services network to cover lower-tier cities, counties and districts in China; (iv) actively exploring the new business landscape in local lifestyle service in conjunction with major traffic platforms, thereby deepening cooperation scenarios; (v) our hour-level delivery network effectively meeting the speed-up requirements of intra-city express delivery; and (vi) the adoption of a proactive pricing strategy, which has been instrumental to strengthening the competitiveness of our products.

Revenue from the supply chain and international segment decreased, as the international sea and air freight market experienced a slowdown, primarily due to the softening demand, and the de-stocking in certain countries, as the global supply chain continued to normalize gradually post-pandemic. The pandemic had a material impact on the supply and demand dynamics in the international sea and air freight market. Specifically, fee rates of international sea and air freight increased during the pandemic, primarily attributable to transportation capacity shortages on the supply side. Such shortages eased and transportation capacity on the supply side gradually recovered towards the end of 2022 and in 2023. Despite a tough market, new opportunities emerged amid changing consumer demands and the reshuffle of global supply chains. We were able to steadfastly tackle market headwinds, and provided customers with reliable and cost-effective services. Our supply chain and international segment's overall performance in 2023 was in line with expectations and on par with global peers.

By Region

Our revenue from mainland China increased by 7.2% from RMB208.6 billion in 2022 to RMB223.5 billion in 2023, representing 78.0% and 86.5% of our total revenue for the same years, respectively.

Our revenue from outside of mainland China decreased by 40.8% from RMB58.9 billion in 2022 to RMB34.9 billion in 2023, representing 22.0% and 13.5% of our total revenue for the same years, respectively. The decrease in revenue from outside of mainland China in 2023 was primarily because the market demand for, and the fee rates of, international sea and air freight decreased from the high levels during the pandemic.

Cost of Revenue

Our cost of revenue decreased by 3.7% from RMB234.5 billion in 2022 to RMB225.8 billion in 2023, primarily attributable to a decrease in our transportation costs by 22.4% from RMB106.8 billion in 2022 to RMB82.9 billion in 2023. The decrease was partially offset by an increase in labor costs by 12.2% from RMB91.6 billion in 2022 to RMB102.8 billion in 2023.

The decrease in our transportation costs was primarily attributable to: (i) a change in our revenue mix in 2023, specifically, a decrease in revenue from our supply chain and international segment in 2023, as the segment generally had relatively higher transportation cost-to-revenue ratio as compared to our other segments; (ii) our continued efforts in multi-network integration including, among other things, the synergistic coordination of our sorting centers, service outlets and transportation capacities across all business segments to achieve better synergy and economies of scale; and (iii) adjustments to, and the further standardization of, our transport procurement protocols, as a part of our cost control initiatives. For the same reasons, our transportation costs-to-revenue ratio decreased from 39.9% in 2022 to 32.1% in 2023.

Increase in our labor costs was primarily attributable to the pay raises for our couriers and other frontline employees to improve the competitiveness of our employee benefits, which we believe would further incentivize the couriers and other frontline employees to provide quality services. Our labor costs-to-revenue ratio increased from 34.2% in 2022 to 39.8% in 2023, primarily attributable to (i) a change in our revenue mix, specifically, a decrease in revenue from our supply chain and international segment in 2023, as the segment generally had relatively lower labor cost-to-revenue ratio as compared to our other segments, and (ii) the reasons as discussed above for the increase in our labor costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit remained relatively stable at RMB33.0 billion and RMB32.6 billion in 2022 and 2023, respectively. Our gross profit margin increased from 12.3% in 2022 to 12.6% in 2023. The increase in gross profit margin was primarily driven by (i) our efforts to continue optimizing our product mix, and the resulting increase in the revenue contribution by our time definite express services, which generally demonstrated higher profitability, (ii) a decrease in our transportation costs-to-revenue ratio as discussed above under "— Cost of Revenue," and (iii) efficiency gains achieved through, among other things, our continuous efforts in multi-network integration and pursuit of lean management.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable in 2022 and 2023 at RMB2.8 billion and RMB3.0 billion, respectively.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB17.7 billion and RMB17.8 billion in 2022 and 2023, respectively.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB2.2 billion and RMB2.3 billion in 2022 and 2023, respectively.

Net (Impairment Losses)/Reversal of Impairment Losses on Financial Assets and Contract Assets

We recorded net impairment losses on financial assets and contract assets of RMB825.2 million in 2022, and a reversal of net impairment losses on financial assets and contract assets of RMB33.5 million in 2023. In calculating the expected credit loss rates, our Group considers historical loss rates, and adjusts for forward looking macro-economic data. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For details, see Note 3.1(b)(ii) to the Accountant's

Report in Appendix I to this prospectus. Adhering to this approach, we recorded a net reversal of impairment losses on financial assets and contract assets in 2023, primarily because the macro-economic conditions improved, and we further enhanced our internal control measures over credit risks.

Other Income

Our other income decreased from RMB2.5 billion in 2022 to RMB2.3 billion in 2023, primarily due to a decrease in government grants from RMB2.3 billion in 2022 to RMB2.0 billion in 2023.

Other Gains, Net

Our net other gains decreased by 50.9% from RMB831.3 million in 2022 to RMB408.5 million in 2023, primarily due to a decrease in our gains on disposal of investments in associates and joint ventures from RMB282.9 million in 2022 to RMB21.4 million in 2023. The decrease was partially offset by an increase in our gains on disposal of investments in subsidiaries from RMB32.3 million in 2022 to RMB268.2 million in 2023, mainly resulting from our disposal of Fengwang Information Technology in June 2023, in pursuit of healthy and sustainable development of our principal business.

Finance Income

Our finance income increased from RMB345.7 million in 2022 to RMB633.4 million in 2023, representing an increase in our interest income on deposits in financial institutions.

Finance Costs

Our finance costs increased by 10.5% from RMB2.1 billion in 2022 to RMB2.3 billion in 2023. The increase was primarily attributable to an increase in our interest expenses on borrowings from RMB1.6 billion in 2022 to RMB1.8 billion in 2023, primarily because we generally maintained higher average balances of borrowings in 2023 as compared to 2022.

Income Tax Expense

Our income tax expense decreased by 35.3% from RMB4.0 billion in 2022 to RMB2.6 billion in 2023, mainly because certain of our previously loss-making subsidiaries turned profitable in 2023, and accordingly (i) utilized previously unrecognized tax losses and temporary differences of RMB378.1 million in 2023, as compared to RMB85.0 million in 2022, and (ii) recognized tax losses and temporary differences not recognized in prior years of RMB157.3 million in 2023, as compared to RMB43.5 million in 2022.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 12.1% from RMB7.1 billion in 2022 to RMB7.9 billion in 2023. The increase was primarily driven by the further improvement of the overall profitability of our express and freight delivery segment in 2023, bolstered by, among other things, (a) our continued business structure optimization with a focus on high-quality, differentiated services, and the disposal of the Fengwang Information Technology in pursuit of healthy and sustainable development of our principal business, and (b) enhanced lean management and cost control measures, which we believe allowed us to continuously promote multi-network synergies and optimize the segment's cost structure for further operational efficiency. In addition, our intra-city on-demand delivery segment achieved profitability turnaround in 2023.

Year Ended December 31, 2022 Compared with the Year Ended December 31, 2021

Revenue

Our revenue increased by 29.1% from RMB207.2 billion in 2021 to RMB267.5 billion in 2022, primarily driven by (i) an increase in revenue from our supply chain and international segment by 124.9% from RMB40.0 billion in 2021 to RMB89.9 billion in 2022, which was primarily due to our consolidation of Kerry Logistics since September 2021; and (ii) an increase in revenue from our express and freight delivery segment by 5.7% from RMB160.7 billion in 2021 to RMB169.8 billion in 2022, and an increase in revenue from our intra-city on-demand delivery segment by 28.3% from RMB5.1 billion in 2021 to RMB6.6 billion in 2022, both of which were primarily due to the further penetration and expansion in these two segments.

By Segment

The increase in revenue from our express and freight delivery segment was primarily attributable to:

(i) an increase in revenue from time-definite express services by 6.8% from RMB99.0 billion in 2021 to RMB105.7 billion in 2022, which was primarily due to an increase in the demand for our parcel return services for e-commerce platforms, as well as improvements on our time-definite express service capabilities through, among other things, the further integration of our logistics networks;

(ii) an increase in revenue from economy express services by 0.5% from RMB25.4 billion in 2021 to RMB25.6 billion in 2022, resulting from our continuous and proactive adjustment and optimization of the customer focus and service offerings of our economy express services, partially offset by the softness in demand;

(iii) an increase in revenue from freight delivery services by 2.3% from RMB27.3 billion in 2021 to RMB27.9 billion in 2022, primarily attributable to our continuous and proactive adjustment and optimization of the customer focus and service offerings of our freight delivery services, partially offset by the softness in demand; and

(iv) an increase in revenue from cold chain and pharmaceuticals logistics services by 10.4% from RMB7.8 billion in 2021 to RMB8.6 billion in 2022, which in turn was primarily attributable to our continued efforts to develop and upgrade our cold chain and pharmaceutical logistics service offerings and capabilities, and as a result were able to serve more customers.

The increase in revenue from our intra-city on-demand delivery segment was primarily attributable to (i) further diversification of and upgrades to our service offerings to cover more service scenarios, allowing us to achieve growth in high-value orders, and (ii) further expansion of our intra-city on-demand services networks to cover lower-tier cities, counties and districts in China.

The increase in revenue from our supply chain and international segment was primarily driven by the consolidation of Kerry Logistics for the full year of 2022, while we only consolidated Kerry Logistics since September 2021.

By Region

Our revenue from mainland China increased by 10.3% from RMB189.0 billion in 2021 to RMB208.6 billion in 2022, representing 91.2% and 78.0% of our total revenue for the same years, respectively.

Our revenue from outside of mainland China increased by 224.5% from RMB18.2 billion in 2021 to RMB58.9 billion in 2022, representing 8.8% and 22.0% of our total revenue for the same years, respectively. The increase in revenue from outside of mainland China in 2022 was primarily attributable to our continued expansion into the global logistics market through organic growth and acquisitions, including our consolidation of Kerry Logistics since September 2021.

Cost of Revenue

Our cost of revenue increased by 29.3% from RMB181.4 billion in 2021 to RMB234.5 billion in 2022, primarily attributable to an increase in our transportation costs by 50.8% from RMB70.9 billion in 2021 to RMB106.8 billion in 2022, and an increase in our labor costs by 9.6% from RMB83.6 billion in 2021 to RMB91.6 billion in 2022.

The increase in our transportation costs was primarily attributable to (i) the increase in the transportation costs relating to our supply chain and international segment, which had experienced a rapid growth in business volume, stemming from both our organic growth and the consolidation of Kerry Logistics, and (ii) rises in fuel prices in 2022. Such increases were partially offset by (i) our continued multi-network integration efforts, which led to improved economies of scale due to a more efficient route design leading to reduced transit, and higher vehicle load rates; and (ii) further improvement on our transport capacity structure through, for instance, increasing the use of our self-owned vehicles. For the same reasons, our transportation costs-to-revenue ratio increased from 34.2% in 2021 to 39.9% in 2022.

The increase in our labor costs was primarily attributable to (i) an increasing need for labor resources in line with our revenue growth and business expansion, and (ii) pay raises for our couriers and other frontline employees to improve the competitiveness of our employee benefits, which we believe would further incentivize couriers and other frontline employees to provide quality services. Our labor costs-to-revenue ratio decreased from 40.3% in 2021 to 34.2% in 2022. The decrease was primarily attributable to (i) our continued multi-network integration and investments in automated equipment, which led to improved operational efficiency, and (ii) the rapid growth in revenue from our supply chain and international segment, while labor costs of this segment remained relatively stable.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 28.1% from RMB25.8 billion in 2021 to RMB33.0 billion in 2022. Despite the continued impact of challenging market conditions, our gross profit margin remained stable at 12.4% and 12.3% in 2021 and 2022, respectively, primarily attributable to (i) our efforts to further optimize our product mix through, among other things, strategically focusing on mid to high-end service offerings, which generally demonstrated higher profitability, and (ii) efficiency gains achieved in certain of our cost components through the further integration of our logistics networks, infrastructure and service capabilities.

Selling and Marketing Expenses

Our selling and marketing expenses remained stable at RMB2.8 billion and RMB2.8 billion in 2021 and 2022, respectively.

General and Administrative Expenses

Our general and administrative expenses increased by 17.1% from RMB15.1 billion in 2021 to RMB17.7 billion in 2022, which was generally in line with our business growth. Our general and administrative expenses-to-revenue ratio, representing our general and administrative expenses divided by revenue for the same year, expressed as a percentage, decreased from 7.3% in 2021 to 6.6% in 2022, reflecting our further improvement on cost efficiency. Such an improvement was primarily due to our continuous pursuit of lean management through the digital transformation of our administrative routines.

Research and Development Expenses

Our research and development expenses remained stable at RMB2.2 billion and RMB2.2 billion in 2021 and 2022, respectively. Research and development expenses incurred in 2022 were primarily in relation to further digital transformation of our business operations, as well as exploring technological innovations in the logistics industry that could improve operational efficiency and generate new revenue streams.

Net (Impairment Losses)/Reversal of Impairment losses on Financial Assets and Contract Assets

Our net impairment losses on financial assets and contract assets increased by 42.3% from RMB579.9 million in 2021 to RMB825.2 million in 2022, primarily due to an increase in loss allowances for our trade receivables and other financial assets, which was based on our assessment and generally in line with our business growth.

Other Income

Our other income increased by 19.4% from RMB2.1 billion in 2021 to RMB2.5 billion in 2022, which was primarily attributable to an increase in government grants from RMB1.8 billion in 2021 to RMB2.3 billion in 2022.

Other Gains, Net

Our net other gains decreased from RMB2.0 billion in 2021 to RMB831.3 million in 2022, mainly attributable to higher gains on disposal of investments in subsidiaries recorded in 2021 of RMB1.8 billion, while we did not have similarly sized disposals of subsidiaries in 2022.

Finance Income

Our finance income increased by 84.1% from RMB187.8 million in 2021 to RMB345.7 million in 2022, reflecting the increase in our interest income on deposits in financial institutions in 2022 as compared to 2021.

Finance Costs

Our finance costs increased by 31.4% from RMB1.6 billion in 2021 to RMB2.1 billion in 2022. The increase was primarily attributable to an increase in our interest expenses on borrowings from RMB1.0 billion in 2021 to RMB1.6 billion in 2022, as we generally maintained higher average balances of borrowings during 2022 as compared to 2021.

Income Tax Expense

Our income tax expense increased from RMB3.4 billion in 2021 to RMB4.0 billion in 2022, primarily attributable to an increase in our current income tax from RMB2.8 billion in 2021 to RMB3.9 billion in 2022, which was generally in line with the growth in our taxable income in 2022.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 61.0% from RMB4.4 billion in 2021 to RMB7.1 billion in 2022.

DISCUSSION OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountant's Report in Appendix I to this prospectus:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	47,650,309	56,903,667	60,104,416	59,577,127
Right-of-use assets	23,779,667	22,179,348	20,890,047	19,972,478
Investment properties	4,850,233	4,875,366	6,418,720	6,658,540
Intangible assets	19,485,614	22,084,612	21,030,998	20,582,712
Deferred tax assets	1,584,478	1,632,964	2,263,870	2,053,570
Prepayments, other receivables and other assets	3,435,382	2,257,364	2,333,562	2,229,314
Investments in associates and joint ventures	7,260,087	7,858,000	7,378,831	6,859,813
Financial assets at fair value through other comprehensive income	6,810,771	7,365,684	9,489,535	8,344,293
Financial assets at fair value through profit or loss	878,023	1,012,209	589,996	508,313
Total non-current assets	**115,734,564**	**126,169,214**	**130,499,975**	**126,786,160**

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Inventories	1,546,821	1,948,354	2,440,425	2,559,211
Contract assets	1,038,247	1,522,996	1,632,592	2,039,379
Trade and note receivables	30,759,013	25,796,677	25,360,433	26,095,410
Prepayments, other receivables and other assets	14,992,856	12,801,911	12,622,706	10,667,582
Financial assets at fair value through other comprehensive income	–	63,310	99,978	125,633
Financial assets at fair value through profit or loss	10,384,493	7,385,379	6,809,742	18,047,323
Restricted cash	576,926	874,919	1,576,496	1,029,244
Cash and cash equivalents	34,813,768	40,279,947	40,448,308	32,515,989
Total current assets	**94,112,124**	**90,673,493**	**90,990,680**	**93,079,771**
Total assets	**209,846,688**	**216,842,707**	**221,490,655**	**219,865,931**
LIABILITIES				
Non-current liabilities				
Borrowings	19,384,466	26,586,761	30,396,912	30,600,682
Lease liabilities	10,941,938	8,582,372	8,038,495	7,472,393
Deferred tax liabilities	4,402,160	4,657,954	4,550,974	4,536,857
Other payables and accruals	544,300	191,871	140,329	144,477
Deferred income	690,242	860,791	1,090,644	1,210,871
Total non-current liabilities	**35,963,106**	**40,879,749**	**44,217,354**	**43,965,280**
Current liabilities				
Trade and note payables	23,467,675	24,748,051	24,914,300	23,810,332
Contract liabilities	1,675,836	1,244,418	1,832,018	1,802,509
Borrowings	25,715,952	23,281,547	22,309,103	29,034,420
Lease liabilities	5,989,616	6,596,956	5,769,965	5,540,079
Financial liabilities at fair value through profit or loss	7,658	96,647	92,120	94,614
Income tax payable	2,066,730	1,630,863	1,394,250	1,221,636
Other payables and accruals	17,070,777	20,029,392	17,637,171	15,444,502
Advances from customers	27,385	49,035	40,714	41,209
Total current liabilities	**76,021,629**	**77,676,909**	**73,989,641**	**76,989,301**
Total liabilities	**111,984,735**	**118,556,658**	**118,206,995**	**120,954,581**
Net assets	**97,861,953**	**98,286,049**	**103,283,660**	**98,911,350**

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Equity attributable to owners of our Company				
Share capital	4,906,213	4,895,202	4,895,202	4,815,911
Less: Treasury shares	(394,993)	(2,040,377)	(2,575,532)	(378,490)
Reserves	50,186,242	50,037,565	51,634,675	43,385,333
Retained earnings	28,192,470	33,371,351	38,835,999	40,748,443
Equity attributable to owners of our Company	82,889,932	86,263,741	92,790,344	88,571,197
Non-controlling interests	14,972,021	12,022,308	10,493,316	10,340,153
Total equity	**97,861,953**	**98,286,049**	**103,283,660**	**98,911,350**

Property, Plant and Equipment

Our property, plant and equipment consist of freehold land and buildings, aircraft, aircraft engines, rotables and high-value maintenance, machinery and equipment, transportation vehicles, computers and electronic equipment, office and other equipment, leasehold improvements, as well as construction-in-progress. Our property, plant and equipment were RMB47.7 billion, RMB56.9 billion, RMB60.1 billion and RMB59.6 billion as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The increases in property, plant and equipment during the Track Record Period were primarily attributable to (i) acquisition and consolidation of subsidiaries, such as Kerry Logistics, during the Track Record Period, and (ii) the continued development and integration of our logistics networks and infrastructure. The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Freehold land and buildings	13,458,571	18,529,197	26,267,016	27,848,389
Aircraft, aircraft engines, rotables and high-value maintenance	6,754,760	7,766,736	8,853,163	9,163,503
Machinery and equipment	6,496,199	7,838,395	10,634,212	10,466,425
Transportation vehicles	2,576,601	2,516,835	2,628,610	2,337,785
Computers and electronic equipment	1,632,879	1,550,147	1,346,110	1,191,704

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Office and other equipment	6,006,980	5,456,094	4,200,743	3,511,093
Leasehold improvements	2,153,116	2,096,403	2,141,678	2,119,112
Construction-in-progress	8,571,203	11,149,860	4,032,884	2,939,116
Total	**47,650,309**	**56,903,667**	**60,104,416**	**59,577,127**

Right-of-Use Assets

Our right-of-use assets primarily represent the carrying amount of our leasehold land and land use rights, leased buildings, and leased motor vehicles. Our right-of-use assets decreased from RMB23.8 billion as of December 31, 2021 to RMB22.2 billion as of December 31, 2022 and further to RMB20.9 billion as of December 31, 2023, and further to RMB20.0 billion as of June 30, 2024, mainly due to amortization.

Investment Properties

Our investment properties represent the carrying amount of properties held primarily for leasing purposes, including properties under construction for such purpose. Our investment properties remained relatively stable at RMB4.9 billion and RMB4.9 billion as of December 31, 2021 and 2022, respectively. Our investment properties increased by 31.7% to RMB6.4 billion as of December 31, 2023, primarily driven by our acquisition of assets through the acquisition of subsidiaries, and the reclassification of certain assets to investment properties upon their completion of construction. Our investment properties remained relatively stable at RMB6.7 billion as of June 30, 2024.

Intangible Assets

Our intangible assets primarily consist of development expenditures, goodwill, customer relationships, software, trademarks and others. Intangible assets increased from RMB19.5 billion as of December 31, 2021 to RMB22.1 billion as of December 31, 2022, primarily reflecting our continued efforts to improve our information systems, as well as our consolidation of certain other subsidiaries in 2022. Our intangible assets remained relatively stable at RMB21.0 billion and RMB20.6 billion as of December 31, 2023 and June 30, 2024, respectively.

Deferred Tax Assets

Our deferred tax assets remained relatively stable at RMB1.6 billion and RMB1.6 billion as of December 31, 2021 and 2022, respectively. Our deferred tax assets increased by 38.6% to RMB2.3 billion as of December 31, 2023, primarily reflecting the temporary difference between the recognition of amortization and depreciation and of tax losses. Our deferred tax assets remained relatively stable at RMB2.1 billion as of June 30, 2024.

Prepayments, Other Receivables and Other Assets

The non-current portion of our prepayments, other receivables and other assets primarily consists of (i) amounts due from related parties, (ii) deferred pilot recruitment costs, (iii) prepayments, which mainly consist of prepaid construction equipment, (iv) loans to employees, and (v) finance lease receivables. The current portion of our prepayments, other receivables and other assets primarily consists of (i) amounts due from related parties, (ii) value-added tax recoverable, (iii) prepayments, which mainly consist of prepaid freight and transportation costs, (iv) deposits, (v) cash to collect on behalf of customers, (vi) loans to employees, (vii) prepaid corporate income tax, and (viii) finance lease receivables. The following table sets forth details of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Amounts due from related parties	59,725	70,794	1,363	71,751
Deferred pilot recruitment costs	632,486	836,956	805,415	774,186
Prepayments	1,746,758	622,763	944,833	845,134
Loans to employees	139,422	57,058	15,575	84
Finance lease receivables	471,491	247,003	89,380	57,311
Others	407,484	442,403	492,174	494,494
	3,457,366	2,276,977	2,348,740	2,242,960
Less: Allowance for expected credit losses	(21,984)	(19,613)	(15,178)	(13,646)
	3,435,382	**2,257,364**	**2,333,562**	**2,229,314**

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Amounts due from related parties	475,828	526,453	1,032,722	275,159
Value-added tax recoverable	7,454,169	5,048,940	4,641,173	3,862,436
Prepayments	2,933,129	3,474,471	3,248,665	2,793,230
Prepayments for listing expenses	–	–	25,068	26,870
Deposits	1,413,769	1,532,034	1,523,589	1,535,427
Cash to collect on behalf of customers	729,705	382,300	659,441	720,869
Loans to employees	97,833	55,604	26,454	16,197
Prepaid corporate income tax	236,852	768,131	551,327	367,288
Finance lease receivables	249,416	376,512	226,652	207,982
Others	1,699,827	1,036,855	1,043,853	1,213,812
	15,290,528	13,201,300	12,978,944	11,019,270
Less: Allowance for expected credit losses	(297,672)	(399,389)	(356,238)	(351,688)
	14,992,856	**12,801,911**	**12,622,706**	**10,667,582**

The non-current portion of our prepayments, other receivables and other assets decreased by 34.3% from RMB3.4 billion as of December 31, 2021 to RMB2.3 billion as of December 31, 2022, primarily attributable to a decrease in non-current prepayments to RMB622.8 million as of December 31, 2022, as we had a partial settlement of our non-current prepayments. Non-current portion of our prepayments, other receivables and other assets remained relatively stable at RMB2.3 billion and RMB2.2 billion as of December 31, 2023 and June 30, 2024, respectively.

The current portion of our prepayments, other receivables and other assets decreased by 14.6% from RMB15.0 billion as of December 31, 2021 to RMB12.8 billion as of December 31, 2022, which was primarily attributable to a decrease in value-added tax recoverable to RMB5.0 billion as of December 31, 2022. The current portion of our prepayments, other receivables and other assets decreased by 15.5% from RMB12.6 billion as of December 31, 2023 to RMB10.7 billion as of June 30, 2024, primarily attributable to the decreases in our value-added tax recoverable, the current portion of our amounts due from related parties, and the current portion of our prepayments, which were mainly associated with freight and transportation costs.

Our loans to employees are interest-free in nature, and are a part of our employee benefits programs. These loans take the form of entrusted loans provided by commercial banks. As advised by our PRC Legal Adviser, the provision of entrusted loans to employees was in compliance with the applicable PRC laws and regulations.

Our amounts due from related parties that are non-trade in nature were RMB508.9 million, RMB573.3 million, RMB1.0 billion and RMB332 million as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. These amounts primarily comprised: (i) logistics service fees, totalling up to RMB371.4 million, RMB405.6 million and RMB561.1 million in 2021, 2022 and 2023, respectively, collected from our customers by the Hive Box Connected Persons on our behalf; the aforementioned fee collection arrangements were in line with, and incidental to, the return of goods services for certain e-commerce platforms conducted through smart lockers of the Hive Box Connected Persons; and (ii) a loan to a joint venture of RMB329.9 million in 2023, which amount had been fully settled in January 2024.

Investments in Associates and Joint Ventures

Our investments in associates and joint ventures increased by 8.2% from RMB7.3 billion as of December 31, 2021 to RMB7.9 billion as of December 31, 2022, driven by an increase in our investments in joint ventures from RMB2.6 billion as of December 31, 2021 to RMB3.6 billion as of December 31, 2022, resulting from our capital injection to a joint venture in relation to the Ezhou cargo hub. Investments in associates and joint ventures remained relatively stable at RMB7.4 billion and RMB6.9 billion as of December 31, 2023 and June 30, 2024, respectively.

Financial Assets at Fair Value Through Other Comprehensive Income

The non-current portion of our financial assets at fair value through other comprehensive income consists of listed equity investments at fair value and unlisted equity investments at fair value. The current portion of our financial assets at fair value through other comprehensive income represents notes held for sale, which are in relation to the collection of contractual cash flows from our customers and the sale of our financial assets. The following table sets forth details of our financial assets at fair value through other comprehensive income as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
– Listed equity investments, at fair value	241,936	158,936	2,418,842	1,120,309
– Unlisted equity investments, at fair value	6,568,835	7,206,748	7,070,693	7,223,984
	6,810,771	**7,365,684**	**9,489,535**	**8,344,293**
Current:				
– Notes held for sale	–	63,310	99,978	125,633
	–	**63,310**	**99,978**	**125,633**

The non-current portion of our financial assets at fair value through other comprehensive income increased from RMB6.8 billion as of December 31, 2021 to RMB7.4 billion as of December 31, 2022, primarily due to an increase in our unlisted equity investments at fair value from RMB6.6 billion as of December 31, 2021 to RMB7.2 billion as of December 31, 2022. Our unlisted equity investments primarily represent our investments in the shares of certain companies that are not traded on the open market. Such investments were classified as financial assets at FVOCI with level 3 fair value measurement. For the assumptions utilized in our level 3 fair value measurement, see "— Critical Accounting Policies and Estimates — Level 3 Fair Value Measurement" and Note 3.3 to the Accountant's Report in Appendix I to this prospectus. Our unlisted equity investments at fair value increased during the Track Record Period, primarily reflecting the recent equity sales prices of the relevant investee companies. The non-current portion of our financial assets at fair value through other comprehensive income further increased to RMB9.5 billion as of December 31, 2023, primarily attributable to the increase in our listed equity investments, at fair value, from RMB158.9 million as of December 31, 2022 to RMB2.4 billion as of December 31, 2023, mainly reflecting our investment in J&T Global Express Limited. The non-current portion of our financial assets at fair value through other comprehensive income decreased to RMB8.3 billion as of June 30, 2024, primarily due to a decrease in our listed equity investments, at fair value, which was associated with our investment in J&T Global Express Limited.

Financial Assets at Fair Value Through Profit or Loss

The non-current portion of our financial assets at fair value through profit or loss consists of our industry fund investments, Special Scheme equity-class securities, and others. The current portion of our financial assets at fair value through profit or loss primarily consists of cash management products issued by reputable commercial banks, namely, structured deposits and fund investment. The following table sets forth details of our financial assets at fair value through profit or loss as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
– Industry fund investments	552,130	770,637	499,320	378,654
– Special Scheme equity-class securities	235,821	116,286	–	–
– Equity investment in unlisted entities	85,243	118,324	84,401	123,504
– Others	4,829	6,962	6,275	6,155
	878,023	**1,012,209**	**589,996**	**508,313**
Current:				
– Structured deposits	9,730,665	7,351,158	6,542,881	17,770,993
– Fund investment	653,828	34,221	266,861	276,330
	10,384,493	**7,385,379**	**6,809,742**	**18,047,323**

The non-current portion of our financial assets at fair value through profit or loss increased from RMB878.0 million as of December 31, 2021 to RMB1.0 billion as of December 31, 2022, primarily attributable to increases in industry fund investments during the same time. The non-current portion of our financial assets at fair value through profit or loss decreased to RMB590.0 million as of December 31, 2023, primarily due to (i) a decrease in industry fund investments from RMB770.6 million as of December 31, 2022 to RMB499.3 million as of December 31, 2023, and (ii) a decrease in Special Scheme equity-class securities from RMB116.3 million as of December 31, 2022 to nil as of December 31, 2023. The non-current portion of our financial assets at fair value through profit or loss subsequently decreased to RMB508.3 million as of June 30, 2024, primarily due to a decrease in our industry fund investments.

The current portion of our financial assets at fair value through profit or loss amounted to RMB10.4 billion, RMB7.4 billion, RMB6.8 billion and RMB18.0 billion as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, primarily reflecting the changes in our structured deposits. We adjusted our structured deposits during the Track Record Period according to our cash management plans.

Our finance department oversees our overall cash management. Below is a summary of our internal control measures on cash management.

- Our annual cash management limit amount shall be approved by our Board of Directors. We shall ensure ample liquidity for our Group's daily operations, maintain a portfolio of principal-guaranteed or low-risk products, and only invest in short-term products with a maturity of less than 12 months.

- As authorized by our Board of Directors, our cash management shall be centralized at our finance department, and shall follow a tiered approval process. Single transaction exceeding a pre-determined threshold shall be submitted for approval by our senior management.

- The finance department shall assess and approve a shortlist of financial institutions and its low-risk cash management products, such as time deposits, call deposits, structured deposits, interbank deposits, and low-risk fixed income products. Specifically, we only allowed transactions with reputable domestic banks or securities companies with total assets of more than RMB100.0 billion and international ratings of BBB- or above, and reputable foreign banks with a strong global or regional presence.

- We have fully standardized and systemized our cash management processes. All the major cash management processes, ranging from short-term cash planning, quotes (interest and tenors) from financial institutions, investment proposals to approvals, shall be generated in and processed by the system in the interest of efficiency.

- We shall review and analyze our cash management performance on a monthly basis. We shall also take immediate actions to improve our practices if there is any change in regulatory or market conditions.

Trade and Note Receivables

Our trade and note receivables primarily consist of outstanding amounts payable by third parties and related parties. The following table sets forth the details of our trade and note receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and note receivables				
– related parties	70,288	60,228	124,211	553,681
– third parties	31,723,594	27,296,693	26,614,887	26,880,865
	31,793,882	27,356,921	26,739,098	27,434,546
Less: Allowance for expected credit losses	(1,034,869)	(1,560,244)	(1,378,665)	(1,339,136)
	30,759,013	**25,796,677**	**25,360,433**	**26,095,410**

Our trade and note receivables decreased by 16.1% from RMB30.8 billion as of December 31, 2021 to RMB25.8 billion as of December 31, 2022, primarily attributable to a decrease in trade and note receivables from third parties from RMB31.7 billion as of December 31, 2021 to RMB27.3 billion as of December 31, 2022, which in turn was primarily due to our efforts to accelerate collection of such receivables from third parties in 2022.

Our trade and note receivables remained relatively stable at RMB25.4 billion and RMB26.1 billion as of December 31, 2023 and June 30, 2024, respectively.

We generally grant a credit period ranging from 30 to 90 days to our customers. The table below sets forth an aging analysis, based on the invoice date, of our trade and note receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year (including one year)	31,344,858	26,399,022	25,719,098	26,325,967
Between one and two years (including two years)	236,070	653,524	490,411	450,741
Over two years	212,954	304,375	529,589	657,838
	31,793,882	**27,356,921**	**26,739,098**	**27,434,546**

The following table sets forth our turnover days of our trade and note receivables for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Average turnover days of trade and note receivables* .	42.1	38.6	36.1	34.5

Note:

* Average turnover days of trade and note receivables for each one-year period equals the average of the beginning and ending trade and note receivables for the year divided by revenue for that year and multiplied by 365 days; average turnover days of trade and note receivables for each six-month period equals the average of the beginning and ending trade and note receivables for the period divided by revenue for the same period and multiplied by 180 days.

The average turnover days of our trade and note receivables decreased from 42.1 days in 2021 to 38.6 days in 2022, to 36.1 days in 2023, and further to 34.5 days for the six months ended June 30, 2024, primarily due to our efforts to accelerate the collection of trade and note receivables.

As of September 30, 2024, RMB24.3 billion, or 88.5%, of our trade and note receivables as of June 30, 2024 had been subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consist of cash at bank and cash at other financial institutions. Our cash and cash equivalents were RMB34.8 billion, RMB40.3 billion, RMB40.4 billion and RMB32.5 billion as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively.

Other Payables and Accruals

The non-current portion of our other payables and accruals primarily relates to salaries, wages and benefits for our employees, consideration payable for business combinations, and others. The current portion of our other payables and accruals primarily relates to (i) salaries, wages and benefits for our employees, (ii) payable for purchase of property, plant and equipment, (iii) payables of cash collected on delivery services, (iv) deposits, (v) other taxes payable, and (vi) amounts due to related parties. The following table sets forth details of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Salaries, wages and benefits	351,754	114,024	82,216	77,406
Consideration payable for business combinations	144,447	21,573	–	–
Others	48,099	56,274	58,113	67,071
	544,300	**191,871**	**140,329**	**144,477**
Current:				
Amounts due to related parties	269,671	220,071	136,098	95,979
Salaries, wages and benefits	5,610,318	6,573,254	5,872,341	4,505,260
Payable for purchase of property, plant and equipment	5,352,716	5,557,664	4,345,119	3,209,908
Deposits	1,604,631	2,375,025	2,355,449	2,516,231
Other taxes payable	806,821	1,130,283	735,465	756,972
Payables of cash collected on delivery services	1,643,510	1,220,988	1,534,338	1,442,384
Consideration payable for business combinations	83,002	1,045,334	289,306	281,790
Others	1,700,108	1,906,773	2,369,055	2,635,978
	17,070,777	**20,029,392**	**17,637,171**	**15,444,502**

Fluctuations in our other payables and accruals were primarily driven by changes in the current portion of other payables and accruals. The current portion of our other payables and accruals increased by 17.3% from RMB17.1 billion as of December 31, 2021 to RMB20.0 billion as of December 31, 2022, primarily due to (i) an increase in current salaries, wages and benefits from RMB5.6 billion as of December 31, 2021 to RMB6.6 billion as of December 31, 2022, and (ii) an increase in current consideration payable for business combinations from RMB83.0 million as of December 31, 2021 to RMB1.0 billion as of December 31, 2022, resulting from our acquisitions of certain subsidiaries in 2022. The current portion of our other payables and accruals decreased to RMB17.6 billion as of December 31, 2023, primarily due to (i) a decrease in salaries, wages and benefits, mainly due to our payment of salaries, (ii) a decrease in current consideration payable for business combinations, and (iii) a decrease in payable for purchase of property, plant and equipment, mainly because we made payments in relation thereto. The current portion of our other payables and accruals further decreased to RMB15.4 billion as of June 30, 2024, primarily due to (i) a decrease in salaries, wages and benefits, mainly due to our payment of salaries, and (ii) a decrease in payable for purchase of property, plant and equipment, mainly because we made payments in relation thereto.

Our amounts due to related parties categorized under other payables and accruals are non-trade in nature, primarily comprising payables for the purchase of certain logistics equipment. As such amounts are essentially within our ordinary course of business, and do not interfere with our financial independence, we do not plan to fully settle all remaining balances of our amounts due to related parties that are non-trade in nature prior to the Listing.

Trade and Note Payables

Our trade and note payables primarily consist of costs payable by us to third party suppliers. Our trade and note payables remained relatively stable at RMB23.5 billion, RMB24.7 billion, RMB24.9 billion and RMB23.8 billion as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. The following table sets forth details of our trade and note payables as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and note payables				
– related parties	405,456	505,220	421,194	397,211
– third parties	23,062,219	24,242,831	24,493,106	23,413,121
	23,467,675	**24,748,051**	**24,914,300**	**23,810,332**

The following table sets forth the aging analysis of our trade and note payables based on invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year (including one year)	23,354,313	24,654,791	24,505,848	23,527,260
Over 1 year	113,362	93,260	408,452	283,072
Total	**23,467,675**	**24,748,051**	**24,914,300**	**23,810,332**

The following table sets forth the turnover days of our trade and note payables for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Average turnover days of trade and note payables*	39.2	37.5	40.1	37.8

Note:

* Average turnover days of trade and note payables for each one-year period equals the average of the beginning and ending trade and note payables for the year divided by cost of revenue for that year and multiplied by 365 days; average turnover days of trade and note payables for each six-month period equals the average of the beginning and ending trade and note payables for the period divided by cost of revenue for the same period and multiplied by 180 days.

Average turnover days of our trade and note payables remained relatively stable at 39.2 days, 37.5 days, 40.1 days and 37.8 days in 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively.

As of September 30, 2024, RMB21.1 billion, or 88.7%, of our trade and note payables as of June 30, 2024 had been subsequently settled.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we had met our working capital and other capital requirements primarily through cash generated from our operating activities, and proceeds from external debts and other fundraising activities. We had cash and cash equivalents of RMB34.8 billion, RMB40.3 billion, RMB40.4 billion and RMB32.5 billion as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively. Going forward, we believe that our capital requirements will be satisfied by using a combination of cash and cash equivalents, cash generated from our operating activities and fundraising activities, and the estimated net proceeds from the Global Offering.

Net Current Assets

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2021	2022	2023	2024	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current assets					
Inventories	1,546,821	1,948,354	2,440,425	2,559,211	2,369,462
Contract assets	1,038,247	1,522,996	1,632,592	2,039,379	2,296,536
Trade and note receivables	30,759,013	25,796,677	25,360,433	26,095,410	26,426,602
Prepayments, other receivables and other assets	14,992,856	12,801,911	12,622,706	10,667,582	10,278,805
Financial assets at fair value through other comprehensive income	–	63,310	99,978	125,633	210,851
Financial assets at fair value through profit or loss	10,384,493	7,385,379	6,809,742	18,047,323	24,604,743
Restricted cash	576,926	874,919	1,576,496	1,029,244	1,103,342
Cash and cash equivalents	34,813,768	40,279,947	40,448,308	32,515,989	21,294,235
Total current assets	**94,112,124**	**90,673,493**	**90,990,680**	**93,079,771**	**88,584,576**
Current liabilities					
Trade and note payables	23,467,675	24,748,051	24,914,300	23,810,332	24,836,388
Contract liabilities	1,675,836	1,244,418	1,832,018	1,802,509	1,584,702
Borrowings	25,715,952	23,281,547	22,309,103	29,034,420	23,343,558
Lease liabilities	5,989,616	6,596,956	5,769,965	5,540,079	5,416,002
Financial liabilities at fair value through profit or loss	7,658	96,647	92,120	94,614	93,451
Income tax payable	2,066,730	1,630,863	1,394,250	1,221,636	1,240,757
Other payables and accruals	17,070,777	20,029,392	17,637,171	15,444,502	16,546,711
Advances from customers	27,385	49,035	40,714	41,209	38,194
Total current liabilities	**76,021,629**	**77,676,909**	**73,989,641**	**76,989,301**	**73,099,763**
Net current assets	**18,090,495**	**12,996,584**	**17,001,039**	**16,090,470**	**15,484,813**

Cash Flow

The following table sets forth a summary of our cash flows for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash generated from operating activities	16,078,955	32,702,947	26,569,819	13,824,827	13,722,269
Net cash used in investing activities	(17,131,227)	(12,091,458)	(13,505,617)	(13,633,590)	(15,444,553)
Net cash generated from/(used in) financing activities	20,498,576	(16,016,950)	(12,994,685)	(4,963,638)	(6,181,865)
Net increase in cash and cash equivalents	19,446,304	4,594,539	69,517	(4,772,401)	(7,904,149)
Cash and cash equivalents at the beginning of the year/period	15,466,484	34,813,768	40,279,947	40,279,947	40,448,308
Exchange (losses)/gains on cash and cash equivalents	(99,020)	871,640	98,844	127,046	(28,170)
Cash and cash equivalents at the end of the year/period	34,813,768	40,279,947	40,448,308	35,634,592	32,515,989

Net Cash Generated from Operating Activities

For the six months ended June 30, 2024, our net cash generated from operating activities was RMB13.7 billion, which was primarily attributable to our profit before income tax of RMB6.3 billion, as adjusted by (i) non-cash and non-operating items which primarily consisted of depreciation and amortization (excluding right-of-use assets) of RMB5.4 billion, depreciation of right-of-use assets of RMB3.4 billion and finance costs of RMB1.2 billion, (ii) changes in working capital, which primarily resulted from a decrease in trade payables, contract liabilities, and other payables of RMB1.7 billion, and (iii) income tax paid of RMB1.5 billion.

In 2023, our net cash generated from operating activities was RMB26.6 billion, which was primarily attributable to our profit before income tax of RMB10.5 billion, as adjusted by (i) non-cash and non-operating items which primarily consisted of depreciation and amortization (excluding right-of-use assets) of RMB10.1 billion, depreciation of right-of-use assets of RMB7.2 billion and finance costs of RMB2.3 billion, (ii) changes in working capital, which primarily resulted from an increase in inventories of RMB491.3 million and an increase in trade receivables, prepayment, contract assets and other receivable of RMB262.5 million, partially offset by an increase in trade payables, contract liabilities, and other payables of RMB759.0 million, and (iii) income tax paid of RMB3.2 billion.

In 2022, our net cash generated from operating activities was RMB32.7 billion, which was primarily attributable to our profit before income tax of RMB11.0 billion, as adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation and amortization (excluding right-of use assets) of RMB9.0 billion, depreciation of right-of-use assets of RMB7.3 billion, and finance costs of RMB2.1 billion, (ii) changes in working capital, which primarily resulted from a decrease in trade receivables, prepayment, contract assets and other receivable of RMB8.8 billion, and (iii) income tax paid of RMB5.1 billion.

In 2021, our net cash generated from operating activities was RMB16.1 billion, which was primarily attributable to our profit before income tax of RMB7.8 billion, as adjusted by (i) non-cash and non-operating items, which primarily consisted of depreciation of right-of-use assets of RMB5.8 billion, depreciation and amortization (excluding right-of use assets) of RMB6.9 billion, finance costs of RMB1.6 billion, partially offset by gains on disposal of investments in subsidiaries of RMB1.8 billion, (ii) changes in working capital, which primarily resulted from an increase in trade receivables, prepayment, contract assets and other receivable of RMB6.2 billion, partially offset by an increase in trade payables, contract liabilities, and other payables of RMB4.6 billion, and (iii) income tax paid of RMB2.6 billion.

Net Cash Used in Investing Activities

For the six months ended June 30, 2024, our net cash used in investing activities was RMB15.4 billion, primarily attributable to payments for acquisitions of financial assets at fair value through profit or loss of RMB39.5 billion and purchase of property, plants, and equipments and other non-current assets of RMB5.1 billion, partially offset by proceeds from redemption of financial assets at fair value through profit or loss of RMB28.4 billion.

In 2023, our net cash used in investing activities was RMB13.5 billion, primarily attributable to payments for acquisitions of financial assets at fair value through profit or loss of RMB94.0 billion and purchase of property, plants, and equipments and other non-current assets of RMB12.5 billion, partially offset by proceeds from redemption of financial assets at fair value through profit or loss of RMB93.4 billion.

In 2022, our net cash used in investing activities was RMB12.1 billion, which was primarily attributable to (i) payments for acquisitions of financial assets at fair value through profit or loss of RMB151.9 billion, and (ii) payments for purchases of property, plant and equipment and other non-current assets of RMB14.2 billion, partially offset by proceeds from redemption of financial assets at fair value through profit or loss of RMB154.9 billion.

In 2021, our net cash used in investing activities was RMB17.1 billion, which was primarily attributable to (i) payments for acquisitions of financial assets at fair value through profit or loss of RMB118.2 billion, and (ii) payments for purchases of property, plant and equipment and other non-current assets of RMB19.2 billion, partially offset by proceeds from redemption of financial assets at fair value through profit or loss of RMB114.8 billion.

Net Cash Generated From/(Used in) Financing Activities

For the six months ended June 30, 2024, our net cash used in financing activities was RMB6.2 billion, which was primarily attributable to repayment of bank borrowings of RMB15.7 billion, payments of lease liabilities of RMB3.7 billion, net cash consideration paid to non-controlling interests without change of control of RMB3.4 billion, dividend paid of RMB2.9 billion and payments for repurchase of shares of RMB1.4 billion, partially offset by proceeds from drawdown of bank borrowings of RMB19.6 billion and proceeds from corporate bonds and short-term debentures issuance of RMB3.3 billion.

In 2023, our net cash used in financing activities was RMB13.0 billion, which was primarily attributable to repayment of bank borrowings of RMB22.4 billion, repayment of corporate bonds and short-term debentures of RMB10.1 billion, payments of lease liabilities of RMB7.8 billion, net cash consideration paid to non-controlling interests without change of control of RMB1.8 billion and interests paid of RMB1.8 billion, partially offset by proceeds from drawdown of bank borrowings of RMB32.5 billion and proceeds from corporate bonds and short-term debentures issuance of RMB1.5 billion.

In 2022, our net cash used in financing activities was RMB16.0 billion, which was primarily attributable to repayment of bank borrowings of RMB31.2 billion, payments of lease liabilities of RMB7.8 billion, repayment of corporate bonds and short-term debentures of RMB6.7 billion, net cash consideration paid to non-controlling interests without change of control of RMB3.9 billion, payments for repurchase of shares of RMB2.0 billion, interests paid of RMB1.5 billion and dividend paid to non-controlling interests of RMB1.4 billion, partially offset by proceeds from drawdown of bank borrowings of RMB27.7 billion and proceeds from corporate bonds and short-term debentures issuance of RMB11.9 billion.

In 2021, our net cash generated from financing activities was RMB20.5 billion, which was primarily attributable to proceeds from drawdown of bank borrowings of RMB31.4 billion, capital injection from owners of our Company of RMB19.9 billion, and proceeds from corporate bonds and short-term debentures issuance of RMB13.1 billion, partially offset by repayment of bank borrowing of RMB23.8 billion, dividend paid by subsidiaries (announced prior to acquisition) of RMB10.8 billion, payments of lease liabilities of RMB7.0 billion and repayment of corporate bonds and short-term debentures of RMB2.8 billion.

INDEBTEDNESS AND GUARANTEES

The following table sets out a breakdown of our indebtedness and guarantees as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2021	2022	2023	2024	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Borrowings	45,100,418	49,868,308	52,706,015	59,635,102	49,485,578
Lease liabilities	16,931,554	15,179,328	13,808,460	13,012,472	12,788,410
Total indebtedness	**62,031,972**	**65,047,636**	**66,514,475**	**72,647,574**	**62,273,988**
Guarantees	402,420	895,374	782,000	782,000	782,000
Total indebtedness and guarantees	**62,434,392**	**65,943,010**	**67,296,475**	**73,429,574**	**63,055,988**

Borrowings

The following table sets out details of our borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2021	2022	2023	2024	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-current:					
Long-term bank borrowings	3,510,829	7,472,010	11,355,241	10,661,466	6,611,620
Corporate bonds	15,656,370	18,927,508	18,794,782	19,710,996	19,346,293
Loans from non-controlling interests	217,267	187,243	246,889	228,220	184,107
	19,384,466	**26,586,761**	**30,396,912**	**30,600,682**	**26,142,020**

	As of December 31,			As of June 30,	As of September 30,
	2021	2022	2023	2024	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current:					
Current portion of long-term bank borrowings	1,458,374	600,680	2,813,385	2,594,948	2,199,528
Short-term bank borrowings	19,265,534	13,830,048	18,765,366	23,883,437	18,021,366
Short-term debentures	4,029,936	5,062,357	–	2,310,195	2,322,672
Corporate bonds	830,321	3,661,225	615,295	113,666	667,510
Loans from non-controlling interests	131,787	127,237	115,057	132,174	132,482
	25,715,952	**23,281,547**	**22,309,103**	**29,034,420**	**23,343,558**

Our non-current borrowings amounted to RMB19.4 billion and RMB26.6 billion as of December 31, 2021 and 2022, respectively, primarily in relation to our working capital requirements and our acquisition and consolidation of certain subsidiaries. Our non-current borrowings amounted to RMB30.4 billion as of December 31, 2023, primarily in relation to our working capital requirements. Our non-current borrowings remained relatively stable at RMB30.6 billion as of June 30, 2024. Our non-current borrowings decreased to RMB26.1 billion as of September 30, 2024, primarily due to the decrease in our long-term bank borrowings.

Our current borrowings decreased by 9.5% from RMB25.7 billion as of December 31, 2021 to RMB23.3 billion as of December 31, 2022, primarily attributable to the repayment of borrowings. Our current borrowings remained relatively stable at RMB22.3 billion as of December 31, 2023. Our non-current borrowings increased by 30.1% to RMB29.0 billion as of June 30, 2024, primarily due to the increases in our unsecured short-term bank borrowings and short-term debentures. Our current borrowings decreased to RMB23.3 billion as of September 30, 2024, primarily due to the decrease in our short-term bank borrowings.

Bank Borrowings

Our outstanding bank borrowings amounted to RMB24.2 billion, RMB21.9 billion, RMB32.9 billion, RMB37.1 billion and RMB26.8 billion as of December 31, 2021, 2022 and 2023 and June 30 and September 30, 2024, respectively. During the Track Record Period, most of our bank borrowings were unsecured. As of September 30, 2024, our unutilized banking facilities amounted to RMB65.4 billion.

Corporate Bonds and Short-Term Debentures

Our corporate bonds and short-term debentures amounted to RMB20.5 billion, RMB27.7 billion, RMB19.4 billion, RMB22.1 billion and RMB22.3 billion as of December 31, 2021, 2022 and 2023 and June 30 and September 30, 2024, respectively.

Lease Liabilities

Our lease liabilities represent the leased premises for our logistics networks and infrastructure, vehicles and machineries. We recorded non-current lease liabilities of RMB10.9 billion, RMB8.6 billion, RMB8.0 billion, RMB7.5 billion and RMB7.4 billion as of December 31, 2021, 2022 and 2023 and June 30 and September 30, 2024, respectively. We recorded current lease liabilities of RMB6.0 billion, RMB6.6 billion, RMB5.8 billion, RMB5.5 billion and RMB5.4 billion as of December 31, 2021, 2022 and 2023 and June 30 and September 30, 2024, respectively. Fluctuations in our lease liabilities during the Track Record Period were primarily reflecting (i) the increased need for leased premises in line with our business growth, (ii) our consolidation of subsidiaries, and (iii) rent payments.

Except as discussed above, as of September 30, 2024, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities.

Our Directors confirm that our Group did not experience any difficulty in obtaining bank loans and other borrowings, any material default in the payments of trade and non-trade payables, bank loans and other borrowings, or any material breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Our Directors further confirm that there has not been any material change in our indebtedness since the Latest Practicable Date up to the date of this prospectus.

CONTINGENT LIABILITIES

As of December 31, 2021, 2022 and 2023 and June 30, 2024, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

Our capital commitments are related to (i) contracted, but not provided for purchase of property, plant and equipment, (ii) investment to be paid, and (iii) others.

The following table sets forth details of our capital commitments as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for purchase of property, plant and equipment	10,432,197	3,571,632	1,858,672	2,378,529
Investment to be paid	3,134,839	1,811,611	131,895	129,783
Others	11,067	–	944	4,663
Total	**13,578,103**	**5,383,243**	**1,991,511**	**2,512,975**

CAPITAL EXPENDITURES

Our capital expenditures consist of additions of freehold land and buildings, aircraft, aircraft engines, rotables and high-value maintenance, machinery and equipment, transportation vehicles, computers and electronic equipment, office and other equipment, leasehold improvements and construction in progress. The following table sets forth details of our capital expenditures for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Freehold land and buildings	1,554,841	1,127,848	1,272,496	888,879
Aircraft, aircraft engines, rotables and high-value maintenance	182,844	140,452	343,764	162,499
Machinery and equipment	442,803	482,359	346,663	139,515
Transportation vehicles	1,203,826	1,050,894	1,189,776	293,188
Computers and electronic equipment	847,928	805,552	425,863	165,954
Office and other equipment	411,226	397,571	381,899	72,492
Leasehold improvements	103,976	145,557	135,955	123,483
Construction in progress	15,239,042	12,409,834	8,109,500	2,732,537
Total	**19,986,486**	**16,560,067**	**12,205,916**	**4,578,547**

We funded our capital expenditure requirements during the Track Record Period primarily with our cash from operating activities, and proceeds from external debts and other fundraising activities. We expect to finance our capital expenditures through a combination of cash and cash equivalents, cash generated from our operating activities and fundraising activities, and the estimated net proceeds from the Global Offering. See "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, financial condition and results of operations, our business plans, market conditions and various other factors.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

For details about our related party transactions during the Track Record Period, see Note 38 to the Accountant's Report in Appendix I to this prospectus.

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 38 to the Accountant's Report in Appendix I to this prospectus was conducted in the ordinary course of business on an arm's length basis and on normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
Gross profit margin(1)	12.4%	12.3%	12.6%	13.3%	13.6%
Net profit margin(2)	2.1%	2.6%	3.1%	3.1%	3.5%
EBITDA margin (non-IFRS measure)(3)	10.5%	10.8%	11.4%	11.8%	11.9%

Notes:

(1) Represents gross profit for the year/period divided by revenue for the same year, expressed as a percentage.

(2) Represents profit for the year/period divided by revenue for the same year, expressed as a percentage.

(3) For details, see "— Non-IFRS Measures."

Our gross profit margin was 12.4%, 12.3%, 12.6%, 13.3% and 13.6% in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. For details, see "— Description of Selected Components of Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin."

Our net profit margin was 2.1%, 2.6%, 3.1%, 3.1% and 3.5% in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. For details, see "— Period-to-Period Comparison of Results of Operations."

Our EBITDA margin (non-IFRS measure) was 10.5%, 10.8%, 11.4%, 11.8% and 11.9% in 2021, 2022, 2023 and the six months ended June 30, 2023 and 2024, respectively. For details, see "— Non-IFRS Measures."

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

We are exposed to a variety of financial risks, including market risks (such as foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For details, see Note 3.1 to the Accountant's Report in Appendix I to this prospectus.

Market Risks

Foreign Exchange Risk

Our major operational activities are carried out in mainland China and a majority of the transactions are denominated in RMB. Some of our operational activities are carried out in regions and countries including Hong Kong and United States, and the relevant transactions are settled in HKD and USD, respectively. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. Our overseas operations (namely, operations outside of mainland China) recorded revenue denominated in foreign currencies of RMB18.2 billion, RMB58.9 billion, RMB34.9 billion, RMB17.0 billion and RMB18.4 billion for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, accounting for 8.8%, 22.0%, 13.5%, 13.7% and 13.7% of our total revenue for the same year/period, respectively. Foreign currency-denominated income from the principal businesses of our overseas operations primarily consisted of freight charges. Such income is denominated primarily in HKD and USD. In managing the foreign exchange risks, we preferentially deploy natural hedges, and may also deploy a netting pool to net-off the foreign exchange risk exposures of account receivables and account payables in the same currencies. Moreover, foreign exchange risks also arise from foreign currency-denominated debts undertaken by our overseas operations. These debts are mainly denominated in USD. Based on the foregoing, and considering that USD is pegged against HKD at a rate ranging from 7.75 to 7.85, we believe our foreign exchange risk exposure is manageable.

During the Track Record Period, we maintained certain hedging policies in an effort to reduce our exposure to foreign exchange risks, which we believe were proven to be reasonably effective in managing our exposures to foreign exchange risks. Such hedging policies include, but are not limited to, the following:

Principles

- In principle, we shall conduct hedging transactions only based on actual underlying business transactions, and such transactions shall not be for any speculative purposes.

- We shall preferentially utilize natural hedges to reduce our foreign exchange risk exposures. Where natural hedges cannot sufficiently cover our risk exposures, we may utilize other hedging instruments, depending on the relevant circumstances.

- In terms of hedging instruments, we in principle shall use plain vanilla and common hedging instruments, and shall not use structural hedging instruments.

Approval Mechanisms

- Each of our subsidiaries shall, as of the end of each fiscal year, submit their foreign exchange requirements that may occur in the upcoming fiscal year to the treasury center of our Group's finance department. The treasury center shall accordingly assess and propose the relevant hedging limit for the upcoming fiscal year.

- Our annual hedging limit shall be approved by our Board of Directors or Shareholders, as appropriate, at the beginning of each fiscal year.

- We shall perform risk assessment before we conduct any hedging transaction, and shall only deal with reputable and well-established banks with a global presence.

We also manage our foreign exchange risk by performing regular reviews of our net foreign exchange risk exposures. For further details of our foreign exchange risk exposures, see Note 3 to the Accountant's Report in Appendix I to this prospectus.

Price Risk

We are exposed to equity price risk mainly arising from investments held by us that are classified either as FVPL or FVOCI that will not be sold within one year.

Interest Rate Risk

Our interest rate risk primarily arises from long-term interest-bearing borrowings and bonds. Long-term borrowings issued at variable rates expose our Group to cash flow interest rate risk. Bonds issued at fixed rates expose us to fair value interest rate risk. We determine the proportion of borrowings and bonds issued at variable rates and fixed rates based on the market environment. We have been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings and finance leases issued at variable rates, which will further impact our performance. To hedge against the variability in the cash flows arising from a change in market interest rates, we have entered into certain interest rate swaps to swap variable rates into fixed rates.

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of each year/period during the Track Record Period. The analysis is prepared assuming the financial instruments outstanding at the end of each year/period during the Track Record Period were outstanding for the whole year.

If the interest rate had been 50 basis points higher or lower, with all other variables held constant, the profit before tax would have been lower or higher RMB17.6 million, RMB37.4 million, RMB56.8 million and RMB53.3 million, as of December 31, 2021, 2022 and 2023 and June 30, 2024, respectively.

Credit Risk

Our carrying amounts of cash and cash equivalents, restricted cash, trade receivables, contract assets, and other receivables represent our major exposure to credit risk in relation to financial assets.

Credit Risk of Trade Receivables and Contract Assets

There is no concentration of credit risk with respect to trade receivables from third party customers, as we have an extensive and diverse customer base. In order to minimize the credit risk, our management has delegated a team in each business unit responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we closely monitor the credit qualities and the collectability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made. In this regard, our Directors consider that the expected credit risks are adequately covered.

Our Group has applied the IFRS 9 simplified approach to measuring expected credit losses, which uses lifetime expected credit losses for all trade receivables and contract assets. In calculating the expected credit loss rates, our Group considers historical loss rates, and adjusts for forward looking macroeconomic data. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Credit Risk of Other Receivables

Over the term of other receivables, our Group accounts for our credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, our Group compares the risk of a default occurring on the assets at the end of each reporting period with the risk of default at the date of initial recognition.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of our businesses, we maintain flexibility in funding by maintaining adequate balances.

DIVIDENDS AND DIVIDEND POLICY

Our Company declared dividends of RMB874.5 million, RMB1.2 billion and RMB2.9 billion in respect of the financial years ended December 31, 2021, 2022 and 2023, respectively, representing dividend payout ratios of 20%, 20% and 35%, respectively. As of the Latest Practicable Date, we have paid the dividends declared in respect of the financial years ended December 31, 2021, 2022 and 2023 in full. See Note 12 to the Accountant's Report in Appendix I to this prospectus. To further increase the investment return for our Shareholders, the resolution of an interim dividend of approximately RMB1.9 billion, representing a dividend payout ratio of approximately 40% in respect of the six months ended June 30, 2024, and a special dividend of approximately RMB4.8 billion was passed at the Shareholders' general meeting on October 29, 2024. These dividends have been paid in full on November 7, 2024. After completion of the Global Offering, our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC Law and approval by our Shareholders.

We intend to distribute cash dividends to our Shareholders at least on an annual basis, subject to the discretion of our Directors in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong.

Our dividend payout ratio increased from 20% (from 2017 to 2022) to 35% in 2023, and we aim to steadily increase this over the next five years. Decisions to declare or to pay any dividends in the future will depend on, among other things, our Company's profitability, operations and development plans, external financing environment, costs of capital, our Company's cash flows and other factors that our Directors may consider relevant.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval of our Shareholders. See "Risk Factors — Risks Relating to the Global Offering — Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future" in this prospectus.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities, and the estimated net proceeds from the Global Offering, our Directors are of the view that we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of June 30, 2024, our Company had retained earnings of RMB40.7 billion. Our retained earnings represented the distributable reserves available for distribution to our Shareholders.

LISTING EXPENSES

We expect to incur a total of approximately RMB155.9 million of listing expenses in connection with the Global Offering, representing approximately 2.9% of our gross proceeds from the Global Offering (assuming an Offer Price of HK$34.30 per Offer Share, being the mid-point of the indicative Offer Price range between HK$32.30 and HK$36.30, and assuming that the Over-allotment Option is not exercised). Listing expenses include (1) underwriting-related expense (including sponsor fees and underwriting commissions, SFC transaction levy, AFRC transaction levy, and Stock Exchange trading fees for all Offer Shares) of approximately RMB80.8 million, and (2) non-underwriting related expenses of approximately RMB75.1 million, which consist of (i) fees for legal advisors and the reporting accountants of approximately RMB55.2 million, and (ii) other fees unrelated to the underwriting of RMB19.9 million.

During the Track Record Period, listing expenses in an aggregate of RMB0.6 million were incurred as of June 30, 2024 and charged to our consolidated statement of profit or loss. We estimate that RMB13.0 million of listing expenses will be charged to our consolidated statement of profit or loss for the year ended December 31, 2024. The remaining RMB142.3 million is directly attributable to the issue of our H Shares to the public and is expected to be deducted from equity.

The listing expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to the shareholders as of June 30, 2024 as the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets had the Global Offering been completed as of June 30, 2024 or any future dates.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2024	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2024	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share	
	RMB'000	RMB'000	RMB'000	RMB	HK$
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	
Based on an Offer Price of HK$32.30 per Offer Share	71,329,826	4,895,906	76,225,732	15.32	16.67
Based on an Offer Price of HK$36.30 per Offer Share	71,329,826	5,511,439	76,841,265	15.44	16.80

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to the owners of our Company as of June 30, 2024 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to the owners of our Company as of June 30, 2024 of RMB88,571,197,000 after deducting our Group's intangible assets attributable to the owners of our Company of RMB17,241,371,000 as of June 30, 2024.

(2) The estimated net proceeds from the Global Offering are based on 170,000,000 Offer Shares and the indicative Offer Price of HK$32.30 per Offer Share and HK$36.30 per Offer Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding listing expenses of RMB579,000 which were incurred up to June 30, 2024 and charged to consolidated statement of profit or loss for the period ended December 31, 2023 and six months ended June 30, 2024).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 4,975,711,636 Shares (representing 4,815,911,220 Shares in issue as of June 30, 2024, excluding 10,199,584 treasury shares as of June 30, 2024, adding 170,000,000 Offer Shares) were in issue, assuming that the Global Offering had been completed on June 30, 2024 but does not take into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or may be issued by our Company pursuant to the exercise of any options may be granted under the 2022 Stock Option Incentive Plan.

(4) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was of rate of RMB0.91906 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to June 30, 2024. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account payment of a dividend of RMB6.7 billion which was approved by the Shareholders at the first extraordinary general meeting on October 29, 2024. The unaudited pro forma net tangible assets per Share would have been HK$15.20 and HK$15.34 per Share based on the Offer Price of HK$32.30 and HK$36.30 respectively if the dividend had been accounted for as at June 30, 2024.

For further details, see Unaudited Pro Forma Financial Information in Appendix II to this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgages, contingent liabilities, guarantees or prospects since June 30, 2024, the end of the period reported on the Accountant's Report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) that may be purchased for an aggregate amount of approximately US$204.8 million (or approximately HK$1,591.8 million, calculated based on an exchange rate of US$1.00 to HK$7.77240) and exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee) (the "**Cornerstone Placing**").

Based on the Offer Price of HK$36.30 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 43,849,800. The table below reflects the shareholding percentage immediately after the completion of the Global Offering:

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering
25.79%	0.88%	22.43%	0.87%

Based on the Offer Price of HK$34.30 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 46,407,600. The table below reflects the shareholding percentage immediately after the completion of the Global Offering:

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering
27.30%	0.93%	23.74%	0.93%

Based on the Offer Price of HK$32.30 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 49,280,400. The table below reflects the shareholding percentage immediately after the completion of the Global Offering:

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approx. % of the Offer Shares	**Approx. % of the total issued capital of our Company immediately upon the Global Offering**	**Approx. % of the Offer Shares**	**Approx. % of the total issued capital of our Company immediately upon the Global Offering**
28.99%	**0.99%**	**25.21%**	**0.98%**

We believe that the Cornerstone Placing signifies our Cornerstone Investors' confidence in our Company and its business prospect, and that the Cornerstone Placing will help to raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network, or through introduction by the Company's business partners or the Overall Coordinators of the Global Offering.

The Cornerstone Placing will form part of the International Offering, and save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors (and, for such Cornerstone Investor who will subscribe for our Offer Shares through qualified domestic institutional investor ("**QDII**"), the QDII) and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors (and, for such Cornerstone Investor who will subscribe for our Offer Shares through QDII, the QDII) will rank pari passu in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide.

Among the Cornerstone Investors, CPIC, Morgan Stanley International and Wisdomshire AM are existing minority Shareholders or close associates of existing minority Shareholders of the Company. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 5(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders. For further details, please refer to the section headed "Waivers and Exemptions — Allocation of H Shares to Existing Minority Shareholders and Their Close Associates". Save as otherwise disclosed, to the best knowledge of our Company, (i) each of the Cornerstone Investors (and, for such Cornerstone Investor who will subscribe for our Offer Shares through QDII, the QDII) is an Independent Third Party; (ii) none of the Cornerstone Investors (or, for such Cornerstone Investor who will subscribe for our Offer Shares through QDII, the QDII) is accustomed to taking instructions from our Company, the Directors, the Supervisors, chief executive, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors (or, for such Cornerstone Investor who will subscribe for our Offer Shares through QDII, the QDII) is financed by our Company, the Directors, the Supervisors, chief executive, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates; (iv) each Cornerstone Investor will be utilizing its internal financial resources, financial resources of its shareholders or (in the case of Cornerstone Investors which are funds or investment managers) the assets managed for its investors as its source of funding for the subscription of the Offer Shares, and it has sufficient funds to settle its respective investment under the Cornerstone Placing; and (v) no specific approval from any stock exchange (if relevant) is required for the investment by each Cornerstone Investor in our Company as described in this section. Furthermore, we further confirm that (i) none of the Cornerstone Investors has the right to nominate any Director nor has any representative on our Board; and (ii) none of the Cornerstone Investors is expected to be involved in the management of the business of our Company. In addition, to the best knowledge of our Company, each of the Cornerstone Investors is independent from each other and makes independent investment decisions.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Stock Exchange. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing.

To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

The total number of Offer Shares to be subscribed by the Cornerstone Investors (and, for such Cornerstone Investor who will subscribe for our Offer Shares through QDII, the QDII) may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for H shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation". Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Tuesday, November 26, 2024.

THE CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Placing:

			Assuming an Offer Price of HK$36.30 per H Share (being the high-end of the indicative Offer Price range)				
				Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription Amount (US$) (in million)	Subscription Amount (HK$) (in million)(1)	Number of Offer Shares(2)	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering
Oaktree Capital Management, L.P. ("**Oaktree**")	25.0	194.3	5,352,800	3.15%	0.11%	2.74%	0.11%
Wise Honest Limited ("**Wise Honest**")	25.0	194.3	5,352,800	3.15%	0.11%	2.74%	0.11%
WT Asset Management Limited ("**WT Asset Management**")	25.0	194.3	5,352,800	3.15%	0.11%	2.74%	0.11%
China Pacific Insurance (Group) Co., Ltd. ("**CPIC**")	20.0	155.4	4,282,200	2.52%	0.09%	2.19%	0.09%
Green Better Limited ("**Green Better**")	20.0	155.4	4,282,200	2.52%	0.09%	2.19%	0.09%
Infini Global Master Fund ("**Infini**")	20.0	155.4	4,282,200	2.52%	0.09%	2.19%	0.09%
Wind Sabre Fund SPC on behalf of Wind Sabre Opportunities Fund SP ("**Wind Sabre**")	20.0	155.4	4,282,200	2.52%	0.09%	2.19%	0.09%
Morgan Stanley & Co. International plc ("**Morgan Stanley International**")	19.8	153.9	4,239,400	2.49%	0.09%	2.17%	0.08%
Ghisallo Fund Master Ltd ("**Ghisallo**")	15.0	116.6	3,211,600	1.89%	0.06%	1.64%	0.06%
Wisdomshire Asset Management Co., Ltd* (上海睿郡資產管理有限公司) ("**Wisdomshire AM**")	15.0	116.6	3,211,600	1.89%	0.06%	1.64%	0.06%
Total	**204.8**	**1,591.8**	**43,849,800**	**25.79%**	**0.88%**	**22.43%**	**0.87%**

				Assuming an Offer Price of HK$34.30 per H Share (being the mid-point of the indicative Offer Price range)			
				Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription Amount (US$) (in million)	Subscription Amount (HK$) (in million)(1)	Number of Offer Shares(2)	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering
Oaktree	25.0	194.3	5,665,000	3.33%	0.11%	2.90%	0.11%
Wise Honest	25.0	194.3	5,665,000	3.33%	0.11%	2.90%	0.11%
WT Asset Management	25.0	194.3	5,665,000	3.33%	0.11%	2.90%	0.11%
CPIC	20.0	155.4	4,532,000	2.67%	0.09%	2.32%	0.09%
Green Better	20.0	155.4	4,532,000	2.67%	0.09%	2.32%	0.09%
Infini	20.0	155.4	4,532,000	2.67%	0.09%	2.32%	0.09%
Wind Sabre	20.0	155.4	4,532,000	2.67%	0.09%	2.32%	0.09%
Morgan Stanley International	19.8	153.9	4,486,600	2.64%	0.09%	2.29%	0.09%
Ghisallo	15.0	116.6	3,399,000	2.00%	0.07%	1.74%	0.07%
Wisdomshire AM	15.0	116.6	3,399,000	2.00%	0.07%	1.74%	0.07%
Total	**204.8**	**1,591.8**	**46,407,600**	**27.30%**	**0.93%**	**23.74%**	**0.93%**

			Assuming an Offer Price of HK$32.30 per H Share (being the low-end of the indicative Offer Price range)				
				Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription Amount (US$) (in million)	Subscription Amount (HK$) (in million)[(1)]	Number of Offer Shares[(2)]	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering	Approx. % of the Offer Shares	Approx. % of the total issued capital of our Company immediately upon the Global Offering
Oaktree	25.0	194.3	6,015,600	3.54%	0.12%	3.08%	0.12%
Wise Honest	25.0	194.3	6,015,600	3.54%	0.12%	3.08%	0.12%
WT Asset Management	25.0	194.3	6,015,600	3.54%	0.12%	3.08%	0.12%
CPIC	20.0	155.4	4,812,600	2.83%	0.10%	2.46%	0.10%
Green Better	20.0	155.4	4,812,600	2.83%	0.10%	2.46%	0.10%
Infini	20.0	155.4	4,812,600	2.83%	0.10%	2.46%	0.10%
Wind Sabre	20.0	155.4	4,812,600	2.83%	0.10%	2.46%	0.10%
Morgan Stanley International	19.8	153.9	4,764,400	2.80%	0.10%	2.44%	0.10%
Ghisallo	15.0	116.6	3,609,400	2.12%	0.07%	1.85%	0.07%
Wisdomshire AM	15.0	116.6	3,609,400	2.12%	0.07%	1.85%	0.07%
Total	**204.8**	**1,591.8**	**49,280,400**	**28.99%**	**0.99%**	**25.21%**	**0.98%**

Notes:

(1) Calculated based on an exchange rate of HK$7.77240 to US$1.00. The actual investment amount is denominated in U.S. dollars.

(2) Subject to rounding down to the nearest whole board lot of 200 Offer Shares. Calculated based on the exchange rate set out in the section headed "Information about this Prospectus and the Global Offering — Exchange Rate Conversion".

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Oaktree

Oaktree is the investment manager of Oaktree Emerging Markets Equity Fund, L.P. and certain separately managed accounts within its Emerging Markets Equity strategy (severally and not jointly) (each, an "**Oaktree Fund**", and collectively the "**Oaktree Funds**"). Oaktree Emerging Markets Equity Fund, L.P. had more than 60 limited partners as of October 31, 2024, and no limited partner of Oaktree Emerging Markets Equity Fund, L.P. holds 30% or more interests in Oaktree Emerging Markets Equity Fund, L.P. as of October 31, 2024, while the other Oaktree Funds are separately managed accounts of Oaktree. Oaktree is a Delaware limited partnership and is registered as an investment adviser with the United States Securities and Exchange Commission. Oaktree is a global investment management firm managing a broad array of complementary strategies in four asset classes: credit, private equity, real assets and listed equities, and maintains a contrarian, value-oriented investment philosophy. Oaktree's investor base includes institutional investors such as pension plans, insurance companies, endowments, foundations and sovereign wealth funds.

Wise Honest

Wise Honest is a company incorporated in Hong Kong which is wholly-owned by Sino Land Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0083.HK, "**Sino Land**"). Sino Land is an investment holding company and its principal businesses include property development and investment, investment in securities, financing, hotel and building management and services.

WT Asset Management

WT Asset Management is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on type 9 (asset management) regulated activity. WT Asset Management is beneficially owned as to 100% by Mr. Tongshu Wang, who is the founder and chief investment officer of WT Asset Management with over 15 years of experience in investment management and an Independent Third Party. WT Asset Management has agreed to procure certain investors, namely WT China Fund Limited and/or WT China Focus Fund (the "**Funds**" or the "**WT Funds**"), that WT Asset Management has discretionary investment management power over, to subscribe for such number of the Investor Shares. The WT Funds are managed by WT Asset Management as investment manager. The WT Funds pursue to achieve absolute return and long-term capital appreciation by investing primarily in the listed securities of companies which have great exposure or material impact by the PRC. Investors of the Funds include but are not limited to pension funds, fund of funds, family offices and other sophisticated institutional investors. Save for Mr. Tongshu Wang and a pension fund based in North America who hold over 30% interests in WT China Fund Limited and WT China Focus Fund, respectively, no other single ultimate beneficial owner holds 30% or more interests in the Funds. As of September 30, 2024, the total AUM of the Funds is approximately US$1.84 billion.

CPIC

Pacific Asset Management Co., Limited ("**Pacific Asset Management**") was incorporated in the PRC and is the major external investment entity of CPIC, a company listed on Shanghai Stock Exchange (stock code: 601601.SH), the Hong Kong Stock Exchange (stock code: 2601.HK) and its GDR listed under the code CPIC. Pacific Asset Management's principal businesses include the management and deployment of internal funds and insurance funds, entrusted funds management business, relevant consulting services related to funds management and other asset management businesses as permitted under PRC laws and regulations. CPIC, being a composite insurance company in the PRC based in Shanghai holds approximately (including both direct and indirect interest) 99.7% of equity interest in Pacific Asset Management.

CPIC Investment Management (H.K.) Company Limited ("**CPIC (HK)**") was established in Hong Kong, and is principally engaged in asset management and provision of investment advisory services, including the management of the investment accounts of qualified domestic institutional investors of China Pacific Property Insurance Co., Ltd. ("**China Pacific Property**"), a company engaging in the business of property insurance. Both CPIC (HK) and China Pacific Property are part of a group of CPIC, and CPIC holds approximately (including both direct and indirect interest) 100% of equity interest in CPIC (HK) and 98.5% of equity interest in China Pacific Property.

Green Better

Green Better is an investment company incorporated in the British Virgin Islands. Green Better is a wholly-owned subsidiary of Xiaomi Corporation, a company listed on the Stock Exchange (stock code: 1810.HK). Xiaomi Corporation is a China-based investment holding company principally engaged in the research, development and sales of smartphones, Internet of things and lifestyle products, the provision of Internet services, and investment business. Xiaomi Corporation is a strategic customer of our Group and has been collaborating with us continuously in the areas of express, freight delivery, warehousing, supply chain and international segment.

Infini

Infini is an exempted company incorporated in the Cayman Islands in 2023 and save for Mr. Chin To, Tony, an Independent Third Party, there is no other participating shareholder that ultimately holds 30% or more shares in Infini. Infini is managed by Infini Capital Management Limited ("**Infini Capital**"). Infini Capital is a Hong Kong-based alternative investment manager that uses a multi manager platform to pursue a variety of investment strategies, primarily on public markets in Pan Asia. Licensed by the SFC in 2019, Infini Capital is wholly-owned by Infini Capital Global, a Cayman Islands holding company whose ultimate beneficial owner is Mr. Chin To, Tony, the founder, CEO & CIO of Infini Capital.

Wind Sabre

Wind Sabre Fund SPC on behalf of Wind Sabre Opportunities Fund SP ("**Wind Sabre**") is a fund established in the Cayman Islands. Wind Sabre Fund SPC is a Segregated Portfolio Company incorporated in the Cayman Islands with limited liabilities and is an independent third party, and Wind Sabre Opportunities Fund SP is a segregated portfolio of Wind Sabre Fund SPC. Wind Sabre Fund SPC is controlled by Wind Sabre Capital Limited as the investment manager, which is a company incorporated in Hong Kong and licensed to carry out type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. The participating shareholders of Wind Sabre are Wun Sheung Alison May Chan, Kenneth Lau and Well Smart Developments Limited, which is wholly-owned by Chow Tai Fook (Nominee) Limited, all being independent third parties.

Wind Sabre may obtain external financing from a prime broker (the "**Prime Broker**") to finance its subscription of H Shares. The loan(s), if obtained, will be on normal commercial terms after arm's length negotiations. The H Shares to be subscribed for by Wind Sabre will not be charged to the Prime Broker as security for such loan(s).

Morgan Stanley International

Morgan Stanley International is a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling entity is Morgan Stanley. Morgan Stanley together with its subsidiary undertakings forms the "Morgan Stanley Group". Morgan Stanley is a global financial services firm authorized as a Financial Holding Company and regulated by the Board of Governors of the Federal Reserve System in the United States of America. The Morgan Stanley Group operates within the financial services industry and is subject to extensive supervision and regulation.

The principal activity of the Morgan Stanley Group is the provision of financial services to a global client base consisting of corporations, governments and financial institutions. Financial services includes investment banking, sales and trading, and other services to clients.

Ghisallo

Ghisallo is wholly-owned by Ghisallo Master Fund LP (the "**Fund**") which is a fund domiciled in the Cayman Islands. The general partner of the Fund is Ghisallo Master Fund General Partner LP (the "**Fund GP**"), of which the general partner is Ghisallo MGP LLC ("**MGP**"). There is no ultimate beneficial owner or general partner that owns more than 30% of interests in the Fund and Michael Germino, who is an Independent Third Party, controls, and is the only beneficial owner that owns more than 30% of interests in the Fund GP and MGP. The Fund's discretionary investment manager is Ghisallo Capital Management LLC, a US registered investment advisor.

Wisdomshire AM

Wisdomshire AM was established in 2015 in the PRC. The main business activities of Wisdomshire AM is asset management, with an AUM of more than RMB25 billion, and whose key investment strategy is placing emphasis on evaluating the match degree between risk and return, and continuously selecting asset classes with risk-return ratios. Wisdomshire AM focuses on the sectors of high-end manufacturing, new energy, new materials, health and consumption in its investment portfolios. As of October 31, 2024, there are 144 portfolios under management by Wisdomshire AM, which are categorized into three strategies, namely equity strategy, equity-bond balanced strategy, and convertible bond strategy. Mr. Du Changyong is the executive director and interested in 31.48% shareholding in Wisdomshire AM, and no other shareholder of Wisdomshire AM controls more than 30% shareholding in Wisdomshire AM.

Wisdomshire AM's investment into the Company would be completed through QDII programs in the PRC, of which it has engaged GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司), an asset manager that is a QDII, to subscribe for such Offer Shares at the Offer Price on behalf of Wisdomshire AM.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(a) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);

(c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective acknowledgements, representations, warranties, undertakings and confirmations of relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

FUTURE PLANS

See "Business — Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK$34.30 per H Share (being the mid-point of the Offer Price Range of between HK$32.30 and HK$36.30 per H Share), we estimate that we will receive net proceeds of approximately HK$5,661.3 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 45.0% of the net proceeds, or HK$2,547.6 million, will be used for strengthening our international and cross-border logistics capabilities. In particular:

  (i) approximately 20.0% of the net proceeds, or HK$1,132.3 million, will be used to enhance and upgrade our logistics services and network coverage in Asia, particularly in Southeast Asia. Specific measures include (a) continuing investing in overseas resources and capabilities; (b) expanding our talent pool in Southeast Asia; (c) strengthening customs clearance capabilities to ensure local compliance of more complex cross-border trade scenarios; and (d) establishing partnerships with local logistics players to strengthen our end-to-end international logistics services for our customers.

  (ii) approximately 20.0% of the net proceeds, or HK$1,132.3 million, will be used to selectively pursue strategic initiatives through mergers and acquisitions, strategic alliances, joint ventures or other minority investments that will further enhance our international and cross-border logistics capabilities, in line with our core strategy to expand our capabilities to become the global integrated logistics leader. The global logistics industry is highly fragmented in nature with a large number of small-scale players focusing on a particular sub-sector or a particular region or country while only a few integrated logistics service providers of large scale. According to Frost & Sullivan, more than 70 mergers and acquisitions have been completed or announced by the global top ten integrated logistics service providers over the past ten years, which shows that it is a common business strategy for global integrated players to drive the industry consolidation through various forms of strategic investments in order to strengthen market positioning, service offerings, product differentiation, and geographical presence. As of the Latest Practicable Date, we had not identified any investment target or enter into any definitive investment agreement.

(iii) approximately 5.0% of the net proceeds, or HK$283.1 million, will be used to upgrade our inter-continental logistics network and infrastructure. We plan to expand our global network through selectively adding new routes and increasing air cargo flight frequencies. We also plan to maintain and upgrade our overseas warehouses and logistics industrial parks in key growth regions, including North America, Europe, and Southeast Asia. Specific measures include implementing more advanced sorting systems, and upgrading warehouse management systems with enhanced inventory visualization and tracking capabilities.

- Approximately 35.0% of the net proceeds, or HK$1,981.5 million, will be used for strengthening and optimizing our logistics network and service offerings in China. In particular:

(i) approximately 15.0% of the net proceeds, or HK$849.2 million, will be used to enhance our logistics networks and infrastructure. Specifically, (a) approximately 10.0%, or HK$566.1 million, will be used to expand our geographical coverage, through establishing more service outlets, sorting centers, warehouses and logistics industrial parks; and (b) approximately 5.0%, or HK$283.1 million, will be used to expand our aviation and ground delivery capacities, including acquiring additional line-haul and short-haul trucks and last-mile delivery vehicles to expand the capacity of our ground fleet, acquiring additional all-cargo aircraft, and maintaining and upgrading our existing aircraft through acquiring aircraft components including advanced cargo loading systems, avionics, auxiliary power units, and cargo pods.

(ii) approximately 10.0% of the net proceeds, or HK$566.1 million, will be used to implement efficiency enhancement initiatives: (a) reducing and disposing of redundant and low-efficiency service outlets; (b) further promoting the automation of our sorting centers through increasing application of automation equipment and devices; (c) optimizing transportation routes to increase loading capacity and reduce transit times; and (d) further refining forecasting and data analytics technologies to lower labor costs.

(iii) approximately 5.0% of the net proceeds, or HK$283.1 million, will be used to integrate pertinent resources across our networks to achieve greater network synergies, including (a) enhancing direct dispatch capabilities of sorting centers through expanding the implementation of real-time tracking and monitoring systems, increasing automation, cross- training our employees and utilizing data analysis; (b) upgrading our existing service outlets, into multi-purpose service outlets equipped with regional sorting and dispatching capabilities; and (c) streamlining the service process in connection with small and large-size parcels and our courier team arrangements through further integrating barcoding scanning and automated sorting.

(iv) approximately 5.0% of the net proceeds, or HK$283.1 million, will be used for expanding the breadth and depth of our service offerings and further improving our service quality to solidify our leading position in the industry. Specific measures include (a) further enhancing and customizing our existing logistics services and supply chain solutions to address evolving industry-specific pain points; and (b) developing more customized solutions to serve customers in emerging and fast-evolving sectors, such as technology, media and telecommunications, optics, consumer electronics, biotechnology, new consumer, renewable energy, and financial services.

- Approximately 10.0% of the net proceeds, or HK$566.1 million, will be used for the research and development of advanced technologies and digital solutions to upgrade our supply chain and logistics services and implement ESG-related initiatives. In particular:

  (i) approximately 8.0% of the net proceeds, or HK$452.9 million, will be used to further drive digitalization of our logistics network, including (a) the further upgrade of our global technology infrastructure and construction of our data ecosystems through purchases of servers and fundamental operating systems; (b) developing data analytics technologies to further digitalize our end-to-end operations, including collection and distribution, transit, transportation, and delivery; and (c) upgrading our integrated intelligent cost management and control platform to empower overall resource management and planning capabilities to improve operational and cost efficiency.

  (ii) approximately 2.0% of the net proceeds, or HK$113.2 million, will be used to invest in ESG-related initiatives, which will (a) enhance our fuel efficiency through the deployment of technologies, including route optimization for our road transportation and air freight, (b) contribute to building a differentiated green logistics services, including increasing renewable energy vehicles in our fleet, and research and development for green packaging (with goals to reduce and recycle packaging materials, and to pursue innovations in biodegradable packaging), (c) support our 2030 climate commitment, including the potential purchase of sustainable aviation fuels and obtaining the green electricity certificate, investment in solar generation or energy efficiency projects in our industrial parks, and in nature-based carbon sink solutions.

- Approximately 10.0% of the net proceeds, or HK$566.1 million, will be used for working capital and general corporate purposes.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$334.9 million, respectively.

The additional net proceeds that we would receive if the Over-allotment Option is exercised in full would be (i) HK$911.7 million (assuming an Offer Price of HK$36.30 per H Share, being the maximum Offer Price), (ii) HK$861.5 million (assuming an Offer Price of HK$34.30 per H Share, being the mid-point of the Offer Price range) and (iii) HK$811.2 million (assuming an Offer Price of HK$32.30 per H Share, being the minimum Offer Price).

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we may hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions) so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

Goldman Sachs (Asia) L.L.C.
Huatai Financial Holdings (Hong Kong) Limited
J.P. Morgan Securities (Asia Pacific) Limited
(in alphabetical order)
China International Capital Corporation Hong Kong Securities Limited
UBS AG Hong Kong Branch
(in alphabetical order)
ABCI Securities Company Limited
BOCI Asia Limited
CMB International Capital Limited
DBS Asia Capital Limited
GF Securities (Hong Kong) Brokerage Limited
ICBC International Securities Limited
(in alphabetical order)

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on November 18, 2024. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on and subject to the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering as mentioned herein (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the listing and permission not having been revoked and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally (but not jointly) to subscribe or procure subscribers for their applicable proportion of the Hong Kong Offer Shares which are now being offered but are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall have the right by giving a written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, any of the following events shall occur prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into force:

(i) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, Singapore, the United States, the United Kingdom, the European Union (or any member thereof) or any other jurisdictions relevant to the Group (each a "**Relevant Jurisdiction**");

(ii) any change or development involving a prospective change or development, or any event or series of events likely to result in or representing a change or development, in national or international financial, political, military, industrial, economic, currency market, fiscal, legal, credit or regulatory or market conditions, taxation, equity securities or exchange controls or any monetary or trading settlement system in or affecting any Relevant Jurisdiction or affecting an investment in the Offer Shares;

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency, large-scale labour disputes, strikes, lock-outs, fire, explosion, earthquake, volcanic eruption, flooding, tsunami, civil commotion, riots, rebellion, public disorder, acts of war, acts of terrorism, outbreak or escalation of hostilities, paralysis of government operations (whether or not responsibility has been claimed), acts of God, major accident or interruption in transportation, destruction of power plant, outbreak of diseases or epidemics including, but not limited to, SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS), COVID-19 and such related/mutated forms, economic sanction, in whatever form) in or directly or indirectly affecting any Relevant Jurisdiction;

(iv) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of any other member of the Group listed or quoted on a stock exchange or an over-the-counter market, or trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange, or the Shenzhen Stock Exchange;

(v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Governmental Authority), New York (imposed at Federal or New York State level or other competent Governmental Authority), London, Singapore, the PRC, the European Union (or any member thereof), or any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction;

(vi) any change or prospective change in exchange controls, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollars or RMB against U.S. dollars, a change in the system under which the value of the Hong Kong dollars is linked to that of the United States dollars or RMB is linked to any foreign currency or currencies), or any change or prospective change in Taxation in any Relevant Jurisdiction adversely affecting an investment in the H Shares;

(vii) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplemental or amendment to the prospectus or offering circular or other documents in connection with the offer and sale of the H Shares pursuant to the Companies Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the SFC or the CSRC;

(viii) any Directors, Supervisors or senior management of the Company named in the prospectus vacating his or her office;

(ix) any valid demand by creditors for repayment or payment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;

(x) any contravention by the Company, any member of the Group, any Directors or any Supervisors of any applicable laws;

(xi) any order or petition for, or a petition being presented for the winding-up or liquidation of any member of the Group, or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group;

(xii) any actions, suits, claims (whether or not any such claim involves or results in any action, suit or proceeding), demands, investigations, judgments, awards or proceedings of any third party being threatened or instigated against any member of the Group, or any Director, any Supervisor or senior management of the Company named in the prospectus (which in the case of an independent non-executive Director with respect to his action as independent non-executive Director of the Company), or any of the Director, any Supervisor or senior management of the Company named in the Prospectus being charged with an indictable offence or prohibited by operation of laws or otherwise disqualified from taking on his/her role in the Company;

(xiii) any non-compliance of the prospectus, the CSRC filings or any other documents used in connection with the contemplated subscription and sale of the Offer Shares or any aspect of the Global Offering with the Listing Rules, the Overseas Listing Trial Measures, the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (together with Overseas Listing Trial Measures, the "**CSRC Rules**") or any other applicable laws; or

(xiv) the imposition of economic sanctions or export controls, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction on the Company or any member of the Group,

which, in any such case individually or in the aggregate, in the sole opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters: (i) is or will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, shareholder's equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospects of the Company or the Group as a whole; (ii) has or will have or may have a material adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or has made or is likely to make or may make it impracticable or inadvisable or incapable for any material part of this Agreement, the Hong Kong Public Offering or the Global

Offering to be performed or implemented as envisaged; (iii) makes or will make it or may make it impracticable or inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by the prospectus, the formal notice, the preliminary offering circular or the offering circular; or (iv) would have or may have the effect of making a part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:

(i) a prohibition on the Company by any governmental authority for whatever reason from allotting, issuing or selling the H Shares pursuant to the terms of the Global Offering (including the shares to be issued pursuant to the exercise of Over-allotment Option);

(ii) that any statement contained in the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC filings and/or any notices, announcements, advertisements, communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was or has become untrue, incomplete, incorrect (in each case, in material respect) or misleading or any forecasts, estimate, expressions of opinion, intention or expectation expressed in the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications so issued or used are not fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole (in each case, in material respect);

(iii) the notice of acceptance of the CSRC filings issued by the CSRC is rejected, withdrawn, revoked or invalidated; or other than with the prior written consent of the Joint Sponsors, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC;

(iv) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, not having been disclosed in the Offering Documents, constitutes a material omission therefrom;

(v) any experts (other than the Joint Sponsors) has withdrawn its respective consent to the issue of the prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(vi) any event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement;

(vii) any material breach of any of the obligations, undertakings imposed upon the Company to the Hong Kong Underwriting Agreement the International Underwriting Agreement or the cornerstone investment agreements;

(viii) any material breach of, or any event rendering any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement the untrue or incorrect (in any material respect) or misleading;

(ix) any material adverse change or prospective material adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions (financial or otherwise) or prospects of any member of the Group;

(x) the grant or agreement to grant by the Listing Committee of the listing of, and permission to deal in, the Offer Shares (the "**Admission**") is refused or is not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(xi) the Company has withdrawn the Offering Documents or the Global Offering,

then, in each case, the Overall Coordinators may (for themselves and on behalf of the Hong Kong Underwriters), in their sole discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of H Shares or securities will be completed within six months from the Listing Date), except for the issuance of H Shares or securities pursuant to the Global Offering (including the exercise of the Over-allotment Option) or the 2022 Stock Option Incentive Plan, or for circumstances permitted under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange, the Joint Sponsors and to our Company that, save as disclosed in this Prospectus and except pursuant to the Global Offering, the Over-allotment Option, except pursuant to the 2021 Mingde Exchangeable Bonds and the 2024 Mingde Exchangeable Bonds, he/it will not, and will procure the registered holder(s) will not:

(a) in the period commencing on the date of the Prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares of the Company in respect of which he/it is shown in the Prospectus to be the beneficial owner.

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests, or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder of our Company (as defined in the Listing Rules).

Note 2 to Rule 10.07(2) of the Listing Rules provides that the foregoing shall not prevent the Controlling Shareholders from using securities of the Company beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of the shareholding of them is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the H Shares commence on the Stock Exchange, he/it will:

(a) when he/it pledges or charges (i) any Shares beneficially owned by him/it in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules; or (ii) any additional A Shares beneficially owned by him/it in favour of the EB Pledge Agent pursuant to terms of the 2021 Mingde Exchangeable Bonds or 2024 Mingde Exchangeable Bonds, it shall immediately inform our Company of such pledge/charge together with the number of Shares so pledged/charged; and

(b) when he/it receives indications, either verbal or written, from the pledgee/chargee that any of the pledged/charged Shares will be disposed of (including A Shares pledged to the EB Pledge Agent pursuant to terms of the 2021 Mingde Exchangeable Bonds or 2024 Mingde Exchangeable Bonds), immediately inform our Company of such indications.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company in respect of our Company

Pursuant to the Hong Kong Underwriting Agreement, save and except for any issuance and allotment of A Shares by the Company pursuant to the 2022 Stock Option Incentive Plan, the Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six Month Period**"), it will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption or other third party claim, defect, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind, or an agreement, arrangement or obligation to create any of the foregoing (the "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in the share capital or any other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represents the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of the Company, as applicable), or deposit any share capital or other equity securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts;

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of Shares or any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any equity securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares);

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;

(d) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities, in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six Month Period). The Company further agreed that, in the event the Company is allowed to enter into any of the transactions described in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the "**Second Six Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any H Shares or other equity securities of the Company.

The Company has agreed and undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that it will comply with the minimum public float requirements specified in the Listing Rules or any waiver granted and not revoked by the Stock Exchange (the "**Minimum Public Float Requirement**"), and it will not effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement on or before the date falling six months after the Listing Date without first having obtained the prior written consent of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (which consents shall not be unreasonably withheld, delayed or rejected).

The International Offering

In connection with the International Offering, it is expected that the Company will enter into the International Underwriting Agreement with the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, severally and not jointly, agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure subscribers or purchasers for such International Offer Shares.

It is expected that the International Underwriting Agreement may be terminated on similar ground as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

The Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until Sunday, December 22, 2024, being the 30th day from the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 25,500,000 additional Offer Shares, representing approximately 15% of the number of Offer Shares initially being offered under the Global Offering, at the Offer Price to solely cover over-allocations in the International Offering, if any. We will delay delivery of the Offer Shares allocated to certain investors under the International Offering in order to cover over-allocation of the Offer Shares before exercise of the Over-allotment Option. See "Structure of the Global Offering — Over-allotment Option."

Commission and Expenses

The Capital Market Intermediaries will receive an underwriting commission of 0.8% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Capital Market Intermediaries may receive a discretionary incentive fee of up to 0.7% of the aggregate Offer Price of all the Offer Shares to be issued by our Company under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

Assuming full payment of the discretionary incentive fee, the fixed fees and the discretionary fees payable to the Underwriters represent approximately 37.9% and 62.1%, respectively, of the aggregate fees payable to the Capital Market Intermediaries in total in connection with the Global Offering.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Capital Market Intermediaries in relation to the Global Offering (assuming (i) an indicative offer price of HK$34.30 per Offer Share (which is the mid-point of the Offer Price range), (ii) the full payment of the discretionary incentive fee, and (iii) the exercise of the Over-allotment Option in full) will be approximately HK$100.6 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$182.9 million (assuming (i) an indicative offer price of HK$34.30 per Offer Share (which is the mid-point of the Offer Price range), (ii) the full payment of the discretionary incentive fee, and (iii) the exercise of the Over-allotment Option in full) and will be paid by our Company.

Indemnity

The Company has agreed to indemnify the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer, including losses incurred from its performance of its obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in the Company

Save for its obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this prospectus, none of the Hong Kong Underwriters is interested legally or beneficially in any shares of the Company or has any right or option (whether legally enforceable or not) to subscribe for or purchase or nominate persons to subscribe for or purchase securities of the Company in the Global Offering.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

Joint Sponsors' Fee

A fee of HK$3,200,000 is payable by the Company as sponsor fees to each of the Joint Sponsors.

JOINT SPONSORS' INDEPENDENCE

Each of the Joint Sponsors satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, fund management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, securities investment and trading in the H Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the Stock Exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the followings:

(a) the Syndicate Members and their respective affiliates (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members and their respective affiliates must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of their affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 16,150,000 H Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the section headed "The Hong Kong Public Offering"; and

(b) the International Offering of an aggregate of 153,850,000 H Shares (subject to adjustment and the Over-allotment Option as mentioned below) in the United States to QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and outside the United States in offshore transactions in accordance with Regulation S.

Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Asia Pacific) Limited *(in alphabetical order)*, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch *(in alphabetical order)* are the Overall Coordinators of the Global Offering.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 3.41% of the enlarged issued share capital of the Company immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 3.90% of the enlarged issued share capital of the Company immediately after the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 16,150,000 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 9.5% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.32% of the Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in "— Conditions of the Global Offering."

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$36.30 per Hong Kong Offer Share in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Hong Kong Offer Share. If the Offer Price, as finally determined in the manner described in "— Pricing and Allocation" below, is less than the maximum Offer Price of HK$36.30 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, see "How to Apply for Hong Kong Offer Shares" in this prospectus.

Conditions of the Global Offering

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including H Shares that may be issued pursuant to the exercise of the Over-allotment Option) and the approval for such listing and permission not subsequently having been revoked prior to the Listing Date;

(b) the Offer Price being duly agreed between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Company on or before the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or before the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 8:00 a.m. on Wednesday, November 27, 2024.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Company on or before the 12:00 noon on Price Determination Date, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on the website of the Company (**www.sf-express.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

THE INTERNATIONAL OFFERING

The International Offering will consist of an initial offering of 153,850,000 Offer Shares, representing 90.5% of the total number of Offer Shares initially available under the Global Offering and approximately 3.09% of the Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Stabilizing Manager or its affiliates or any person acting for it may over-allocate up to and not more than an aggregate of 25,500,000 additional Offer Shares, which is 15% of the Offer Shares initially available under the Global Offering, and cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part or by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Any investor who has been offered Offer Shares and has made an application under the Hong Kong Public Offering shall provide sufficient information to the Overall Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor will not apply for any Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 25,500,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to solely cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 0.51% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Any market purchases of our H Shares will be effected in compliance with all applicable laws and regulatory requirements. However, the Stabilizing Manager has been or will be appointed as Stabilizing Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules, as amended, under the SFO and hence, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilizing action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, include (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (ii) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our H Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price of our H Shares, (v) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in our H Shares;

- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of our H Shares;

- no stabilizing action can be taken to support the price of our H Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on Sunday, December 22, 2024, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our H Shares, and therefore the price of our H Shares, could fall;

- the price of our H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, acquiring the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilization period. Following any over-allocation of Offer Shares in connection with the Global Offering, the Overall Coordinators, their respective affiliates or any person acting on their behalves may cover such over-allocation by, among other methods, using H Shares purchased by Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in relation to stabilization in place in Hong Kong, including the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Offer Shares which can be over-allocated will not exceed the number of Offer Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 25,500,000 Offer Shares, representing no more than 15% of the Offer Shares initially available under the Global Offering.

PRICING AND ALLOCATION

Pricing

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Monday, November 25, 2024 (Hong Kong time) and in any event on or before 12:00 noon on Monday, November 25, 2024 (Hong Kong time), by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Hong Kong Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per International Offer Share under the International Offering based on the Hong Kong dollar price per International Offer Share under the International Offering, as determined by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Company. The Offer Price per Hong Kong Offer Share under the Hong Kong Public Offering will be fixed at the Hong Kong dollar amount which, when increased by the brokerage fee of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015%, and Stock Exchange trading fee of 0.00565% payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per International Offer Share under the International Offering. The SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee otherwise payable by investors in the International Offering on International Offer Shares purchased by them will be paid by us.

The Offer Price will not be more than HK$36.30 per Offer Share and is expected to be not less than HK$32.30 per Offer Share unless otherwise announced, as further explained below, on the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of the Company, reduce the number of Offer Shares or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of the Company (**www.sf-express.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) notices of the reduction in the number of Offer Shares or the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range.

Supplemental listing documents will also be issued by the Company in the event of a reduction in the number of Offer Shares or the Offer Price. Such supplemental listing documents will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares and/or the Offer Price will not be reduced.

The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental listing documents. Upon the issue of such a notice and supplemental listing documents, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

If the number of Offer Shares being offered under the Global Offering or the indicative Offer Price range is so reduced, applicants who have already submitted an application will be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include such information as agreed with the Stock Exchange which may change materially as a result of any such reduction. In the absence of any such notice of reduction published as described in this paragraph, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Hong Kong Offer Shares comprised in the Hong Kong Public Offering shall not be less than 9.5% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

The Offer Price for H Shares under the Global Offering is expected to be announced on Tuesday, November 26, 2024. The level of indications of interest in the Global Offering, the level of applications and the basis of allotment of Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Tuesday, November 26, 2024 on the website of the Company (**www.sf-express.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

Allocation

Allocation Under the Hong Kong Public Offering

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (subject to the reallocation of the Offer Shares between the Hong Kong Public Offering and the International Offering referred to below) is to be divided equally into two pools (to the nearest board lot) for allocation purposes (with any odd board lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 8,075,000 Offer Shares, being the number of Hong Kong Offer Shares initially allocated to each pool and representing 50% of the 16,150,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering, are to be rejected.

Allocation Under the International Offering

The International Offering will include selective marketing of International Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares in the United States to QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of International Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "— Pricing and Allocation" above and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell its H Shares, after the Listing. Such allocation is intended to result in a distribution of our H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base for the benefit of the Company and its Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering under certain circumstances.

We have applied for, and the Stock Exchange has granted us, a waiver from stock compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules to the effect as further described below.

16,150,000 Offer Shares are initially available in the Hong Kong Public Offering, representing 9.5% of the Offer Shares initially available for subscription under the Global Offering. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 14 times or more but less than 47 times, (b) 47 times or more but less than 95 times and (c) 95 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 23,800,000 Offer Shares (in the case of (a)), 31,450,000 Offer Shares (in the case of (b)) and 62,050,000 Offer Shares (in the case of (c)), representing 14.0%, 18.5% and 36.5% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

The Overall Coordinators may in their sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In particular, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 14 times of the number of Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that in accordance with Chapter 4.14 of the Guide, the number of International Offer Shares reallocated to the Hong Kong Public Offering should not exceed 16,150,000 Shares, representing approximately number of the Offer Shares initially available under the Hong Kong Public Offering, increasing the total number of Offer Shares available under the Hong Kong Public Offering to 32,300,000 Shares, representing twice the number of the Offer Shares initially available under the Hong Kong Public Offering and the final Offer Price shall be fixed at the bottom end of the indicative price range (i.e. HK$32.30 per Offer Share).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deems appropriate.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate.

However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers to subscribe for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

DEALING ARRANGEMENT

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, November 27, 2024, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, November 27, 2024. Our H Shares will be traded in board lots of 200 H Shares each. The stock code of the H Shares is 6936.

H Share certificates issued in respect of the Offer Shares will only become valid evidence of title at 8:00 a.m. on Wednesday, November 27, 2024 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

IMPORTANT NOTICE TO INVESTORS
OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.sf-express.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- are not in the United States; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to our Company, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder of our Company;
- are a Director, Supervisor or chief executive of our Company and/or a director, supervisor or chief executive of any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above persons;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon the completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Tuesday, November 19, 2024 and end at 12:00 noon on Friday, November 22, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**www.hkeipo.hk**	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Tuesday, November 19, 2024 to 11:30 a.m. on Friday, November 22, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Friday, November 22, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint account holders on FINI is capped at 4[1] in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

1 Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a lower cap.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	200
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$36.30 per H Share. If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable(2) on application/ successful allotment
	HK$		HK$		HK$		HK$
200	7,333.22	4,000	146,664.34	60,000	2,199,965.14	800,000	29,332,868.40
400	14,666.43	5,000	183,330.42	70,000	2,566,625.99	900,000	32,999,476.96
600	21,999.65	6,000	219,996.52	80,000	2,933,286.85	1,000,000	36,666,085.50
800	29,332.86	7,000	256,662.60	90,000	3,299,947.70	2,000,000	73,332,171.00
1,000	36,666.08	8,000	293,328.69	100,000	3,666,608.56	3,000,000	109,998,256.50
1,200	43,999.31	9,000	329,994.77	200,000	7,333,217.10	4,000,000	146,664,342.00
1,400	51,332.52	10,000	366,660.85	300,000	10,999,825.66	5,000,000	183,330,427.50
1,600	58,665.74	20,000	733,321.71	400,000	14,666,434.20	6,000,000	219,996,513.00
1,800	65,998.95	30,000	1,099,982.56	500,000	18,333,042.76	7,000,000	256,662,598.50
2,000	73,332.17	40,000	1,466,643.42	600,000	21,999,651.30	8,075,000(1)	296,078,640.41
3,000	109,998.25	50,000	1,833,304.28	700,000	25,666,259.86		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— *A. Application for Hong Kong Offer Shares — 3. Information Required to Apply*." If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Relevant Persons, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— G. Personal Data — 3. Purposes" and "— G. Personal Data — 4. Transfer of personal data";

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results";

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares";

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, supervisors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, supervisors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** Service Provider or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through the **HK eIPO White Form** service or HKSCC EIPO channel:		
Website	From the "Allotment Results" page at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at **www.hkeipo.hk/IPOResult** or **www.tricor.com.hk/ipo/result**	24 hours, from 11:00 p.m. on Tuesday, November 26, 2024 to 12:00 midnight on Monday, December 2, 2024 (Hong Kong time)
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.sf-express.com** which will provide links to the above mentioned websites of the H Share Registrar	No later than 11:00 p.m. on Tuesday, November 26, 2024 (Hong Kong time)
Telephone	+852 3691 8488 — the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., from Wednesday, November 27, 2024 to Monday, December 2, 2024 (Hong Kong time) on a business day

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, November 25, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, November 25, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.sf-express.com** by no later than 11:00 p.m. on Tuesday, November 26, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their Designated Bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the Global Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the HKSCC EIPO channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid at 8:00 a.m. on Wednesday, November 27, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of H Share certificate[3]		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong **Time:** 9:00 a.m. to 1:00 p.m. on Wednesday, November 27, 2024 (Hong Kong time) If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar **Note:** If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account No action by you is required
For application of less than 1,000,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Date:** Tuesday, November 26, 2024	

	HK eIPO White Form service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Wednesday, November 27, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**HK eIPO White Form** e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

3 Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Tuesday, November 26, 2024 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. See "— E. Bad Weather Arrangements."

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, November 22, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions, (collectively, "**Bad Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, November 22, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Bad** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.sf-express.com** of the revised timetable.

If a **Bad** Weather Signal is hoisted on Tuesday, November 26, 2024, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Wednesday, November 27, 2024.

If a **Bad** Weather Signal is hoisted on Tuesday, November 26, 2024, for the application of less than 1,000,000 Offer Shares, the despatch of physical H Share certificates will be made by ordinary post when the post office re-opens after the Bad Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, November 26, 2024 or on Wednesday, November 27, 2024).

If a **Bad** Weather Signal is hoisted on Wednesday, November 27, 2024, for the application of 1,000,000 Offer Shares or more, physical H Share certificates will be available for collection in person at the H Share Registrar's office after the Bad Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, November 27, 2024 or on Thursday, November 28, 2024).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF S.F. HOLDING CO., LTD. (順豐控股股份有限公司) AND GOLDMAN SACHS (ASIA) L.L.C., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND J.P. MORGAN SECURITIES (FAR EAST) LIMITED

Introduction

We report on the historical financial information of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-116, which comprises the consolidated statements of financial position as at December 31, 2021, 2022 and 2023 and June 30, 2024, the Company statements of financial position as at December 31, 2021, 2022 and 2023 and June 30, 2024, and the consolidated statements of profit or loss, the consolidated statements of other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-116 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated November 19, 2024 (the "Prospectus") in connection with the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

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Reporting accountant's responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2021, 2022 and 2023 and June 30, 2024 and the consolidated financial position of the Group as at December 31, 2021, 2022 and 2023 and June 30, 2024 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
November 19, 2024

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Year ended December 31,			Six months ended June 30,	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Revenue	*5*	207,186,647	267,490,414	258,409,403	124,365,598	134,409,720
Cost of revenue	*8*	(181,409,103)	(234,478,008)	(225,775,678)	(107,767,733)	(116,096,281)
Gross profit		**25,777,544**	**33,012,406**	**32,633,725**	**16,597,865**	**18,313,439**
Selling and marketing expenses	*8*	(2,837,899)	(2,784,114)	(2,991,589)	(1,392,755)	(1,470,892)
General and administrative expenses	*8*	(15,115,275)	(17,694,719)	(17,766,049)	(8,999,978)	(9,049,272)
Research and development expenses	*8*	(2,154,839)	(2,222,865)	(2,285,314)	(1,174,970)	(1,301,455)
Net (impairment losses)/reversal of impairment losses on financial assets and contract assets	*3*	(579,851)	(825,170)	33,480	66,022	(159,872)
Other income	*6*	2,089,534	2,494,659	2,281,202	880,404	572,750
Other gains, net	*7*	1,956,535	831,262	408,474	257,072	293,793
Operating profit		**9,135,749**	**12,811,459**	**12,313,929**	**6,233,660**	**7,198,491**
Finance income	*10*	187,794	345,662	633,373	292,849	415,064
Finance costs	*10*	(1,562,963)	(2,054,360)	(2,269,700)	(1,092,673)	(1,230,918)
Finance costs, net		(1,375,169)	(1,708,698)	(1,636,327)	(799,824)	(815,854)
Share of profit/(loss) of associates and joint ventures, net	*20*	42,660	7,549	(67,190)	(13,486)	(62,580)
Impairment provision for investments in associates and joint ventures	*20*	(52,384)	(72,474)	(123,907)	–	–
Profit before income tax		**7,750,856**	**11,037,836**	**10,486,505**	**5,420,350**	**6,320,057**
Income tax expense	*11*	(3,368,762)	(3,980,922)	(2,574,896)	(1,526,110)	(1,559,135)
Profit for the year/period		**4,382,094**	**7,056,914**	**7,911,609**	**3,894,240**	**4,760,922**
Attributable to:						
Owners of the Company		4,731,979	6,227,058	8,234,493	4,176,282	4,806,714
Non-controlling interests		(349,885)	829,856	(322,884)	(282,042)	(45,792)
		4,382,094	**7,056,914**	**7,911,609**	**3,894,240**	**4,760,922**
Earnings per share for profit attributable to the owners of the Company:	*13*					
– Basic		1.03	1.28	1.70	0.86	1.00
– Diluted		1.03	1.28	1.70	0.86	1.00

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit for the year/period	**4,382,094**	**7,056,914**	**7,911,609**	**3,894,240**	**4,760,922**
Other comprehensive income:					
Items that may be reclassified to profit or loss					
– Effective portion of changes in fair value of hedging instruments arising during the year/period	(4,536)	15,392	12,002	8,740	(1,012)
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method	–	(18,740)	(5,254)	9,171	(10,370)
– Currency translation differences of foreign operations	(133,261)	1,336,071	334,708	464,631	(88,599)
Items that will not be reclassified to profit or loss					
– Fair value changes of equity investments designated at fair value through other comprehensive income	1,870,952	(57,876)	484,100	(53,984)	(1,362,163)
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(91)	(1,486)	(329)	–	–
– Income tax effect	9,857	(307)	2,749	1,244	2,467
Other comprehensive income/(loss) for the year/period, net of tax	**1,742,921**	**1,273,054**	**827,976**	**429,802**	**(1,459,677)**
Total comprehensive income for the year/period	**6,125,015**	**8,329,968**	**8,739,585**	**4,324,042**	**3,301,245**
Attributable to:					
Owners of the Company	6,317,897	8,109,083	9,107,526	4,815,831	3,746,395
Non-controlling interests	(192,882)	220,885	(367,941)	(491,789)	(445,150)
	6,125,015	**8,329,968**	**8,739,585**	**4,324,042**	**3,301,245**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31,			As at June 30,
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	*14*	47,650,309	56,903,667	60,104,416	59,577,127
Right-of-use assets	*15*	23,779,667	22,179,348	20,890,047	19,972,478
Investment properties	*16*	4,850,233	4,875,366	6,418,720	6,658,540
Intangible assets	*17*	19,485,614	22,084,612	21,030,998	20,582,712
Deferred tax assets	*18*	1,584,478	1,632,964	2,263,870	2,053,570
Prepayments, other receivables and other assets	*19*	3,435,382	2,257,364	2,333,562	2,229,314
Investments in associates and joint ventures	*20*	7,260,087	7,858,000	7,378,831	6,859,813
Financial assets at fair value through other comprehensive income	*21*	6,810,771	7,365,684	9,489,535	8,344,293
Financial assets at fair value through profit or loss	*21*	878,023	1,012,209	589,996	508,313
Total non-current assets		**115,734,564**	**126,169,214**	**130,499,975**	**126,786,160**
Current assets					
Inventories	*22*	1,546,821	1,948,354	2,440,425	2,559,211
Contract assets	*23*	1,038,247	1,522,996	1,632,592	2,039,379
Trade and note receivables	*24*	30,759,013	25,796,677	25,360,433	26,095,410
Prepayments, other receivables and other assets	*19*	14,992,856	12,801,911	12,622,706	10,667,582
Financial assets at fair value through other comprehensive income	*21*	–	63,310	99,978	125,633
Financial assets at fair value through profit or loss	*21*	10,384,493	7,385,379	6,809,742	18,047,323
Restricted cash	*25*	576,926	874,919	1,576,496	1,029,244
Cash and cash equivalents	*25*	34,813,768	40,279,947	40,448,308	32,515,989
Total current assets		**94,112,124**	**90,673,493**	**90,990,680**	**93,079,771**
Total assets		**209,846,688**	**216,842,707**	**221,490,655**	**219,865,931**

	Note	As at December 31,			As at June 30,
		2021	2022	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Non-current liabilities					
Borrowings	*26*	19,384,466	26,586,761	30,396,912	30,600,682
Lease liabilities	*15*	10,941,938	8,582,372	8,038,495	7,472,393
Deferred tax liabilities	*18*	4,402,160	4,657,954	4,550,974	4,536,857
Other payables and accruals	*29*	544,300	191,871	140,329	144,477
Deferred income	*30*	690,242	860,791	1,090,644	1,210,871
Total non-current liabilities		**35,963,106**	**40,879,749**	**44,217,354**	**43,965,280**
Current liabilities					
Trade and note payables	*27*	23,467,675	24,748,051	24,914,300	23,810,332
Contract liabilities	*28*	1,675,836	1,244,418	1,832,018	1,802,509
Borrowings	*26*	25,715,952	23,281,547	22,309,103	29,034,420
Lease liabilities	*15*	5,989,616	6,596,956	5,769,965	5,540,079
Financial liabilities at fair value through profit or loss		7,658	96,647	92,120	94,614
Income tax payable		2,066,730	1,630,863	1,394,250	1,221,636
Other payables and accruals	*29*	17,070,777	20,029,392	17,637,171	15,444,502
Advances from customers		27,385	49,035	40,714	41,209
Total current liabilities		**76,021,629**	**77,676,909**	**73,989,641**	**76,989,301**
Total liabilities		**111,984,735**	**118,556,658**	**118,206,995**	**120,954,581**
Net assets		**97,861,953**	**98,286,049**	**103,283,660**	**98,911,350**
EQUITY					
Share capital	*31*	4,906,213	4,895,202	4,895,202	4,815,911
Less: Treasury shares	*31*	(394,993)	(2,040,377)	(2,575,532)	(378,490)
Reserves	*32*	50,186,242	50,037,565	51,634,675	43,385,333
Retained earnings		28,192,470	33,371,351	38,835,999	40,748,443
Equity attributable to owners of the Company		82,889,932	86,263,741	92,790,344	88,571,197
Non-controlling interests		14,972,021	12,022,308	10,493,316	10,340,153
Total equity		**97,861,953**	**98,286,049**	**103,283,660**	**98,911,350**

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As at December 31, 2021	As at December 31, 2022	As at December 31, 2023	As at June 30, 2024
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment		25,180	144,726	210,661	253,138
Right-of-use assets	*15*	383,348	368,022	354,760	348,129
Intangible assets		1,047	359	168	72
Deferred tax assets		–	–	100	696
Investments in a subsidiary	*41*	50,997,088	58,217,914	66,933,038	66,962,282
Prepayments, other receivables and other assets	*19*	111	459	–	–
Total non-current assets		**51,406,774**	**58,731,480**	**67,498,727**	**67,564,317**
Current assets					
Financial assets at fair value through profit or loss	*21*	9,200,219	2,335,319	–	–
Prepayments, other receivables and other assets	*19*	18,282,567	15,191,585	21,850,383	17,673,036
Cash and cash equivalents	*25*	226,112	812,181	138,046	29,017
Total current assets		**27,708,898**	**18,339,085**	**21,988,429**	**17,702,053**
Total assets		**79,115,672**	**77,070,565**	**89,487,156**	**85,266,370**
LIABILITIES					
Non-current liabilities					
Lease liabilities		1,673	–	–	–
Deferred tax liabilities		7,290	1,253	–	–
Total non-current liabilities		**8,963**	**1,253**	**–**	**–**
Current liabilities					
Income tax payable		662	10,316	3,188	–
Other payables and accruals		7,153	29,906	21,623	21,957
Lease liabilities		519	–	–	–
Total current liabilities		8,334	40,222	24,811	21,957
Total liabilities		**17,297**	**41,475**	**24,811**	**21,957**
Net assets		**79,098,375**	**77,029,090**	**89,462,345**	**85,244,413**
EQUITY					
Share capital	*31*	4,906,213	4,895,202	4,895,202	4,815,911
Less: Treasury shares	*31*	(394,993)	(2,040,377)	(2,575,532)	(378,490)
Reserves	*32*	72,701,834	72,601,156	74,151,381	70,707,023
Retained earnings	*32*	1,885,321	1,573,109	12,991,294	10,099,969
Total equity		**79,098,375**	**77,029,090**	**89,462,345**	**85,244,413**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	Less: Treasury shares	Reserves *(Note 32)*	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2021	**4,556,440**	**(394,993)**	**26,573,371**	**25,192,055**	**55,926,873**	**316,651**	**56,243,524**
Comprehensive income:							
Profit for the year	–	–	–	4,731,979	4,731,979	(349,885)	4,382,094
Other comprehensive income	–	–	1,585,918	–	1,585,918	157,003	1,742,921
Total comprehensive income	**–**	**–**	**1,585,918**	**4,731,979**	**6,317,897**	**(192,882)**	**6,125,015**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	(112,656)	112,656	–	–	–
Transactions with owners							
Capital contribution of non-public placement	349,773	–	19,562,789	–	19,912,562	–	19,912,562
Capital contribution of non-controlling interests	–	–	2,029,503	–	2,029,503	1,849,237	3,878,740
Share-based payment	–	–	287,553	–	287,553	61,755	349,308
Transaction with non-controlling interests and others	–	–	(75,317)	–	(75,317)	(142,626)	(217,943)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	13,126,493	13,126,493
Appropriation to general and regulatory reserves	–	–	141,496	(141,496)	–	–	–
Profit appropriations to statutory reserve	–	–	202,732	(202,732)	–	–	–
Dividends	–	–	–	(1,499,992)	(1,499,992)	(46,607)	(1,546,599)
Safety reserve appropriation	–	–	28,370	–	28,370	–	28,370
Safety reserve utilisation	–	–	(28,370)	–	(28,370)	–	(28,370)
Others	–	–	(9,147)	–	(9,147)	–	(9,147)
As at December 31, 2021	**4,906,213**	**(394,993)**	**50,186,242**	**28,192,470**	**82,889,932**	**14,972,021**	**97,861,953**

	Attributable to owners of the Company						
	Share capital	**Less: Treasury shares**	**Reserves *(Note 32)***	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
As at January 1, 2022	**4,906,213**	**(394,993)**	**50,186,242**	**28,192,470**	**82,889,932**	**14,972,021**	**97,861,953**
Comprehensive income:							
Profit for the year	–	–	–	6,227,058	6,227,058	829,856	7,056,914
Other comprehensive income	–	–	1,882,025	–	1,882,025	(608,971)	1,273,054
Total comprehensive income	**–**	**–**	**1,882,025**	**6,227,058**	**8,109,083**	**220,885**	**8,329,968**
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	38,771	(38,771)	–	–	–
Transactions with owners							
Capital contribution of non-controlling interests	–	–	825	–	825	161,848	162,673
Repurchase of shares	–	(2,040,377)	–	–	(2,040,377)	–	(2,040,377)
Cancellation of shares	(11,011)	394,993	(383,982)	–	–	–	–
Share-based payment	–	–	122,999	–	122,999	(13,426)	109,573
Transaction with non-controlling interests and others	–	–	(2,055,007)	–	(2,055,007)	(1,856,492)	(3,911,499)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	57,555	57,555
Appropriation to general and regulatory reserves	–	–	72,410	(72,410)	–	–	–
Profit appropriations to statutory reserve	–	–	62,478	(62,478)	–	–	–
Dividends	–	–	–	(874,518)	(874,518)	(1,524,826)	(2,399,344)
Safety reserve appropriation	–	–	32,214	–	32,214	–	32,214
Safety reserve utilisation	–	–	(32,214)	–	(32,214)	–	(32,214)
Others	–	–	110,804	–	110,804	4,743	115,547
As at December 31, 2022	**4,895,202**	**(2,040,377)**	**50,037,565**	**33,371,351**	**86,263,741**	**12,022,308**	**98,286,049**

	Attributable to owners of the Company						
	Share capital	Less: Treasury shares	Reserves *(Note 32)*	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	**4,895,202**	**(2,040,377)**	**50,037,565**	**33,371,351**	**86,263,741**	**12,022,308**	**98,286,049**
Comprehensive income:							
Profit for the year	–	–	–	8,234,493	8,234,493	(322,884)	7,911,609
Other comprehensive income	–	–	873,033	–	873,033	(45,057)	827,976
Total comprehensive income	**–**	**–**	**873,033**	**8,234,493**	**9,107,526**	**(367,941)**	**8,739,585**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	121,368	(121,368)	–	–	–
Transactions with owners							
Capital contribution of non-controlling interests	–	–	1,207	–	1,207	146,845	148,052
Repurchase of shares	–	(959,956)	–	–	(959,956)	–	(959,956)
Exercise of share options	–	424,801	(69,612)	–	355,189	–	355,189
Share-based payment	–	–	271,510	–	271,510	37,828	309,338
Transaction with non-controlling interests and others	–	–	(1,037,241)	–	(1,037,241)	(799,597)	(1,836,838)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	47,904	47,904
Appropriation to general and regulatory reserves	–	–	31,328	(31,328)	–	–	–
Profit appropriations to statutory reserve	–	–	1,403,533	(1,403,533)	–	–	–
Dividends	–	–	–	(1,213,616)	(1,213,616)	(596,065)	(1,809,681)
Safety reserve appropriation	–	–	389,332	–	389,332	–	389,332
Safety reserve utilisation	–	–	(389,332)	–	(389,332)	–	(389,332)
Others	–	–	1,984	–	1,984	2,034	4,018
As at December 31, 2023	**4,895,202**	**(2,575,532)**	**51,634,675**	**38,835,999**	**92,790,344**	**10,493,316**	**103,283,660**

	Attributable to owners of the Company						
	Share capital	Less: Treasury shares	Reserves *(Note 32)*	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
As at January 1, 2023	**4,895,202**	**(2,040,377)**	**50,037,565**	**33,371,351**	**86,263,741**	**12,022,308**	**98,286,049**
Comprehensive income:							
Profit for the period	–	–	–	4,176,282	4,176,282	(282,042)	3,894,240
Other comprehensive income	–	–	639,549	–	639,549	(209,747)	429,802
Total comprehensive income	**–**	**–**	**639,549**	**4,176,282**	**4,815,831**	**(491,789)**	**4,324,042**
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	(18)	18	–	–	–
Transactions with owners							
Capital contribution of non-controlling interests	–	–	890	–	890	59,056	59,946
Repurchase of shares	–	(59,936)	–	–	(59,936)	–	(59,936)
Share-based payment	–	–	151,413	–	151,413	2,048	153,461
Transaction with non-controlling interests and others	–	–	(11,444)	–	(11,444)	(3,728)	(15,172)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	52,226	52,226
Dividends	–	–	–	(1,213,616)	(1,213,616)	(377,890)	(1,591,506)
Safety reserve appropriation	–	–	18,568	–	18,568	–	18,568
Safety reserve utilisation	–	–	(18,568)	–	(18,568)	–	(18,568)
Others	–	–	(3,041)	–	(3,041)	–	(3,041)
As at June 30, 2023	**4,895,202**	**(2,100,313)**	**50,814,914**	**36,334,035**	**89,943,838**	**11,262,231**	**101,206,069**

	Attributable to owners of the Company						
	Share capital	Less: Treasury shares	Reserves *(Note 32)*	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	**4,895,202**	**(2,575,532)**	**51,634,675**	**38,835,999**	**92,790,344**	**10,493,316**	**103,283,660**
Comprehensive income:							
Profit/(loss) for the period	–	–	–	4,806,714	4,806,714	(45,792)	4,760,922
Other comprehensive loss	–	–	(1,060,319)	–	(1,060,319)	(399,358)	(1,459,677)
Total comprehensive (loss)/income	**–**	**–**	**(1,060,319)**	**4,806,714**	**3,746,395**	**(445,150)**	**3,301,245**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	5,060	(5,060)	–	–	–
Transactions with owners							
Capital contribution of non-controlling interests	–	–	127	–	127	28,447	28,574
Repurchase of shares	–	(1,378,503)	–	–	(1,378,503)	–	(1,378,503)
Cancellation of shares	(79,291)	3,575,545	(3,496,254)	–	–	–	–
Share-based payment	–	–	62,186	–	62,186	7,754	69,940
Transaction with non-controlling interests and others	–	–	(3,760,142)	–	(3,760,142)	420,549	(3,339,593)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	17,333	17,333
Dividends	–	–	–	(2,889,210)	(2,889,210)	(182,096)	(3,071,306)
Safety reserve appropriation	–	–	272,081	–	272,081	–	272,081
Safety reserve utilisation	–	–	(272,081)	–	(272,081)	–	(272,081)
As at June 30, 2024	**4,815,911**	**(378,490)**	**43,385,333**	**40,748,443**	**88,571,197**	**10,340,153**	**98,911,350**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31,			Six months ended June 30,	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Cash flows from operating activities						
Cash generated from operations	*34(a)*	18,632,501	37,781,002	29,796,205	15,731,404	15,214,009
Income tax paid		(2,553,546)	(5,078,055)	(3,226,386)	(1,906,577)	(1,491,740)
Net cash generated from operating activities		**16,078,955**	**32,702,947**	**26,569,819**	**13,824,827**	**13,722,269**
Cash flows from investing activities						
Redemption of financial assets at fair value through profit or loss		114,774,608	154,858,457	93,433,282	48,987,381	28,382,311
Disposal of financial assets at fair value through other comprehensive income		592,087	698,674	162,780	130,152	8,440
Proceeds from sales of associates and joint ventures		24,418	841,595	468,039	3,000	341,706
Repayment from former subsidiaries		342,792	–	–	–	316,655
Investment gains or dividend income from financial assets at fair value through profit or loss		465,949	738,296	604,161	284,733	230,534
Dividends received from associates and joint ventures		7,684	171,633	192,475	146,754	137,225
Investment gains or dividend income from financial assets at fair value through other comprehensive income		16,770	3,170	1,998	1,998	19,581
Proceeds from disposal of property, plant and equipment and other non-current assets		147,398	176,331	335,828	119,817	179,381
Proceeds of considerations receivable for disposal of subsidiaries before acquisition	*35(a)*	10,989,923	–	–	–	–
Disposal of subsidiaries, net of cash and cash equivalents held by subsidiaries at the disposal dates	*36(a)*	2,337,552	313,719	384,332	358,587	153,596
Purchase of property, plant and equipment and other non-current assets		(19,195,560)	(14,183,777)	(12,471,899)	(5,454,090)	(5,075,259)
Acquisition of financial assets at fair value through other comprehensive income		(78,442)	(499,939)	(275,165)	(35,814)	(49,750)
Acquisition of financial assets at fair value through profit or loss		(118,178,290)	(151,870,104)	(93,974,775)	(57,231,623)	(39,460,448)
Acquisition of associates and joint ventures		(334,538)	(1,122,032)	(169,265)	(15,930)	(14,141)
Acquisition of subsidiaries, net of cash and cash equivalents held by subsidiaries at the acquisition dates	*35*	(9,043,578)	(2,217,481)	(2,197,408)	(928,555)	(614,384)
Net cash used in investing activities		**(17,131,227)**	**(12,091,458)**	**(13,505,617)**	**(13,633,590)**	**(15,444,553)**

	Note	Year ended December 31,			Six months ended June 30,	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from financing activities						
Capital injection from owners of the Company		19,910,000	–	–	–	–
Capital injection from non-controlling interests		3,884,887	162,673	157,080	56,892	27,968
Exercise of share options		–	–	355,189	–	–
Drawdown of bank borrowings		31,405,608	27,676,978	32,543,231	15,611,960	19,578,781
Drawdown of loans from non-controlling interests		–	10,814	44,287	5,064	5,542
Proceeds from corporate bonds and short-term debentures		13,062,445	11,880,297	1,499,553	1,499,553	3,297,638
Deposits received from lessors after the expiry of lease contracts		7,577	5,187	6,703	7,639	9,978
Repayment of bank borrowings		(23,760,852)	(31,204,435)	(22,365,788)	(10,595,828)	(15,680,047)
Repayment of corporate bonds and short-term debentures		(2,800,000)	(6,660,000)	(10,110,178)	(5,000,000)	(957,181)
Repayment of loans from holders of asset-backed securities scheme		(666,000)	(391,000)	(899,360)	–	–
Repayment of loans from non-controlling interests		(21,417)	(34,115)	(31,478)	(12,405)	–
Dividend paid to non-controlling interests		(46,607)	(1,361,769)	(599,379)	(385,779)	(182,096)
Dividend paid by subsidiaries (announced prior to acquisition)	*35(a)*	(10,819,033)	–	–	–	–
Dividend paid	*12*	(1,499,992)	(874,518)	(1,213,616)	(1,213,616)	(2,889,210)
Interests paid		(832,979)	(1,451,895)	(1,820,066)	(851,714)	(952,574)
Net cash consideration paid to non-controlling interests without change of control	*34(b)*	(109,576)	(3,914,671)	(1,833,285)	(132,490)	(3,353,487)
Payments for repurchase of shares	*31*	–	(2,040,377)	(959,956)	(59,936)	(1,378,503)
Payments of lease liabilities	*34(c)*	(6,987,589)	(7,813,330)	(7,765,246)	(3,891,543)	(3,704,784)
Payment of transaction costs related to financing activities		(92,093)	–	(2,376)	(1,435)	(3,890)
Payment for deposits of lease contracts		(135,803)	(6,789)	–	–	–
Net cash generated from/(used in) financing activities		**20,498,576**	**(16,016,950)**	**(12,994,685)**	**(4,963,638)**	**(6,181,865)**

	Note	Year ended December 31,			Six months ended June 30,	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net increase/(decrease) in cash and cash equivalents		**19,446,304**	**4,594,539**	**69,517**	**(4,772,401)**	**(7,904,149)**
Cash and cash equivalents at beginning of the year/period		15,466,484	34,813,768	40,279,947	40,279,947	40,448,308
Exchange (losses)/gains on cash and cash equivalents		(99,020)	871,640	98,844	127,046	(28,170)
Cash and cash equivalents at end of the year/period		**34,813,768**	**40,279,947**	**40,448,308**	**35,634,592**	**32,515,989**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION OF THE GROUP

S.F. Holding Co., Ltd. (順豐控股股份有限公司) (formerly "Ma'anshan Dingtai Rare Earth & New Materials Co., Ltd.", hereinafter "S.F. Holding" or "the Company"), formerly known as Ma'anshan Dingtai Science & Technology Co., Ltd., was established by 11 natural persons including Liu Jilu and the Labour Union of Ma'anshan Dingtai Metallic Products Co., Ltd. by cash contribution on May 22, 2003. On October 22, 2007, the Company officially changed to Ma'anshan Dingtai Rare Earth and New Materials Co., Ltd., and issued additional 19.5 million shares to the public and listed with trading on Shenzhen Stock Exchange on February 5, 2010.

In December 2016, approved by China Securities Regulatory Commission, the Company conducted a series of material asset restructuring arrangements, including entering into a material asset swap and share subscription agreement. Upon the completion of material asset restructuring, Shenzhen Mingde Holding Development Co., Ltd. ("Mingde Holding") became the parent company and ultimate controlling company of the Company, and Mr. Wang Wei was the ultimate controlling shareholder.

The address of the Company's registered office is 3/F, Complex Building, SF South China Transit Center, No. 1111, Hangzhan 4th Road, Shenzhen Airport, Caowei Community, Hangcheng Subdistrict, Bao'an District, Shenzhen. The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the development of logistics ecosystem including express delivery, freight delivery, cold chain and pharmaceutical logistics, intra-city on-demand delivery, international logistics service and supply chain solutions in the People's Republic of China (the "PRC").

2. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Summary of material accounting policies

(a) Basis of preparation

The principal accounting policies applied in the preparation of Historical Financial Information are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Historical Financial Information has been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income and financial assets and financial liability at fair value through profit or loss, which are carried at fair value.

The preparation of Historical Financial Information 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 Historical Financial Information are disclosed in Note 4.

(b) New standards and interpretations

(i) New standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and have not been early adopted by the Group during the Track Record Period, are as follows:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

(ii) New standard and amendments to standards adopted and changes in accounting policy

The following new standard and amendments to standards have been adopted by the Group for the financial year beginning on January 1, 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a sales and leaseback

The adoption of these new and amended standards does not have significant impact during the Track Record Period.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting (Note 2.2(c)), after initially being recognized at cost.

(d) Joint arrangements

Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint ventures

Interests in joint ventures are accounted for using the equity method (Note 2.2(c)), after initially being recognized at cost in the consolidated statement of financial position.

(e) Business combinations

Business combination is accounted for under the acquisition method except for business combination under common control.

The Group chooses to perform concentration test to determine whether an acquired asset of activities and assets is a business or not. If the concentration test is met, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the set of activities and assets is determined not to be a business and the Group would treat such transaction as purchasing a set of assets.

Business combination arising from transfer of interests in entities that are under the control of the controlling shareholder that controls the Group is accounted for as if the acquisition had occurred at the beginning of the Track Record Period or, if later, at the date that common control was established. The assets acquired and liabilities assumed are recognized at the carrying amounts recognized previously in the Group's controlling shareholder's perspective. The components of equity of the acquired entities are added to the same components within the Group's equity and any difference between the net assets acquired and the consideration paid is recognized directly in equity.

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 recognizes 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.

(f) Intangible assets

(i) Goodwill

Goodwill is measured as described in Note 2.1(e). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of two to ten years which is the shorter of expected economic benefit life and their contractual/legally protected period.

(iii) Research and development

All research costs are charged to the statement of profit or loss as incurred.

Development costs are capitalized only when all the following conditions are met:

- the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale; and
- its intention to complete and its ability to use or sell the asset; and

- how the asset will generate economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such); and

- the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset; and

- the ability to measure reliably the expenditure during the development.

Self-developed systems and software, when the development is done and ready for use, are stated at cost less any impairment losses. The development costs are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding ten years.

(iv) Customer relationships

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate its cost over the expected life of the customer relationships, which range from fifteen to twenty years. The expected useful life is determined with reference to the past experience of the customer churn rate and the projected period of future economic benefits from customer relationships.

(v) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognized at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of five to twenty years which are the shorter of expected economic benefit life and their contractual/legally protected period.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Financial assets

(i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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

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

Equity instruments

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

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other (losses)/gains, net' in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

Impairment under general approach is measured as either 12-month expected losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and other receivables and financial assets at fair value through other comprehensive income from providing operating services, lease receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The credit risk of related parties is relatively low, as the management is of the view that it is very likely the Group could collect receivables from related parties. Management makes periodic assessments on these receivables from related parties.

(i) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments, lease liabilities, interest-bearing borrowings and bonds.

(ii) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

(iii) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

(j) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) 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 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.

(ii) 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 consolidated financial statements. 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 substantially 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.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize 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 Group 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 (Note 18).

(iii) Offsetting

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 realize 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.

(k) Revenue recognition

Revenue is recognized when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

Incremental costs incurred to obtain a contract, if recoverable, are capitalized as contract assets and subsequently amortized when the related revenue is recognized.

(i) Revenue from logistics and freight forwarding services

The Group derives revenue from provision of logistics and freight forwarding services, including express and freight delivery services (comprising time-definite express services, economy express services, freight delivery services, and cold chain and pharmaceuticals logistics services), intra-city on-demand delivery services, and supply chain and international services.

The Group recognizes revenue based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs or days spent to the estimated total days. As at the date of the end of the reporting period, the Group re-estimates the progress of the service performed to reflect the actual status of contract performance.

When the Group recognizes revenue based on the progress of the service performed, the amount with unconditional right to consideration obtained by the Group is recognized as trade receivables, and the rest is recognized as contract assets. Meanwhile, provision for trade receivables and contract assets is recognized on the basis of expected credit losses (Note 2.1(h)(iv)). If the contract consideration received or receivable exceeds the progress of the service performed, the excess portion will be recognized as contract liabilities. Contract assets and contract liabilities under the same contract are presented on a net basis.

Contract costs include costs to fulfil a contract and costs to obtain a contract. Costs incurred for provision of the aforesaid services are recognized as costs to fulfil a contract, which is carried forward to the cost of revenue when revenue recognized based on the progress of the service performed. Incremental costs incurred by the Group for the acquisition of the aforesaid service contract are recognized as the costs to obtain a contract. For the costs to obtain a contract with the amortization period within one year, the costs are charged to profit or loss when incurred. For the costs to obtain a contract with the amortization period beyond one year, the costs are charged in the profit or loss on the same basis as aforesaid revenue of rendering of services recognized under the relevant contract. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering of the service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognizes it as asset impairment losses. As at the date of the end of the reporting period, based on whether the amortization period of the costs to fulfil a contract is more than one year when initially recognized, the amount of the Group's costs to fulfil a contract net of related provision for asset impairment is presented as inventories or other non-current assets. For costs to obtain a contract with amortization period beyond one year at the initial recognition, the amount net of related provision for asset impairment is presented as other non-current assets.

(ii) Sales of goods

Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract. No element of financing is deemed present as the sales are made with the credit policies, which is consistent with market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(iii) Other services

The Group's services also include telecommunication service, repairment service, research and development and technical services and other services.

With regard to certain maintenance service, research and development and technical services, the Group recognizes revenue at a point in time when the services are delivered to customers. For other services, the Group recognizes revenue based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs as at the date of end of the reporting period.

2.2 Summary of other accounting policies

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when 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 over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Refer to Note 2.1(e) for further accounting policy information.

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 statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The gain or loss resulting from a downstream transaction involving assets that constitute a business between the Group and the associate or joint ventures is recognized in full in the Group's financial statements.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.1(g).

(c) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with 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.

(d) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test 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 of the investee's net assets including goodwill.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary 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 financial assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in the consolidated statement of profit or loss as part of the fair value gain or loss and translation differences on non-monetary financial assets, such as equity investment at fair value through other comprehensive income, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group's entities (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 statement of financial position of the Group's entities are translated at the closing rate at the end of the Track Record Period;

- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Leases

(i) The Group as the lessee

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

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

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

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

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

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

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

The Group also has interests in leasehold land and land use rights for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateables value set by the relevant government authorities. These payments are stated at cost and are amortized over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

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

Payments associated with short-term leases and all leases of low-value assets are recognized as expenses in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(ii) The Group as the lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(g) Property, plant and equipment

All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charges. Historical costs include expenditures that are directly attributable to the acquisition of the items.

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 asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the periods in which they are incurred.

Replacement parts of aircraft engine repairment/maintenance are depreciated using the units-of-production method. Except for the replacement parts of aircraft engine repairment/maintenance and freehold land, depreciation of other property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Freehold land	Not depreciated
Buildings	10 – 50 years
Machinery and equipment	2 – 40 years
Aircraft, aircraft engines, rotables and other flight equipment	1.5 – 10 years
Other property, plant and equipment	2 – 20 years
Leasehold improvements	Shorter of their useful lives and the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.1(g)).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statement of comprehensive income.

In relation to the aircraft fuselage within the properties, plants and equipment, the Group originally provided for depreciation over a period of 10 years. Based on the assessment conducted by the technical department of the Group with reference to the actual useful lives and utilization of aircraft, the Group was of the view that current estimated useful lives of aircraft can no longer reflect the actual usage of the aircraft.

In order to more truly and accurately reflect the status and operating results of the Company's aircraft fuselage, and to better align the expected useful life of the aircraft fuselage with its actual service life, the Group has made an accounting estimate change to the expected useful lives of the aircraft fuselage.

This change in accounting estimate was implemented using the prospective method from January 1, 2024. The comparison of the changes in depreciation of the aircraft fuselage is as follows:

	Estimated useful lives	Estimated residual value	Depreciation rate
Before	10 years	5.00%	9.50%
After	10-20 years	5.00%	9.50%-4.75%

Construction in progress represents logistics centers and warehouses under construction and is stated at cost less impairment losses. It will be reclassified to the relevant property, plant and equipment category upon completion and depreciation begins when the relevant assets are available for use.

(h) Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, including properties under construction for such purpose, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business. Such properties are measured initially at cost, including related transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	10 – 50 years
Land use rights	20 – 50 years

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

(i) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(j) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Majority of other receivables are advances to employees, deposit from suppliers and value-added tax recoverable. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other 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 amortized cost using the effective interest method, less provision for impairment. See Note 24 and Note 19 for further information about the Group's accounting for Trade and other receivables and Note 2.1(h) for a description of the Group's impairment policies.

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as a separate current liability in the consolidated statement of financial position.

Restricted and pledged bank deposits are not included in cash and cash equivalents.

(l) Share capital and capital reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases its equity instruments, for example as the result of an employee share scheme, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(n) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized 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 capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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.

(o) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(p) 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.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Employment obligations

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(r) Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. The fair value of equity instruments is determined using the binomial option pricing model. For details see Note 33. Share-based payment.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument ranted or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. Where employees or other parties are permitted to choose to fulfill non-vesting conditions but have not fulfilled during the pending period, equity-settled share-based payments are deemed cancelled. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the new awards are treated as if they were a modification of the original award.

Cash-settled share-based payments are those arrangements with employees where terms provide the Group to settle the transaction in cash. For cash-settled share-based payments, a liability equal to the portion of the services received is recognized at the current fair value determined at the end of the reporting period until the date of settlement, with any changes in fair value recognized in profit or loss.

(s) Dividend distribution

Dividend distributed to the shareholders is recognized as a liability in the Historical Financial Information in the period when the dividends are approved by the entities' shareholders or directors, where appropriate.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interests and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property and equipment, and other non-current assets are included in the non-current liabilities and are credited to the consolidated statement of profit or loss on a straight- line basis over the expected lives of the related assets.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the directors and senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's major operational activities are carried out in mainland China and most of the transactions are denominated in RMB. Some operational activities are carried out in regions/countries including Hong Kong Special Administrative Region ("Hong Kong") and United States and relevant transactions are settled in Hong Kong Dollar ("HKD") and United States Dollar ("USD"). Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, for the Group's subsidiaries with RMB as the functional currency, major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated	HKD denominated	Others denominated
	RMB'000	RMB'000	RMB'000
At December 31, 2021			
Cash and cash equivalents	381,815	5,889	720
Trade and other receivables	644,070	38,046	3,408
Trade payables, accruals and other payables	(170,486)	(8,393)	(7,443)
	855,399	**35,542**	**(3,315)**
At December 31, 2022			
Cash and cash equivalents	570,178	31,722	1,210
Trade and other receivables	1,901,329	86,034	48,575
Trade payables, accruals and other payables	(981,361)	(65,840)	(116,583)
	1,490,146	**51,916**	**(66,798)**
At December 31, 2023			
Cash and cash equivalents	254,389	45,245	6,177
Trade and other receivables	649,073	27,900	17,133
Trade payables, accruals and other payables	(391,029)	(56,703)	(62,492)
	512,433	**16,442**	**(39,182)**
At June 30, 2024			
Cash and cash equivalents	288,657	43,908	13,745
Trade and other receivables	622,248	3,544	21,935
Trade payables, accruals and other payables	(372,069)	(11,346)	(99,510)
	538,836	36,106	(63,830)

As at December 31, 2021, 2022 and 2023 and June 30, 2024, for the above various US dollar financial assets and US dollar financial liabilities, if the RMB appreciates or depreciates by 5% against the US dollar and other factors remain unchanged, the Group will reduce or increase its profit before taxation by approximately RMB35,628,000, RMB74,507,000, RMB25,622,000 and RMB26,942,000, respectively. Other foreign currencies of changes have no significant impact on foreign exchange risk.

As at December 31, 2021, 2022 and 2023 and June 30, 2024, for the Group's subsidiaries with HKD as the functional currency, major monetary assets and liabilities exposed to foreign exchange risk are listed below:

	USD denominated	RMB denominated	Other denominated
	RMB'000	RMB'000	RMB'000
At December 31, 2021			
Cash and cash equivalents	72,858	13,958	8,444
Trade and other receivables	44,711	5,452	–
Trade payables, accruals and other payables	(53,820)	(14,745)	(14,541)
	63,749	**4,665**	**(6,097)**
At December 31, 2022			
Cash and cash equivalents	692,008	59,509	35,142
Trade and other receivables	1,612,858	251,686	–
Trade payables, accruals and other payables	(1,418,533)	(32,985)	(14,327)
	886,333	**278,210**	**20,815**
At December 31, 2023			
Cash and cash equivalents	384,796	98,862	34,738
Trade and other receivables	95,029	5,846	–
Trade payables, accruals and other payables	(97,982)	(8,046)	(5,148)
	381,843	**96,662**	**29,590**
At June 30, 2024			
Cash and cash equivalents	318,290	78,149	50,306
Trade and other receivables	109,582	7,559	–
Trade payables, accruals and other payables	(13,555)	(9,819)	(22,357)
	414,317	**75,889**	**27,949**

For the Group's subsidiaries with HKD as the functional currency, the foreign exchange exposure of their non-functional currency denominated financial assets and liabilities was mainly derived from the USD. As USD is pegged against HKD, the foreign exchange exposure of the above-mentioned subsidiaries is not significant.

(ii) Price risk

The Group is exposed to price risk mainly arising from equity investments held by the Group that are classified either as FVPL or FVOCI that will not be sold within one year.

Sensitivity analysis is performed by management to assess the exposure of the Group's financial results to equity price risk of FVPL and FVOCI at the end of each reporting period. If prices of the respective instruments held by the Group had been 10% higher/lower as at December 31, 2021, 2022 and 2023 and June 30, 2024, profit before income tax for the Track Record Period would have been approximately RMB87,802,000, RMB101,221,000, RMB59,000,000 and RMB50,831,000 higher/lower, respectively, as a result of gains/losses on financial instruments classified as at FVPL, other comprehensive income would have been approximately RMB681,077,000, RMB736,568,000, RMB948,954,000 and RMB834,429,000 higher/lower as a result of gains/losses on financial instruments classified as at FVOCI, respectively.

(iii) Interest rate risk

The Group's interest rate risk primarily arises from long-term interest-bearing borrowings and bonds. Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bonds issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings and bonds issued at variable rates and fixed rates based on the market environment.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group. To hedge against the variability in the cash flows arising from a change in market interest rates, the Group may enter into certain interest rate swap contracts to swap variable rates into fixed rates.

The following tables list out the interest rate profiles of the Group's interest-bearing financial instruments as at December 31, 2021, 2022 and 2023 and June 30, 2024:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Floating rate instruments				
Long-term borrowings	3,510,829	7,472,010	11,355,241	10,661,466

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate instruments				
Bonds				
– USD denominated	15,301,680	18,107,960	18,415,020	18,380,414
– RMB denominated	500,000	1,000,000	500,000	1,500,000

If interest rates of floating rate instruments had been 50 basis points higher or lower with all other variables held constant, the profit before taxation would be lower or higher approximately RMB17,554,000, RMB37,360,000, RMB56,776,000 and RMB53,307,000, as at December 31, 2021, 2022 and 2023 and June 30, 2024, respectively.

(b) Credit risk

The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables and contract assets, represent the Group's major exposure to credit risk in relation to financial assets.

(i) Credit risk of cash and bank balances, restricted and pledged bank deposits

To manage this risk arising from cash and cash equivalents and restricted cash, the Group mainly transacts with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is minimal.

(ii) Credit risk of trade receivables and contract assets

There is no concentration of credit risk with respect to trade receivables from third party customers as the Group has wide-ranging customers in different industries. In respect of customers with a poor credit history, sending written payment reminders, shortening or cancellation of credit periods and other follow-up actions are taken to ensure the overall credit risk of the Group is limited to a controllable extent. In addition, the Group has closely monitored the credit qualities and the collectability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made. In this regard, the Directors of the Company consider that the expected credit risks of them are adequately covered.

The Group has applied the IFRS 9 simplified approach to measuring ECLs which uses a lifetime ECLs for all trade receivables and contract assets. In calculating the expected credit loss rates, the Group considers historical loss rates, and adjusts for forward looking macroeconomic data. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For trade receivables from related parties, the Group considers the counterparties with relatively good credit worthiness based on past experience and satisfactory settlement history. The Group assessed the ECLs for trade receivables from related parties was insignificant during the reporting period.

A default on trade receivables and contract assets is when the counterparty fails to make contractual payments when they fall due.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

On that basis, the loss allowance as at 31 December 2021, 2022 and 2023 and June 30, 2024 was determined as follows for both trade receivables and contract assets:

	As at December 31, 2021			
	Gross amount		Loss allowance	Expected loss rate
	Trade and note receivables	Contract assets		
	RMB'000	RMB'000	RMB'000	%
Assessed based on grouping				
– The third parties	31,164,003	1,041,152	478,183	1.48%
– The related parties	70,288	–	–	–
Assessed individual	559,591	–	559,591	100.00%
	31,793,882	**1,041,152**	**1,037,774**	

	As at December 31, 2022			
	Gross amount		Loss allowance	Expected loss rate
	Trade and note receivables	Contract assets		
	RMB'000	RMB'000	RMB'000	%
Assessed based on grouping				
– The third parties	26,577,105	1,526,396	844,056	3.00%
– The related parties	60,228	–	–	–
Assessed individual	719,588	–	719,588	100.00%
	27,356,921	**1,526,396**	**1,563,644**	

	As at December 31, 2023			
	Gross amount		Loss allowance	Expected loss rate
	Trade and note receivables	Contract assets		
	RMB'000	RMB'000	RMB'000	%
Assessed based on grouping				
– The third parties	25,957,399	1,636,144	700,939	2.54%
– The related parties	124,211	–	23,790	19.15%
Assessed individual	657,488	–	657,488	100.00%
	26,739,098	**1,636,144**	**1,382,217**	

	As at June 30, 2024			
	Gross amount		Loss allowance	Expected loss rate
	Trade and note receivables	Contract assets		
	RMB'000	RMB'000	RMB'000	%
Assessed based on grouping				
– The third parties	26,398,002	2,043,192	820,157	2.88%
– The related parties	553,681	–	39,929	7.21%
Assessed individual	482,863	–	482,863	100.00%
	27,434,546	**2,043,192**	**1,342,949**	

(iii) Credit risk of other receivables

Over the term of other receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, the Group compares the risk of a default occurring on the assets at the end of each reporting period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behavior of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences, other receivables from related parties were settled within 12 months after upon maturity hence the expected credit loss is minimal.

As stated in note 2.1(h), impairment on other receivables accounted as amortized cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the loss allowance for other receivables as at December 31, 2021, 2022 and 2023 and June 30, 2024:

	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2021				
Expected credit loss rate	0.67%	N/A	96.33%	5.60%
Gross carrying amounts	5,413,868	–	293,951	5,707,819
Allowance for impairment	(36,505)	–	(283,151)	(319,656)
As at December 31, 2022				
Expected credit loss rate	0.73%	N/A	94.56%	8.82%
Gross carrying amounts	4,341,791	–	409,803	4,751,594
Allowance for impairment	(31,486)	–	(387,516)	(419,002)
As at December 31, 2023				
Expected credit loss rate	0.76%	N/A	96.71%	7.66%
Gross carrying amounts	4,502,235	–	348,803	4,851,038
Allowance for impairment	(34,101)	–	(337,315)	(371,416)
As at June 30, 2024				
Expected credit loss rate	0.57%	N/A	96.76%	8.63%
Gross carrying amounts	3,880,791	–	354,733	4,235,524
Allowance for impairment	(22,089)	–	(343,245)	(365,334)

(iv) Credit risk of loans and advances

Loans and advances are presented in prepayments, other receivables and other assets in the consolidated statements of financial position and subject to the expected credit loss model. The Group developed credit policies and operational implementation rules for loans and advances in accordance with the requirements of relevant state regulatory authorities, and implemented standardized management over the entire process of credit granting. In addition, the Group further improved the systems for credit risk monitoring and early warning and defective credit extension management. The Group actively responded to the changes in the credit environment, regularly analyzed the situation and dynamic of credit risks and took risk control measures on a forward-looking basis. The Group also established an optimization management mechanism for defective credit and accelerated the optimization progress of defective credit to avoid non-performing loans.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such.

The table below analyzes the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2021						
Trade and other payables (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	34,026,664	24,950	85,412	31,890	34,168,916	34,168,916
Borrowings	26,740,909	5,095,365	6,622,652	10,644,714	49,103,640	45,100,418
Lease liabilities	6,645,721	4,374,170	5,158,881	2,590,999	18,769,771	16,931,554
	67,413,294	**9,494,485**	**11,866,945**	**13,267,603**	**102,042,327**	**96,200,888**
At December 31, 2022						
Trade and other payables (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	37,013,988	22,431	–	–	37,036,419	37,036,419
Borrowings	24,272,047	4,358,007	12,033,720	13,264,559	53,928,333	49,868,308
Lease liabilities	7,101,902	4,179,191	3,797,852	1,976,864	17,055,809	15,179,328
	68,387,937	**8,559,629**	**15,831,572**	**15,241,423**	**108,020,561**	**102,084,055**
At December 31, 2023						
Trade and other payables (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	35,775,997	563	–	–	35,776,560	35,776,560
Borrowings	23,358,218	4,426,187	16,910,274	11,972,971	56,667,650	52,706,015
Lease liabilities	6,102,697	4,569,459	2,529,679	1,784,760	14,986,595	13,808,460
	65,236,912	**8,996,209**	**19,439,953**	**13,757,731**	**107,430,805**	**102,291,035**
At June 30, 2024						
Trade and other payables (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	33,847,555	–	–	–	33,847,555	33,847,555
Borrowings	30,448,474	6,658,584	15,090,476	12,922,886	65,120,420	59,635,102
Lease liabilities	6,018,563	4,059,170	2,697,029	1,727,398	14,502,160	13,012,472
	70,314,592	**10,717,754**	**17,787,505**	**14,650,284**	**113,470,135**	**106,495,129**

3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024.

The Group monitors capital on the basis of the asset-liability ratio and the asset-liability ratio as at December 31, 2021, 2022 and 2023 and June 30, 2024 were as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	209,846,688	216,842,707	221,490,655	219,865,931
Total liabilities	111,984,735	118,556,658	118,206,995	120,954,581
Asset-liability ratio	53.37%	54.67%	53.37%	55.01%

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at December 31, 2021, 2022 and 2023 and June 30, 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized 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).

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the financial assets measured at fair value on a recurring basis by the above three levels were analyzed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2021				
Financial assets at FVPL	76	653,752	10,608,688	11,262,516
Financial assets at FVOCI	241,936	401,726	6,167,109	6,810,771
Financial liability at FVPL	–	(7,658)	–	(7,658)
As at December 31, 2022				
Financial assets at FVPL	77	34,144	8,363,367	8,397,588
Financial assets at FVOCI	158,936	190,874	7,079,184	7,428,994
Financial liability at FVPL	–	(96,647)	–	(96,647)
As at December 31, 2023				
Financial assets at FVPL	78	354	7,399,306	7,399,738
Financial assets at FVOCI	2,418,842	99,978	7,070,693	9,589,513
Financial liability at FVPL	–	(92,120)	–	(92,120)
As at June 30, 2024				
Financial assets at FVPL	79	361	18,555,196	18,555,636
Financial assets at FVOCI	1,120,309	125,633	7,223,984	8,469,926
Financial liability at FVPL	–	(94,614)	–	(94,614)

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable company model. The major inputs of the valuation models include expected rate of return and discount of lack of market liquidity.

The changes in Level 3 assets are analyzed below:

	Financial assets at FVOCI					Financial assets at FVPL				
	Year ended December 31,			Six months ended June 30,		Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)					*(Unaudited)*	
Opening balance	4,136,330	6,167,109	7,079,184	7,079,184	7,070,693	7,108,374	10,608,688	8,363,367	8,363,367	7,399,306
Additions	244,045	345,378	54,174	36,411	49,785	118,054,239	151,670,310	94,261,361	57,214,184	41,922,732
Transfer to Level 1	–	–	(139,189)	–	–	–	–	(1,466,275)	–	–
Disposals/settlements	(208,230)	–	–	–	(2,741)	(115,098,767)	(154,583,061)	(94,296,231)	(49,203,659)	(30,926,271)
Changes in fair value recognized in other comprehensive income	2,101,185	(32,291)	(32,059)	(11,090)	(53,867)	–	–	–	–	–
Changes in fair value recognized in profit or loss	–	–	–	–	–	545,877	644,337	446,569	277,288	150,447
Currency translation differences	(106,221)	598,988	108,583	233,060	160,114	(1,035)	23,093	90,515	84,068	8,982
Closing balance	6,167,109	7,079,184	7,070,693	7,337,565	7,223,984	10,608,688	8,363,367	7,399,306	16,735,248	18,555,196

The Group has assessed that the fair values of cash and cash equivalents, restricted bank deposits, trade receivables, trade and note payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, short-term bank borrowings and short-term debentures approximate to their carrying amounts largely due to the short-term maturities of these instruments. For the years ended December 31, 2021 and 2022, and the six months ended June 30, 2023 and 2024, there were no significant transfers among Level 1, 2 and 3 of fair value measurements. During the year ended December 31, 2023, the Group transferred a share investment from Level 3 to Level 1 as the underlying investment, initial public offering was completed during the year.

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements and the sensitivity analysis of fair value to the inputs:

	Fair value							
	As at December 31,			As at June 30,				
Description	2021	2022	2023	2024	Valuation technique(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Sensitivity of fair value to the input(s)
	RMB'000	RMB'000	RMB'000	RMB'000				
Financial assets at FVPL								
- Structured deposits and others	9,730,665	7,353,162	6,543,851	17,771,963	Discounted cash flow	Expected rate of return	1.91%-4.33%	10% increase/decrease in expected rate of return would result in increase/decrease in fair value by 0.03%-0.04%
- Equity investment in unlisted entities	85,243	118,324	135,359	202,874	Recent transaction price	N/A	N/A	N/A

Description	Fair value – As at December 31, 2021	2022	2023	As at June 30, 2024	Valuation technique(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Sensitivity of fair value to the input(s)
	RMB'000	RMB'000	RMB'000	RMB'000				
- Investments in funds and equity-class securities . .	792,780	891,881	720,096	580,359	Adjusted net assets value	Adjusted net assets value	N/A	10% increase/decrease in adjusted net assets value would result in increase/decrease in fair value by 10%
Financial assets at FVOCI								
- Equity investment in unlisted entities	4,275,449	471,988	4,960,693	5,066,450	Recent transaction price	N/A	N/A	N/A
	1,891,660	6,607,196	2,110,000	2,157,534	A combination of observable and unobservable inputs	Discount for lack of marketability	17%-21%	10% increase/decrease in discount for lack of marketability would result in decrease/increase in fair value by 2.11%-2.49%

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities in these financial statements. Estimates and judgements are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgements and accounting estimation, which have the significant effect on the amounts recognized in the financial statements.

4.1 Critical accounting estimate and its key assumption

(a) Measurement of the expected credit losses

For financial assets and contract assets at amortized cost, the Group calculates expected credit losses based on exposure at default and expected credit loss rates.

The Group refers to internal historical information, such as credit losses, and considers the impact of historical credit loss experience according to current situation and forward-looking information to determine expected credit loss rates. And management takes the customer's credit status, credit history, operating status as well as collaterals, the guarantee ability of the guarantor and other information into consideration.

The Group monitors and reviews relevant assumptions about expected credit losses regularly. Where there is a difference between the actual bad debts and the original estimate, such difference will affect the Group's provision for bad debts of the above assets in the future period.

(b) Estimated impairment of long-term assets (other than goodwill)

The Group tests whether property, plant and equipment, right-of-use assets, investment properties, intangible assets (other than goodwill) and other non-current assets have been impaired in accordance with the accounting policy stated in Note 2.1(g) to the consolidated financial statements. The recoverable amount of the cash-generating unit has been determined based on the higher of its value in use and its fair value less costs of disposal. The cash flow projections used to determine the value in use of a cash-generating unit is based on significant assumptions, such as revenue growth rate, long term growth rate, gross margin rate, and discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The recoverable amount of goodwill is determined at higher of fair value less costs of disposal and value in use amount. The calculations of value in use amount require use of estimates. The cash flow projections used to determine the value in use of a cash-generating unit is based on significant assumptions, such as revenue growth rate, net profit margins before tax and interests, and pre-tax discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions.

(d) Fair value of financial instruments determined using valuation techniques

Fair value, in the absence of an active market, is estimated by using valuation techniques, applying currently applicable and sufficiently available data, and the valuation techniques supported by other information, mainly include market approach and income approach, reference to the recent arm's length transactions, current market value of another instrument which is substantially the same, and by using the discounted cash flow analysis and option pricing models.

When using valuation techniques to determine the fair value of financial instruments, the Group would choose the input value in consistent with market participants, considering the transactions of related assets and liabilities. All related observable market parameters are considered in priority, including interest rate, foreign exchange rate, commodity prices and share prices or index. When related observable parameters are unavailable or inaccessible, the Group uses unobservable parameters and makes estimates for credit risk, market volatility and liquidity adjustments.

Using different valuation techniques and parameter assumptions may lead to significant difference of fair value estimation.

(e) Uncertain tax position and recognition of current and deferred income tax assets

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary difference to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference, and the carry forward of unused tax credits and unused tax losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. To determine the future taxable profits, reference was made to the latest available profit forecast. The key assumptions adopted in the future taxable profit forecast include revenue growth rates and gross margin rates.

(f) Assessment of the fair value of identifiable net assets in acquisition transactions and goodwill recognition

As stated in Note 2.1(e), identifiable net assets acquired in a business combinations involving enterprises not under common control are recognized at the fair value at the acquisition date, and if the combination cost exceeds the Group's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill.

The assessment of the fair value of identifiable assets and liabilities involves critical estimates and judgements from management, in particular, the identification of intangible assets and the evaluation of their fair values, thereby affecting the recognition of goodwill. The assessment of the fair value of identifiable net assets on the acquisition date includes the identification of various kinds of assets, the selection of valuation methods, and the forecast of future cash flows, which involves critical estimates and judgements about the key assumptions including revenue growth rate, gross profit rate and discount rate. Different inputs used in the key assumptions may lead to significant differences between fair value estimates.

Significant merger and acquisition transactions for the Track Record Period are discussed in Note 35.

4.2 Critical accounting judgements

(a) Judgements on whether the Group can exercise significant influence on invested entity

The Group adopts equity method to those entities that the Group has significant influence over. In assessing if the Group has such a kind of influence, management would normally consider one or more of the following facts and circumstances: (i) share rights of the investee entity; (ii) representation on the board of directors or equivalent governing body of the investee; (iii) participation in policy-making processes, including participation in decisions about dividends or other distributions; (iv) material transactions between the entity and its investee; (v) interchange of managerial personnel; or (vi) provision of essential technical information.

(b) Scope of consolidation

Consolidation is required only if control exists. The Group controls an investee when it has all the following: (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. These three factors cannot be considered in isolation by the Group in its assessment of control over an investee. Where the factors of control are not apparent, significant judgement is applied in the assessment, which is based on an overall analysis of all of the relevant facts and circumstances.

The Group is required to reassess whether it controls the investee if facts and circumstances indicate a change to one or more of the three factors of control.

5. REVENUE AND SEGMENT INFORMATION

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 executive management team that makes strategic decisions.

(a) CODM reviews the Group's internal reporting in order to assess performance and allocate resources:

The CODM identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments. An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

The segment businesses are separately presented as the express and freight delivery segment, the intra-city on-demand delivery segment, and supply chain and international segment. The types of services from which reportable segments derive revenue are listed below:

- Express and freight delivery segment, which provides time-define express, economy express, cold chain and pharmaceuticals logistics service, as well as freight service;
- Intra-city on-demand delivery segment, which provides intra-city delivery for merchants and consumers, and last-mile delivery services;
- Supply chain and international segment, which provides supply chain services, international express service and international freight forwarding service.

Except for the above business segments, the other segments did not have a material impact on the Group's operating outcome, and as such are not separately presented. Management monitors the operating results of the Group's business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment performance is assessed based on key performance indicators. Transfer prices between operating segments are based on the amount stated in the contracts agreed by both sides.

During the Track Record Period, no revenue from a single customer exceeded 10% or more of the total revenue.

Due to the merger of the delivery business and the adjustment of organizational structure, the reportable segments of the Group have changed in 2023. The express delivery segment and the freight delivery segment are merged as the express and freight delivery segment. The segment information for the years ended December 31, 2021 and 2022 has been restated.

Segment information for the year ended December 31, 2021 is as follows:

	Express and freight delivery segment	Intra-city on-demand delivery segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	160,675,510	5,117,905	39,979,632	1,413,600	–	207,186,647
Inter-segment revenue	4,469,180	3,056,509	474,522	9,465,837	(17,466,048)	–
Cost of revenue	142,949,707	8,084,231	36,206,076	9,445,563	(15,276,474)	181,409,103
Profit/(loss) before income tax	6,158,308	(902,586)	1,075,252	1,435,765	(15,883)	7,750,856
Income tax expenses/(credits)	2,453,678	(3,735)	459,978	463,838	(4,997)	3,368,762
Net profit/(loss)	3,704,630	(898,851)	615,274	971,927	(10,886)	4,382,094
Total assets	86,084,379	4,064,825	60,901,366	135,950,893	(77,154,775)	209,846,688
Total liabilities	61,031,675	899,472	34,391,955	67,699,240	(52,037,607)	111,984,735
Depreciation of right-of-use assets *(Note 8)*	4,895,430	16,013	761,724	298,510	(194,999)	5,776,678
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	5,433,844	55,420	753,735	646,469	(11,244)	6,878,224
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	422,004	4,477	190,763	(24,457)	(12,936)	579,851

Segment information for the year ended December 31, 2022 is as follows:

	Express and freight delivery segment	Intra-city on-demand delivery segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	169,764,860	6,567,057	89,916,599	1,241,898	–	267,490,414
Inter-segment revenue	7,074,141	3,698,616	700,298	12,070,206	(23,543,261)	–
Cost of revenue	152,057,092	9,853,707	82,247,056	11,801,763	(21,481,610)	234,478,008
Profit/(loss) before income tax	8,434,175	(288,847)	2,938,917	(46,779)	370	11,037,836
Income tax expenses/(credits)	2,914,825	(1,944)	993,055	75,290	(304)	3,980,922
Net profit/(loss)	5,519,350	(286,903)	1,945,862	(122,069)	674	7,056,914
Total assets	94,676,009	3,956,639	66,235,754	148,072,567	(96,098,262)	216,842,707
Total liabilities	66,504,698	1,086,136	53,540,703	79,713,800	(82,288,679)	118,556,658
Depreciation of right-of-use assets *(Note 8)*	5,800,435	21,799	1,597,267	291,696	(419,837)	7,291,360
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	6,831,767	78,662	1,551,214	500,387	(11,958)	8,950,072
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	331,656	1,968	384,491	107,231	(176)	825,170

Segment information for the year ended December 31, 2023 is as follows:

	Express and freight delivery segment	Intra-city on-demand delivery segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Revenue from external customers	186,890,137	7,371,250	62,859,302	1,288,714	–	258,409,403
Inter-segment revenue	12,231,353	5,029,453	733,174	4,430,069	(22,424,049)	–
Cost of revenue	171,457,160	11,606,756	58,474,528	4,372,537	(20,135,303)	225,775,678
Profit/(loss) before income tax	10,602,204	48,327	(328,849)	143,788	21,035	10,486,505
Income tax expenses/(credits)	2,149,342	(2,268)	205,652	229,825	(7,655)	2,574,896
Net profit/(loss)	8,452,862	50,595	(534,501)	(86,037)	28,690	7,911,609
Total assets	103,171,690	4,038,844	64,308,117	186,550,844	(136,578,840)	221,490,655
Total liabilities	72,928,079	1,218,597	53,658,452	84,432,442	(94,030,575)	118,206,995
Depreciation of right-of-use assets *(Note 8)*	5,891,828	27,188	1,707,837	258,621	(672,411)	7,213,063
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	7,741,137	52,445	1,651,130	683,365	(22,033)	10,106,044
Net (reversal of impairment losses)/impairment losses on financial assets and contract assets	(111,509)	3,668	82,879	67,481	(75,999)	(33,480)

Segment information for the six months ended June 30, 2023 is as follows:

	Express and freight delivery segment	Intra-city on-demand delivery segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Revenue from external customers	90,058,986	3,406,837	30,283,063	616,712	–	124,365,598
Inter-segment revenue	5,283,237	2,355,281	314,393	7,209,639	(15,162,550)	–
Cost of revenue	81,461,676	5,378,602	28,088,020	6,766,077	(13,926,642)	107,767,733
Profit/(loss) before income tax	5,412,546	31,344	(221,230)	146,029	51,661	5,420,350
Income tax expenses	1,292,805	1,030	86,845	130,843	14,587	1,526,110
Net profit/(loss)	4,119,741	30,314	(308,075)	15,186	37,074	3,894,240
Total assets	100,203,287	3,888,569	64,443,045	152,920,781	(103,415,251)	218,040,431
Total liabilities	68,606,705	986,574	51,662,519	84,017,974	(88,439,410)	116,834,362
Depreciation of right-of-use assets *(Note 8)*	2,993,058	13,137	872,028	101,324	(293,265)	3,686,282
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	3,587,688	30,545	801,513	405,049	(12,970)	4,811,825
Net (reversal of impairment losses)/impairment losses on financial assets and contract assets	(83,592)	3,921	34,806	40,848	(62,005)	(66,022)

Segment information for the six months ended June 30, 2024 is as follows:

	Express and freight delivery segment	Intra-city on-demand delivery segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	96,820,175	4,022,952	32,914,104	652,489	–	134,409,720
Inter-segment revenue	6,340,531	2,855,518	447,518	2,545,639	(12,189,206)	–
Cost of revenue	87,693,668	6,407,319	30,636,136	2,472,311	(11,113,153)	116,096,281
Profit/(loss) before income tax	5,842,143	80,572	(236,145)	606,498	26,989	6,320,057
Income tax expenses/(credits)	1,046,410	18,398	338,068	156,427	(168)	1,559,135
Net profit/(loss)	4,795,733	62,174	(574,213)	450,071	27,157	4,760,922
Total assets	106,075,703	4,117,315	64,294,283	162,056,001	(116,677,371)	219,865,931
Total liabilities	71,306,112	1,355,096	56,051,461	91,319,878	(99,077,966)	120,954,581
Depreciation of right-of-use assets *(Note 8)*	2,885,910	8,252	836,623	141,397	(443,266)	3,428,916
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	3,279,143	24,862	808,175	1,250,722	(2,168)	5,360,734
Net (reversal of impairment losses)/impairment losses on financial assets and contract assets	41,848	3,835	122,046	19,289	(27,146)	159,872

(b) The Group's business operates in three main geographical areas, even though they are managed on a worldwide basis.

The Group's revenue by geographical areas is analyzed based on the following criteria:

Revenue from operations within the PRC excluding Hong Kong, Macau and Taiwan is classified as within mainland China operations. Revenue from operations within Hong Kong, Macau and Taiwan regions is classified as Hong Kong, Macau, Taiwan operations while revenue from operations in other overseas markets is classified as other international operations.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Within mainland China	189,029,359	208,562,879	223,510,607	107,339,757	115,996,449
Hong Kong, Macau, Taiwan	5,080,415	10,389,782	9,134,850	4,334,903	4,512,024
Other international	13,076,873	48,537,753	25,763,946	12,690,938	13,901,247
	207,186,647	267,490,414	258,409,403	124,365,598	134,409,720

The non-current assets information below is based on the locations of the assets and exclude financial instruments and deferred tax assets.

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within mainland China	85,441,357	93,479,838	95,919,000	93,823,901
Hong Kong, Macau, Taiwan	5,973,014	5,686,663	5,293,887	5,206,336
Other international	14,170,557	16,360,578	16,575,617	16,528,093
	105,584,928	115,527,079	117,788,504	115,558,330

(c) Disaggregation of revenue

In the following table, revenue of the Group from contracts with customers is disaggregated by timing of satisfaction of performance obligations. The table also includes a reconciliation to the segment information in respect of revenue of the Group that is disclosed in the operating segment Note 5(a).

	Year ended December 31, 2021			
	Logistics and freight forwarding services	Sales of goods	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from main operations				
Including: At a point in time	–	1,764,253	363,090	2,127,343
Over time	203,690,237	–	887,645	204,577,882
Lease income and others	–	–	123,143	123,143
	203,690,237	1,764,253	1,373,878	206,828,368
Revenue from other operations				
Including: At a point in time	–	–	62,830	62,830
Over time	–	–	130,881	130,881
Lease income and others	–	–	164,568	164,568
	–	–	358,279	358,279
	203,690,237	1,764,253	1,732,157	207,186,647

	Year ended December 31, 2022			
	Logistics and freight forwarding services	Sales of goods	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from main operations				
Including: At a point in time	–	3,899,692	351,610	4,251,302
Over time	262,079,740	–	561,990	262,641,730
Lease income and others	–	–	229,734	229,734
	262,079,740	3,899,692	1,143,334	267,122,766
Revenue from other operations				
Including: At a point in time	–	–	69,014	69,014
Over time	–	–	83,124	83,124
Lease income and others	–	–	215,510	215,510
	–	–	367,648	367,648
	262,079,740	3,899,692	1,510,982	267,490,414

	Year ended December 31, 2023			
	Logistics and freight forwarding services	**Sales of goods**	**Others**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Revenue from main operations				
Including: At a point in time	–	5,626,072	306,401	5,932,473
Over time	251,127,665	–	619,037	251,746,702
Lease income and others	–	–	307,405	307,405
	251,127,665	5,626,072	1,232,843	257,986,580
Revenue from other operations				
Including: At a point in time	–	–	100,907	100,907
Over time	–	–	136,465	136,465
Lease income and others	–	–	185,451	185,451
	–	–	422,823	422,823
	251,127,665	5,626,072	1,655,666	258,409,403

	Six months ended June 30, 2023			
	Logistics and freight forwarding services	**Sales of goods**	**Others**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Revenue from main operations				
Including: At a point in time	–	2,754,076	198,951	2,953,027
Over time	120,855,099	–	188,156	121,043,255
Lease income and others	–	–	152,156	152,156
	120,855,099	2,754,076	539,263	124,148,438
Revenue from other operations				
Including: At a point in time	–	–	33,265	33,265
Over time	–	–	75,201	75,201
Lease income and others	–	–	108,694	108,694
	–	–	217,160	217,160
	120,855,099	2,754,076	756,423	124,365,598

	Six months ended June 30, 2024			
	Logistics and freight forwarding services	**Sales of goods**	**Others**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Revenue from main operations				
Including: At a point in time	–	3,216,236	208,598	3,424,834
Over time	130,207,965	–	413,658	130,621,623
Lease income and others	–	–	174,027	174,027
	130,207,965	3,216,236	796,283	134,220,484

	Six months ended June 30, 2024			
	Logistics and freight forwarding services	Sales of goods	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from other operations				
Including: At a point in time	–	–	34,616	34,616
Over time	–	–	72,947	72,947
Lease income and others	–	–	81,673	81,673
	–	–	189,236	189,236
	130,207,965	3,216,236	985,519	134,409,720

6. OTHER INCOME

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Government grants *(Note (a))*	1,787,501	2,255,563	1,983,551	752,237	404,911
Dividend income	31,853	13,811	2,438	2,535	426
Others	270,180	225,285	295,213	125,632	167,413
	2,089,534	2,494,659	2,281,202	880,404	572,750

(a) The government grants were mainly incentives provided by local government authorities in the PRC, including various forms of government financial incentives and tax preferences, to reward the Group's support and contribution to the development of local economies. As at December 31, 2021, 2022 and 2023 and June 30, 2024, there were no unfulfilled conditions or contingencies relating to these government grants.

7. OTHER GAINS, NET

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Gains/(losses) on disposal of investments in associates and joint ventures	68,695	282,906	21,441	(1,941)	45,307
Gains on disposal of investments in subsidiaries *(Note 36(b))*	1,808,638	32,314	268,204	244,982	91,950
Fair value changes in financial assets at FVPL	553,638	660,867	529,513	290,377	294,669
(Losses)/gains on disposal of property, plant and equipment, right-of-use assets and other non-current assets	(195,841)	(52,305)	(53,891)	(64,740)	39,097
Impairment of inventories, property, plant and equipment and other non-current assets	(7,106)	(55,212)	(62,390)	(2,026)	(1,309)
Net exchange (losses)/gains	(103,533)	117,314	(96,381)	(133,258)	4,703
Others	(167,956)	(154,622)	(198,022)	(76,322)	(180,624)
	1,956,535	831,262	408,474	257,072	293,793

8. EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses are analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Labour outsourcing cost	71,489,843	77,832,877	88,615,879	41,999,886	46,426,202
Transportation expenses	34,888,921	68,640,219	44,578,173	21,120,397	24,040,343
Transportation outsourcing cost	35,965,273	38,204,742	38,352,035	18,187,306	18,725,511
Employee benefit expenses *(Note 9)*	27,830,922	31,445,636	31,776,779	16,270,441	16,170,240
Depreciation of right-of-use assets *(Note 15)*	5,776,678	7,291,360	7,213,063	3,686,282	3,428,916
Depreciation and amortization (excluding right-of-use assets)	6,878,224	8,950,072	10,106,044	4,811,825	5,360,734
Rent and venue usage expenses	4,473,486	6,481,654	7,100,757	3,381,074	3,599,946
Auditor's remuneration	47,147	66,148	64,508	26,959	18,899
Listing expenses	–	–	579	–	–
Others	14,166,622	18,266,998	21,010,813	9,851,266	10,147,109
	201,517,116	**257,179,706**	**248,818,630**	**119,335,436**	**127,917,900**

(a) Government grants amounting to approximately RMB401,821,000, RMB214,306,000, RMB164,944,000, RMB97,625,000 and RMB511,053,000, respectively, had been recognized as deduction in the cost of revenue for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024.

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analyzed as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, wages and bonuses	22,787,118	26,185,228	26,127,739	13,338,273	13,461,623
Share-based compensation expenses *(Note 33)*	548,329	157,684	543,046	344,053	59,037
Contributions to pension plans	1,093,173	1,288,190	1,301,124	646,349	699,571
Other employee benefits	3,402,302	3,814,534	3,804,870	1,941,766	1,950,009
	27,830,922	31,445,636	31,776,779	16,270,441	16,170,240

(b) Directors' and supervisors' remuneration

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2021				
Executive Directors				
Mr. Wang Wei	–	1,122	–	1,122
Mr. Ho Chit *(i)*	84	1,667	–	1,751
Mr. Lin Zheying *(vi)*	–	–	–	–
Mr. Zhang Yichen *(vi)*	–	–	–	–
Mr. Deng Weidong *(vi)*	–	–	–	–
Mr. Liu Chengwei *(vi)*	–	–	–	–
Mr. Chan Fei *(vi)*	58	6,278	–	6,336
Mr. Lo Sai Lai *(vi)*	–	–	–	–
Ms. NG Wai Ting *(ii)*	–	2,953	–	2,953
Independent non-executive Directors				
Mr. Zhou Zhonghui *(viii)*	–	680	–	680
Mr. Jin Li *(viii)*	–	680	–	680
Mr. Dicky Perter Yip *(viii)*	–	680	–	680
Mr. Chow Wing Kin Anthony *(viii)*	–	680	–	680
Supervisors				
Mr. Shum Tze Leung *(xi)*	–	1,244	–	1,244
Ms. Wang Jia *(iii)*	–	539	–	539
Mr. Liu Jilu	–	–	–	–
Ms. Li Juhua	–	1,282	–	1,282
Ms. Chu Yan *(iii)*	–	708	–	708
Mr. Sun Xun *(iv)*	–	147	–	147
Ms. Li Li *(iv)*	–	858	–	858
Total	**142**	**19,518**	**–**	**19,660**

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2022				
Executive Directors				
Mr. Wang Wei	–	702	–	702
Mr. Ho Chit *(i)*	404	6,986	2,287	9,677
Ms. Wang Xin *(v)*	–	84	2,287	2,371
Mr. Zhang Dong *(xii)*	–	65	2,287	2,352
Mr. Lin Zheying *(vi)*	–	–	–	–
Mr. Zhang Yichen *(vi)*	–	–	–	–
Mr. Deng Weidong *(vi)*	–	–	–	–
Mr. Liu Chengwei *(vi)*	–	–	–	–
Mr. Chan Fei *(vi)*	284	3,683	2,287	6,254
Mr. Lo Sai Lai *(vi)*	–	–	–	–
Independent non-executive Directors				
Mr. CHAN Charles Sheung Wai *(vii)*	–	22	–	22
Mr. Lee Carmelo Ka Sze *(vii)*	–	22	–	22

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Ding Yi *(vii)*	–	22	–	22
Mr. Zhou Zhonghui *(viii)*	–	680	–	680
Mr. Jin Li *(viii)*	–	680	–	680
Mr. Dicky Perter Yip *(viii)*	–	680	–	680
Mr. Chow Wing Kin Anthony *(viii)*	–	680	–	680
Supervisors				
Mr. Shum Tze Leung *(xi)*	–	634	–	634
Ms. Wang Jia	–	890	–	890
Mr. Liu Jilu	–	–	–	–
Ms. Li Juhua	–	1,380	–	1,380
Mr. Zhang Shun *(ix)*	–	16	356	372
Ms. Chu Yan *(x)*	–	1,862	–	1,862
Total	**688**	**19,088**	**9,504**	**29,280**

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023				
Executive Directors				
Mr. Wang Wei	–	1,161	–	1,161
Mr. Ho Chit *(i)*	426	6,240	2,945	9,611
Ms. Wang Xin *(v)*	–	3,120	2,945	6,065
Mr. Zhang Dong *(xii)*	–	2,626	2,945	5,571
Independent non-executive Directors				
Mr. CHAN Charles Sheung Wai *(vii)*	–	680	–	680
Mr. Lee Carmelo Ka Sze *(vii)*	–	680	–	680
Dr. Ding Yi *(vii)*	–	680	–	680
Supervisors				
Mr. Shum Tze Leung *(xi)*	–	641	–	641
Ms. Wang Jia *(iii)*	–	1,148	–	1,148
Ms. Li Juhua	–	1,692	–	1,692
Mr. Zhang Shun *(ix)*	–	766	–	766
Mr. Liu Jilu	–	–	–	–
Total	**426**	**19,434**	**8,835**	**28,695**

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Six months ended June 30, 2023				
Executive Directors				
Mr. Wang Wei	–	581	–	581
Mr. Ho Chit *(i)*	–	3,160	1,918	5,078
Ms. Wang Xin *(v)*	–	1,591	1,918	3,509
Mr. Zhang Dong *(xii)*	–	1,339	1,918	3,257
Independent non-executive Directors				
Mr. CHAN Charles Sheung Wai *(vii)*	–	340	–	340
Mr. Lee Carmelo Ka Sze *(vii)*	–	340	–	340
Dr. Ding Yi *(vii)*	–	340	–	340
Supervisors				
Mr. Shum Tze Leung *(xi)*	–	320	–	320
Ms. Wang Jia	–	574	–	574
Ms. Li Juhua	–	832	–	832
Mr. Zhang Shun *(ix)*	–	383	–	383
Mr. Liu Jilu	–	–	–	–
Total	**–**	**9,800**	**5,754**	**15,554**

	Fees	Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	Share-based compensation expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended June 30, 2024				
Executive Directors				
Mr. Wang Wei	–	581	–	581
Mr. Ho Chit *(i)*	–	3,979	1,153	5,132
Ms. Wang Xin *(v)*	–	1,655	168	1,823
Mr. Zhang Dong *(xii)*	–	1,685	1,153	2,838
Independent non-executive Directors				
Mr. CHAN Charles Sheung Wai *(vii)*	–	340	–	340
Mr. Lee Carmelo Ka Sze *(vii)*	–	340	–	340
Dr. Ding Yi *(vii)*	–	340	–	340
Supervisors				
Mr. Shum Tze Leung *(xi)*	–	315	–	315
Ms. Wang Jia *(iii)*	–	647	–	647
Ms. Li Juhua	–	950	–	950
Mr. Zhang Shun *(ix)*	–	314	–	314
Mr. Liu Jilu	–	–	–	–
Total	**–**	**11,146**	**2,474**	**13,620**

(i) Mr. Ho Chit was appointed as the executive director of the Company on November 15, 2021.

(ii) Ms. Ng Wai Ting resigned as the executive director of the Company on September 28, 2021.

(iii) Ms. Chu Yan and Ms. Wang Jia were appointed as supervisors of the Company on April 8, 2021 and April 9, 2021, respectively.

(iv) Mr. Sun Xun and Ms. Li Li resigned as supervisors of the Company on March 16, 2021.

(v) Ms. Wang Xin was appointed as an executive director on December 20, 2022.

(vi) Mr. Lin Zheying, Mr. Zhang Yichen, Mr. Deng Weidong, Mr. Liu Chengwei, Mr. Chan Fei, and Mr. Lo Sai Lai retired as executive directors on December 20, 2022.

(vii) Mr. CHAN Charles Sheung Wai, Mr. Lee Carmelo Ka Sze and Dr. Ding Yi were appointed as independent non-executive directors on December 20, 2022.

(viii) Mr. Zhou Zhonghui, Mr. Jin Li, Mr. Dicky Perter Yip and Mr. Chow Wing Kin Anthony retired as independent non-executive directors on December 20, 2022.

(ix) Mr. Zhang Shun was appointed as supervisor on December 20, 2022.

(x) Ms. Chu Yan retired as supervisor on December 20, 2022.

(xi) Mr. Shum Tze Leung resigned as supervisor on May 7, 2024.

(xii) Mr. Zhang Dong was appointed as an executive director on December 20, 2022 and resigned as an executive director on June 26, 2024.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 include 1, 2, 3, 3 and 2 directors respectively whose emoluments are reflected in the analysis shown in Note 9(b), respectively. The emoluments paid to the remaining 4, 3, 2, 2 and 3 individuals during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively are as follows:

	Year ended December 31,			**Six months ended June 30,**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	15,916	16,833	6,142	3,688	6,137
Share-based compensation expenses	–	6,860	5,890	1,368	2,439
	15,916	23,693	12,032	5,056	8,576

The emoluments of the above individuals fell within the following bands:

Number of individuals

	Year ended December 31,			**Six months ended June 30,**	
	2021	**2022**	**2023**	**2023**	**2024**
				(Unaudited)	
HK$2,000,001 to HK$2,500,000	–	–	–	–	2
HK$3,000,001 to HK$3,500,000	–	–	–	–	1
HK$3,500,001 to HK$4,000,000	–	–	–	1	–

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
				(Unaudited)	
HK$4,000,001 to HK$4,500,000	–	–	–	1	–
HK$4,500,001 to HK$5,000,000	3	–	–	–	–
HK$5,000,001 to HK$5,500,000	1	–	–	–	–
HK$6,000,001 to HK$6,500,000	–	–	1	–	–
HK$7,000,001 to HK$7,500,000	–	–	1	–	–
HK$8,000,001 to HK$8,500,000	–	2	–	–	–
HK$11,000,001 to HK$11,500,000	–	1	–	–	–

10. FINANCE INCOME AND COSTS

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Finance income:					
Interest income on deposits in financial institutions	187,794	345,662	633,373	292,849	415,064
Finance costs:					
Interest expenses on borrowings	1,015,357	1,570,293	1,808,850	866,130	997,654
Interest expenses on lease liabilities *(Note 15(b))*	553,613	609,652	564,374	289,013	262,301
Less: Interest capitalized	(6,007)	(125,585)	(103,524)	(62,470)	(29,037)
	1,562,963	2,054,360	2,269,700	1,092,673	1,230,918
Finance costs, net	**1,375,169**	**1,708,698**	**1,636,327**	**799,824**	**815,854**

The average capitalization rates for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 used to determine the amount of borrowing costs eligible for capitalization were 4.61%, 2.24%, 2.75%, 2.75% and 2.37%, respectively.

11. INCOME TAX EXPENSE

The following table sets forth the component of income tax expense of the Group for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax	2,848,895	3,948,002	3,340,596	1,606,404	1,421,021
Deferred income tax *(Note 18)*	519,867	32,920	(765,700)	(80,294)	138,114
	3,368,762	**3,980,922**	**2,574,896**	**1,526,110**	**1,559,135**

Reconciliation between income tax expenses and profit before income tax at applicable tax rates for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024:

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Profit before income tax	7,750,856	11,037,836	10,486,505	5,420,350	6,320,057
Tax at the statutory tax rate of 25% *(Note (a))*	1,937,714	2,759,459	2,621,626	1,355,088	1,580,014
Effect of different tax rates available to different jurisdictions *(Note (b))*	(161,640)	(190,484)	(211,891)	(139,095)	(83,097)
Tax effect of non-taxable income	(228,428)	(215,471)	(109,495)	(105,771)	(42,290)
Adjustments of prior years	(28,965)	(38,780)	(32,451)	(20,207)	(19,336)
Tax effect of non-deductible expenses	217,891	246,471	296,602	82,601	136,854
Tax effect of preferential tax rate *(Note (a))*	(185,747)	(322,841)	(364,417)	(78,994)	(77,079)
Tax losses and temporary differences not recognized	1,472,000	1,353,001	879,651	571,816	348,380
Reversal of previously recognized tax losses and temporary differences	429,211	518,108	30,752	–	27,527
Utilization of previously unrecognized tax losses and temporary differences	(60,088)	(85,016)	(378,149)	(139,328)	(213,421)
Recognition of tax losses and temporary differences not recognized in prior years	(23,186)	(43,525)	(157,332)	–	(98,417)
	3,368,762	**3,980,922**	**2,574,896**	**1,526,110**	**1,559,135**

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

The income tax rate applicable to the principal subsidiaries in Mainland China is 25%, except for certain subsidiaries which enjoy a preferential income tax rate.

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, several subsidiaries in PRC were qualified as small and micro-sized enterprises, which enjoyed a corporate income tax rate of 2.5%-10%.

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

(b) Corporate income tax in Hong Kong and other jurisdictions

(i) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any assessable profits over HK$2,000,000 for the Track Record Period.

(ii) Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Macau, Singapore, Japan, South Korea, the United States and Thailand, has been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 12% to 24% for the Track Record Period.

(c) OECD Pillar Two model rules

The Group is within the scope of the Pillar Two model rules released by the Organization for Economic Co-operation and Development ("OECD"). The Pillar Two legislation had become effective in certain jurisdictions on January 1, 2024 during the Track Record Period. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12. Under the Pillar Two legislation, the Group is liable to pay a top-up tax for difference between its Global Anti-Base Erosion ("GloBE") effective tax rate in each jurisdiction and the 15% minimum rate. The Group management's assessment indicates that the quantitative impact of the Pillar Two legislation is insignificant to the Group.

12. DIVIDENDS

Dividends declared and paid to the equity shareholders of the Company for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Final dividend in respect of the previous year, declared and paid during the following year (tax inclusive)	1,499,992	874,518	1,213,616	1,213,616	2,889,210
Dividend per share *(RMB cents)*	33	18	25	25	60

In addition to the above dividends, an interim dividend for the six months ended June 30, 2024 of RMB40 cents per ordinary share (tax inclusive) and a special dividend of RMB1 per ordinary share (tax inclusive) were approved by the shareholders at the first extraordinary general meeting on October 29, 2024. The dividends were not recognized as liabilities as at June 30, 2024.

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
				(Unaudited)	
Profit attributable to owners of the Company *(RMB'000)*	4,731,979	6,227,058	8,234,493	4,176,282	4,806,714
Weighted average number of shares in issue	4,603,725,167	4,868,676,530	4,850,497,640	4,854,831,499	4,829,672,799
Basic EPS *(RMB per share)*	1.03	1.28	1.70	0.86	1.00

(b) Diluted

The share options granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options. For the six months ended June 30, 2024, the share options granted by the Company had anti-dilutive effect on the EPS.

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
				(Unaudited)	
Profit attributable to owners of the Company *(RMB'000)*	4,731,979	6,227,058	8,234,493	4,176,282	4,806,714
Profit attributable to owners of the Company for the calculation of Diluted EPS *(RMB'000)*	4,731,979	6,227,058	8,234,493	4,176,282	4,806,714
Weighted average number of shares in issue	4,603,725,167	4,868,676,530	4,850,497,640	4,854,831,499	4,829,672,799
Adjustment for share options	–	5,063,256	4,484,314	10,249,816	–
Weighted average number of shares for the calculation of Diluted EPS	4,603,725,167	4,873,739,786	4,854,981,954	4,865,081,315	4,829,672,799
Diluted EPS (RMB per share)	1.03	1.28	1.70	0.86	1.00

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Aircraft, aircraft engines, rotables and high-value maintenance	Machinery and equipment	Transportation vehicles	Computers and electronic equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost									
At January 1, 2021	7,705,662	9,171,985	4,456,899	5,475,630	3,615,717	6,171,337	3,891,525	5,379,854	45,868,609
Additions (*Note (c)*)	1,554,841	182,844	442,803	1,203,826	847,928	411,226	103,976	15,239,042	19,986,486
Business combinations	5,854,286	–	2,299,823	1,000,553	783,226	1,018,850	509,851	468,618	11,935,207
Disposals	(12,881)	(152,030)	(149,073)	(844,015)	(336,997)	(372,241)	(234,588)	(11,553)	(2,113,378)
Disposal of subsidiaries	(1,663,999)	–	(5,412)	–	(24,081)	(2,103)	(8,085)	(288,613)	(1,992,293)
Transfer/reclassification	1,726,748	1,991,236	1,884,117	195,491	46,036	3,005,293	1,309,940	(12,216,145)	(2,057,284)
Currency translation differences	(78,260)	–	(20,279)	(20,292)	(13,615)	(14,587)	(7,802)	–	(154,835)
At December 31, 2021	**15,086,397**	**11,194,035**	**8,908,878**	**7,011,193**	**4,918,214**	**10,217,775**	**5,564,817**	**8,571,203**	**71,472,512**
Accumulated depreciation									
At January 1, 2021	870,501	3,504,465	1,178,125	3,680,986	2,331,366	2,705,472	2,594,327	–	16,865,242
Charge for the year (*Note (b)*)	269,946	1,065,352	474,482	996,388	730,260	1,094,167	790,229	–	5,420,824
Business combinations	693,882	–	919,449	543,972	524,446	631,638	216,261	–	3,529,648
Disposals	(25,727)	(130,542)	(81,166)	(781,147)	(281,262)	(283,357)	(179,519)	–	(1,762,720)
Disposal of subsidiaries	(181,862)	–	(384)	–	(12,176)	(316)	(5,914)	–	(200,652)
Transfer/reclassification	7,149	–	(76,627)	2,088	103	74,436	–	–	7,149
Currency translation differences	(6,063)	–	(1,200)	(7,695)	(7,402)	(11,245)	(3,683)	–	(37,288)
At December 31, 2021	**1,627,826**	**4,439,275**	**2,412,679**	**4,434,592**	**3,285,335**	**4,210,795**	**3,411,701**	**–**	**23,822,203**
Net book value									
At December 31, 2021 (*Note (a)*)	**13,458,571**	**6,754,760**	**6,496,199**	**2,576,601**	**1,632,879**	**6,006,980**	**2,153,116**	**8,571,203**	**47,650,309**

	Freehold land and buildings	Aircraft, aircraft engines, rotables and high-value maintenance	Machinery and equipment	Transportation vehicles	Computers and electronic equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Cost									
As at January 1, 2022	15,086,397	11,194,035	8,908,878	7,011,193	4,918,214	10,217,775	5,564,817	8,571,203	71,472,512
Additions *(Note (c))*	1,127,848	140,452	482,359	1,050,894	805,552	397,571	145,557	12,409,834	16,560,067
Business combinations	11,082	–	6,134	2,230	8,200	8,764	4,848	–	41,258
Disposals	(13)	(70,253)	(245,140)	(797,371)	(638,286)	(529,045)	(116,079)	(45,782)	(2,441,969)
Disposal of subsidiaries	(279,448)	–	(883)	(172)	(339)	(2,561)	(2,328)	–	(285,731)
Transfer/reclassification	4,425,032	2,079,544	1,746,892	16,253	12,538	816,237	785,575	(9,784,250)	97,821
Currency translation differences	366,757	–	152,266	77,786	39,939	56,137	32,637	–	725,522
As at December 31, 2022	**20,737,655**	**13,343,778**	**11,050,506**	**7,360,813**	**5,145,818**	**10,964,878**	**6,415,027**	**11,151,005**	**86,169,480**
Accumulated depreciation									
As at January 1, 2022	1,627,826	4,439,275	2,412,679	4,434,592	3,285,335	4,210,795	3,411,701	–	23,822,203
Charge for the year *(Note (b))*	505,898	1,170,795	850,448	1,074,432	705,541	1,637,702	994,873	–	6,939,689
Business combinations	–	–	6,067	663	4,895	7,525	1,589	–	20,739
Disposals	(13)	(33,028)	(141,927)	(708,837)	(428,779)	(411,367)	(97,891)	–	(1,821,842)
Disposal of subsidiaries	(14,313)	–	(196)	(146)	(157)	(916)	(637)	–	(16,365)
Transfer/reclassification	34,242	–	–	–	–	–	–	–	34,242
Currency translation differences	54,818	–	83,407	43,274	28,836	36,311	8,989	–	255,635
As at December 31, 2022	**2,208,458**	**5,577,042**	**3,210,478**	**4,843,978**	**3,595,671**	**5,480,050**	**4,318,624**	**–**	**29,234,301**
Accumulated impairment									
As at January 1, 2022	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	1,633	–	–	28,734	–	1,145	31,512
As at December 31, 2022	**–**	**–**	**1,633**	**–**	**–**	**28,734**	**–**	**1,145**	**31,512**
Net book value									
As at December 31, 2022 *(Note (a))*	**18,529,197**	**7,766,736**	**7,838,395**	**2,516,835**	**1,550,147**	**5,456,094**	**2,096,403**	**11,149,860**	**56,903,667**

	Freehold land and buildings	Aircraft, aircraft engines, rotables and high-value maintenance *(Note (d))*	Machinery and equipment	Transportation vehicles	Computers and electronic equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Cost									
As at January 1, 2023	20,737,655	13,343,778	11,050,506	7,360,813	5,145,818	10,964,878	6,415,027	11,151,005	86,169,480
Additions *(Note (c))*	1,272,496	343,764	346,663	1,189,776	425,863	381,899	135,955	8,109,500	12,205,916
Business combinations	84,384	–	15,557	3,884	2,924	5,204	–	–	111,953
Disposals	(22,595)	(385,452)	(304,089)	(1,144,248)	(588,257)	(530,076)	(114,085)	(94,900)	(3,183,702)
Disposal of subsidiaries	(44,337)	–	(18,218)	(2,652)	(8,462)	(39,382)	(49,432)	–	(162,483)
Transfer/reclassification	7,096,850	2,194,943	3,838,146	399	134,166	69,534	938,141	(15,115,397)	(843,218)
Currency translation differences	60,886	–	70,881	26,979	13,971	(12,604)	10,214	–	170,327
As at December 31, 2023	**29,185,339**	**15,497,033**	**14,999,446**	**7,434,951**	**5,126,023**	**10,839,453**	**7,335,820**	**4,050,208**	**94,468,273**
Accumulated depreciation									
As at January 1, 2023	2,208,458	5,577,042	3,210,478	4,843,978	3,595,671	5,480,050	4,318,624	–	29,234,301
Charge for the year *(Note (b))*	695,828	1,361,913	1,253,916	1,011,297	725,963	1,588,891	974,378	–	7,612,186
Business combinations	17,726	–	10,726	3,479	2,749	4,380	–	–	39,060
Disposals	(12,780)	(295,085)	(145,085)	(1,061,855)	(549,407)	(415,938)	(66,885)	–	(2,547,035)
Disposal of subsidiaries	(6,677)	–	(4,888)	(2,046)	(6,592)	(11,066)	(36,657)	–	(67,926)
Transfer/reclassification	23,923	–	–	–	–	–	–	–	23,923
Currency translation differences	(8,155)	–	38,454	11,488	11,529	(7,615)	4,682	–	50,383
As at December 31, 2023	**2,918,323**	**6,643,870**	**4,363,601**	**4,806,341**	**3,779,913**	**6,638,702**	**5,194,142**	**–**	**34,344,892**
Accumulated impairment									
As at January 1, 2023	–	–	1,633	–	–	28,734	–	1,145	31,512
Charge for the year	–	–	–	–	–	–	–	17,443	17,443
Disposals	–	–	–	–	–	(28,726)	–	(1,264)	(29,990)
As at December 31, 2023	**–**	**–**	**1,633**	**–**	**–**	**8**	**–**	**17,324**	**18,965**
Net book value									
As at December 31, 2023 *(Note (a))*	**26,267,016**	**8,853,163**	**10,634,212**	**2,628,610**	**1,346,110**	**4,200,743**	**2,141,678**	**4,032,884**	**60,104,416**

	Freehold land and buildings	Aircraft, aircraft engines, rotables and high-value maintenance *(Note (d))*	Machinery and equipment	Transportation vehicles	Computers and electronic equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost									
As at January 1, 2024	29,185,339	15,497,033	14,999,446	7,434,951	5,126,023	10,839,453	7,335,820	4,050,208	94,468,273
Additions *(Note (c))*	888,879	162,499	139,515	293,188	165,954	72,492	123,483	2,732,537	4,578,547
Business combinations	–	–	6	3,936	3,739	2,113	–	–	9,794
Disposals	(10,373)	(34,354)	(148,807)	(528,198)	(142,336)	(404,656)	(132,526)	(28,906)	(1,430,156)
Disposal of subsidiaries	(309,843)	–	–	–	–	–	(3,130)	(18,209)	(331,182)
Transfer/reclassification	1,362,832	828,980	655,384	–	19,056	18,364	429,960	(3,796,514)	(481,938)
Currency translation differences	26,245	35	(88,827)	(2,052)	(22,979)	(8,165)	89,782	–	(5,961)
As at June 30, 2024	**31,143,079**	**16,454,193**	**15,556,717**	**7,201,825**	**5,149,457**	**10,519,601**	**7,843,389**	**2,939,116**	**96,807,377**
Accumulated depreciation									
As at January 1, 2024	2,918,323	6,643,870	4,363,601	4,806,341	3,779,913	6,638,702	5,194,142	–	34,344,892
Charge for the period *(Note (b))*	430,708	681,070	829,503	562,419	336,799	646,211	535,193	–	4,021,903
Business combinations	–	–	6	2,632	2,992	1,513	–	–	7,143
Disposals	(25)	(34,257)	(68,139)	(503,281)	(141,933)	(260,926)	(85,715)	–	(1,094,276)
Disposal of subsidiaries	(8,731)	–	–	–	–	–	(2,312)	–	(11,043)
Transfer/reclassification	(36,935)	–	–	–	–	–	–	–	(36,935)
Currency translation differences	(8,650)	7	(36,312)	(4,071)	(20,018)	(17,000)	82,969	–	(3,075)
As at June 30, 2024	**3,294,690**	**7,290,690**	**5,088,659**	**4,864,040**	**3,957,753**	**7,008,500**	**5,724,277**	**–**	**37,228,609**
Accumulated impairment									
As at January 1, 2024	–	–	1,633	–	–	8	–	17,324	18,965
Charge for the period	–	–	–	–	–	–	–	885	885
Disposal of subsidiaries	–	–	–	–	–	–	–	(18,209)	(18,209)
As at June 30, 2024	**–**	**–**	**1,633**	**–**	**–**	**8**	**–**	**–**	**1,641**
Net book value									
As at June 30, 2024 *(Note (a))*	**27,848,389**	**9,163,503**	**10,466,425**	**2,337,785**	**1,191,704**	**3,511,093**	**2,119,112**	**2,939,116**	**59,577,127**

(a) Certain property, plant and equipment with a net carrying amount of approximately RMB1,688,091,000, RMB486,847,000, RMB809,139,000 and RMB498,743,000, as at December 31, 2021, 2022 and 2023 and June 30, 2024 respectively, were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 26).

(b) Depreciation amounting to approximately RMB5,378,748,000, RMB6,854,857,000, RMB7,586,164,000 and RMB4,016,667,000 respectively, had been recognized in consolidated statements of profit or loss, for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 respectively.

(c) The additions of buildings for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 mainly included the acquisition of assets through acquisition of subsidiaries (Note 35(b)).

15. LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts recognized in the consolidated statements of financial position

The Group

	As at December 31,			As at June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Right-of-use assets				
Buildings	16,575,376	14,974,570	13,692,555	12,849,813
Leasehold land and land use rights	6,553,640	6,749,573	6,816,476	6,852,959
Motor vehicles	622,039	416,262	333,921	238,615
Equipment and others	28,612	38,943	47,095	31,091
	23,779,667	**22,179,348**	**20,890,047**	**19,972,478**
Lease liabilities				
Current	5,989,616	6,596,956	5,769,965	5,540,079
Non-current	10,941,938	8,582,372	8,038,495	7,472,393
	16,931,554	**15,179,328**	**13,808,460**	**13,012,472**

Additions to the right-of-use assets during 2021, 2022 and 2023 and the six months ended June 30, 2024 were approximately RMB16,418,758,000, RMB6,501,031,000, RMB6,804,625,000 and RMB3,050,180,000 respectively, out of which approximately RMB3,973,368,000 related to the acquisition of subsidiaries for the year ended December 31, 2021.

Leasehold land and land use rights with a net carrying amount of approximately RMB232,730,000, RMB247,556,000, RMB292,495,000 and RMB261,868,000, as at December 31, 2021, 2022 and 2023 and June 30, 2024 respectively, were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 26).

The Company

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the net carrying amounts of right-of-use assets of the Company were approximately RMB383,348,000, RMB368,022,000, RMB354,760,000 and RMB348,129,000 respectively. The balances mainly composed of land use rights.

(b) Amounts recognized in the consolidated statements of profit or loss

The consolidated statements of profit or loss show the following amounts relating to leases:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation charge of right-of-use assets					
Buildings	5,578,854	6,924,830	6,874,516	3,517,226	3,238,874
Leasehold land and land use rights	146,136	188,008	191,595	78,142	97,150
Motor vehicles	45,481	165,813	126,643	84,600	79,772
Equipment and others	6,207	12,709	20,309	6,314	13,120
	5,776,678	**7,291,360**	**7,213,063**	**3,686,282**	**3,428,916**
Interest expenses (*Note 10*)	553,613	609,652	564,374	289,013	262,301
Expense relating to short-term leases and low-value assets (included in costs and expenses)	2,016,142	3,620,688	3,601,571	1,774,416	1,885,251
Total cash outflow for leases (included in operating and financing cash outflow)	9,124,700	11,687,763	11,582,911	5,645,946	5,703,150

The Group has various lease contracts that have not yet commenced as at December 31, 2021, 2022, and 2023 and June 30, 2024. The future lease payments for these non-cancellable lease contracts are as below:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year (including 1 year)	888,382	986,197	1,344,393	901,267
Between 1 and 2 years (including 2 years)	182,883	259,841	458,299	464,460
Between 2 and 3 years (including 3 years)	131,357	200,248	560,409	489,738
Over 3 years	109,290	192,415	2,834,483	2,717,203
	1,311,912	**1,638,701**	**5,197,584**	**4,572,668**

16. INVESTMENT PROPERTIES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cost				
At the beginning of the year/period	2,447,796	5,019,928	5,088,473	6,742,097
Additions *(Note (a))*	–	349,430	709,420	1,952
Business combinations	1,355,725	–	–	–
Disposal of subsidiaries	(1,293,030)	(219,035)	(1,548)	(186,147)
Transfer/reclassification	2,523,424	(97,880)	944,698	550,816
Exchange adjustment	(13,987)	36,030	1,054	(14,232)
At the end of the year/period	**5,019,928**	**5,088,473**	**6,742,097**	**7,094,486**
Accumulated depreciation				
At the beginning of the year/period	228,391	169,695	213,107	323,377
Charge for the year/period	60,382	92,568	125,712	77,093
Disposal of subsidiaries	(143,800)	(10,027)	(45)	(10,498)
Transfer/reclassification	25,830	(41,780)	(16,471)	41,541
Exchange adjustment	(1,108)	2,651	1,074	4,433
At the end of the year/period	**169,695**	**213,107**	**323,377**	**435,946**
Net book value				
At the end of the year/period *(Note (b))*	**4,850,233**	**4,875,366**	**6,418,720**	**6,658,540**

(a) The additions for the years ended December 31, 2022 and 2023 mainly included the acquisition of assets through acquisition of subsidiaries (Note 35(b)).

(b) Certain investment properties with a net carrying amount of approximately RMB224,440,000, RMB104,571,000, RMB111,124,000, and RMB110,919,000 as at December 31, 2021, 2022 and 2023 and June 30, 2024, respectively were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 26).

(c) Valuation processes of the Group

The fair values of the investment properties were estimated by management or independent professional property valuers as at December 31, 2021, 2022, and 2023 and June 30, 2024. The valuations are derived using direct comparison method and income capitalization method respectively. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently been transacted. Income capitalization method is based on the capitalization of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalization rates. Capitalization is estimated by valuer based on the risk profile of the properties being valued.

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

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Investment properties at fair value	**5,716,845**	**6,119,056**	**7,937,199**	**8,111,995**

(d) Leasing arrangements

The Group leases various offices and warehouses to lessees under non-cancellable operating lease agreements with rentals receivable monthly. The lease terms are mainly between 1 year and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rates. Minimum lease payments receivable on leases of investment properties are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Land and buildings:				
Within 1 year (including 1 year)	206,427	228,038	371,269	411,962
Between 1 and 2 years (including 2 years)	157,562	185,848	240,171	308,779
Between 2 and 3 years (including 3 years)	104,871	134,539	146,234	194,476
Between 3 and 4 years (including 4 years)	46,772	179,036	90,435	103,679
Between 4 and 5 years (including 5 years)	32,972	60,581	56,615	64,969
Over 5 years	15,104	246,444	206,636	177,293
	563,708	**1,034,486**	**1,111,360**	**1,261,158**

17. INTANGIBLE ASSETS

	Development expenditures	Goodwill	Customer relationships	Software	Trademarks	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
As at January 1, 2021	540,903	3,379,576	2,590,205	4,554,340	224,021	104,359	11,393,404
Additions	1,429,608	–	–	44,913	2,381	70,704	1,547,606
Business combinations	–	4,146,684	2,493,495	31,843	4,314,215	130,730	11,116,967
Disposals	–	–	–	(220,436)	–	–	(220,436)
Disposal of subsidiaries	(76,996)	–	–	(102,591)	(9)	(979)	(180,575)
Transfer/reclassification	(1,550,279)	–	–	1,550,279	–	–	–
Currency translation differences	–	(151,995)	(106,928)	(1,540)	(78,760)	(2,720)	(341,943)
As at December 31, 2021	**343,236**	**7,374,265**	**4,976,772**	**5,856,808**	**4,461,848**	**302,094**	**23,315,023**
Accumulated amortization							
As at January 1, 2021	–	–	280,861	1,965,003	28,191	31,111	2,305,166
Charge for the year	–	–	176,897	1,053,768	220,924	18,598	1,470,187
Business combinations	–	–	–	22,539	65,803	93,577	181,919
Disposals	–	–	–	(113,609)	–	–	(113,609)
Disposal of subsidiaries	–	–	–	(52,770)	(2)	(224)	(52,996)
Currency translation differences	–	–	(10,727)	(1,024)	(4,520)	(1,608)	(17,879)
As at December 31, 2021	**–**	**–**	**447,031**	**2,873,907**	**310,396**	**141,454**	**3,772,788**
Impairment							
As at January 1, 2021	–	2,435	–	54,186	–	–	56,621
Charge for the year	–	–	–	–	–	–	–
As at December 31, 2021	**–**	**2,435**	**–**	**54,186**	**–**	**–**	**56,621**
Net book value							
As at December 31, 2021	**343,236**	**7,371,830**	**4,529,741**	**2,928,715**	**4,151,452**	**160,640**	**19,485,614**

	Development expenditures	Goodwill	Customer relationships	Software	Trademarks	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
As at January 1, 2022	343,236	7,374,265	4,976,772	5,856,808	4,461,848	302,094	23,315,023
Additions	1,266,410	–	–	329,427	934	5,607	1,602,378
Business combinations	–	1,232,279	422,854	219	–	23,414	1,678,766
Disposals	(40,985)	–	–	(278,574)	(224)	(3,494)	(323,277)
Disposal of subsidiaries	–	–	–	–	–	–	–
Transfer/reclassification	(1,256,904)	–	–	1,256,904	–	–	–
Currency translation differences	–	741,635	455,441	17,557	424,792	9,534	1,648,959
As at December 31, 2022	**311,757**	**9,348,179**	**5,855,067**	**7,182,341**	**4,887,350**	**337,155**	**27,921,849**
Accumulated amortization							
As at January 1, 2022	–	–	447,031	2,873,907	310,396	141,454	3,772,788
Charge for the year	–	–	307,767	1,472,238	235,963	31,139	2,047,107
Disposals	–	–	–	(141,707)	(22)	(487)	(142,216)
Currency translation differences	–	–	38,640	9,934	38,028	5,916	92,518
As at December 31, 2022	**–**	**–**	**793,438**	**4,214,372**	**584,365**	**178,022**	**5,770,197**
Impairment							
As at January 1, 2022	–	2,435	–	54,186	–	–	56,621
Charge for the year	–	–	–	10,409	4	6	10,419
As at December 31, 2022	**–**	**2,435**	**–**	**64,595**	**4**	**6**	**67,040**
Net book value							
As at December 31, 2022	**311,757**	**9,345,744**	**5,061,629**	**2,903,374**	**4,302,981**	**159,127**	**22,084,612**

	Development expenditures	Goodwill	Customer relationships	Software	Trademarks	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
As at January 1, 2023	311,757	9,348,179	5,855,067	7,182,341	4,887,350	337,155	27,921,849
Additions	1,077,980	–	–	99,543	797	20,943	1,199,263
Business combinations	–	85,219	–	14	11	–	85,244
Disposals	(7,525)	–	–	(210,858)	(92)	(2,284)	(220,759)
Disposal of subsidiaries	–	(10,618)	–	(193,930)	–	–	(204,548)
Transfer/reclassification	(1,252,367)	–	–	1,252,367	–	–	–
Currency translation differences	–	150,091	97,023	4,670	77,967	2,526	332,277
As at December 31, 2023	**129,845**	**9,572,871**	**5,952,090**	**8,134,147**	**4,966,033**	**358,340**	**29,113,326**
Accumulated amortization							
As at January 1, 2023	–	–	793,438	4,214,372	584,365	178,022	5,770,197
Charge for the year	–	–	335,626	1,780,594	247,462	32,068	2,395,750
Business combinations	–	–	–	8	–	–	8
Disposals	–	–	–	(144,377)	(22)	(567)	(144,966)
Disposal of subsidiaries	–	–	–	(75,249)	–	–	(75,249)
Currency translation differences	–	–	21,276	2,709	10,526	2,204	36,715
As at December 31, 2023	**–**	**–**	**1,150,340**	**5,778,057**	**842,331**	**211,727**	**7,982,455**
Impairment							
As at January 1, 2023	–	2,435	–	64,595	4	6	67,040
Charge for the year	–	–	–	38,853	–	–	38,853
Disposals	–	–	–	(6,020)	–	–	(6,020)
As at December 31, 2023	**–**	**2,435**	**–**	**97,428**	**4**	**6**	**99,873**
Net book value							
As at December 31, 2023	**129,845**	**9,570,436**	**4,801,750**	**2,258,662**	**4,123,698**	**146,607**	**21,030,998**

	Development expenditures	Goodwill	Customer relationships	Software	Trademarks	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
As at January 1, 2024	129,845	9,572,871	5,952,090	8,134,147	4,966,033	358,340	29,113,326
Additions	300,011	–	–	17,832	3,296	1,852	322,991
Business combinations	–	74,785	13,253	1,464	–	11,629	101,131
Disposals	(25,682)	–	–	(97,292)	(1,228)	(421)	(124,623)
Disposal of subsidiaries	–	–	–	–	–	–	–
Transfer/reclassification	(314,119)	–	–	314,119	–	–	–
Currency translation differences	–	216,201	122,433	(3,476)	116,207	1,647	453,012
As at June 30, 2024	**90,055**	**9,863,857**	**6,087,776**	**8,366,794**	**5,084,308**	**373,047**	**29,865,837**
Accumulated amortization							
As at January 1, 2024	–	–	1,150,340	5,778,057	842,331	211,727	7,982,455
Charge for the period	–	–	170,010	947,330	121,335	16,057	1,254,732
Business combinations	–	–	–	1,076	–	–	1,076
Disposals	–	–	–	(76,181)	(601)	(294)	(77,076)
Disposal of subsidiaries	–	–	–	–	–	–	–
Currency translation differences	–	–	17,679	(2,288)	19,237	1,216	35,844
As at June 30, 2024	**–**	**–**	**1,338,029**	**6,647,994**	**982,302**	**228,706**	**9,197,031**
Impairment							
As at January 1, 2024	–	2,435	–	97,428	4	6	99,873
Charge for the period	–	–	–	–	–	–	–
Disposals	–	–	–	(13,779)	–	–	(13,779)
As at June 30, 2024	**–**	**2,435**	**–**	**83,649**	**4**	**6**	**86,094**
Net book value							
As at June 30, 2024	**90,055**	**9,861,422**	**4,749,747**	**1,635,151**	**4,102,002**	**144,335**	**20,582,712**

(a) Recognition of goodwill

Goodwill is recognized in connection with business acquisitions. The balance of goodwill increased significantly from approximately RMB3,377,141,000 as at January 1, 2021 to RMB7,371,830,000 as at December 31, 2021, mainly due to the acquisition of Kerry Logistics Network Ltd. ("KLN"), which is listed on the Main Board of The Stock Exchange of Hong Kong Limited, in September 2021. The balance increased to approximately RMB9,345,744,000 as at December 31, 2022 mainly due to the acquisition of Topocean and Pro-Med Technology Limited ("Pro-Med") by KLN.

The carrying amount of goodwill allocated to the groups of Cash-Generating Units ("CGU") are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
KLN CGU	4,071,759	5,708,450	5,889,255	6,031,214
Fenghao Supply Chain CGU	2,768,759	3,033,680	3,082,119	3,154,175
KEX CGU	–	–	–	63,889
HAVI Supply Chain CGU	330,462	362,117	367,896	376,494
Others	200,850	241,497	231,166	235,650
	7,371,830	**9,345,744**	**9,570,436**	**9,861,422**

As stated in Note 2.1(g), goodwill would be tested for impairment annually, at the end of the reporting period. If the carrying amount exceeds its estimated recoverable amount, which is the higher of value in use and fair value less costs of disposal, the difference of which would be recognized in profit and loss immediately.

For the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, the value in use calculations of Fenghao Supply Chain CGU used cash flow projections based on financial budgets approved by senior management covering a 7-to-8-year's period, which was based on the contractual arrangements with vendors.

As disclosed in Note 35(a), the Group acquired KLN in 2021. KLN acquired Topocean and Pro-Med in 2022 and other subsidiaries in 2023. During the six months ended June 30, 2024, the balance of goodwill increased mainly due to the acquisition of 65% shares of Business By Air SAS ("BBA"). The management was of the view that the synergies among the operations of KLN, Topocean, Pro-Med, BBA and other subsidiaries acquired by KLN had gradually formed upon the completion of the abovementioned acquisitions. As a result, the Group regarded KLN, Topocean, Pro-Med, BBA and other subsidiaries acquired by KLN as one CGU.

During the six months ended June 30,2024, KLN distributed a special interim dividend by way of a distribution in specie of 907,200,000 shares of Kerry Express (Thailand) Public Company Limited ("KEX") indirectly held by KLN (representing approximately 52.1% of all issued KEX shares). After the distribution, the Group received an aggregate of 467,373,855 KEX shares, representing approximately 26.8% of all issued KEX shares, triggering a mandatory tender offer to acquire all KEX shares in accordance with the requirements of the Thai Code (Securities and Exchange Act B.E. 2535 (1992) (as amended), Notification of Capital Market Supervisory Board Tor Jor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeover (as amended), and any other relevant rules, regulations, and notifications issued thereunder). The Group made a tender offer to acquire KEX shares with an offer price of THB5.50 per share. On March 26, 2024 ("the date of reorganization"), the abovementioned interim dividend distribution and tender offer were completed, and the Group acquired in aggregate 1,091,818,327 KEX shares, representing 62.7% of all issued KEX shares.

Upon completion of the above transactions, since KEX was no longer directly held and managed by KLN, the Group reclassified the KLN CGU into two separate CGUs, KEX and KLN (excluding KEX). The goodwill arising from the acquisition of KLN in 2021 was reallocated by the Group on the basis of the relative values of the operation of KLN CGU and KEX CGU as at the date of the reorganization, through which goodwill of approximately RMB63,889,000 was reallocated to KEX CGU.

(b) Impairment tests

The following table sets out the key assumptions used for value in use calculations of KLN CGU and Fenghao Supply Chain CGU:

	Year ended December 31,			Six months ended June 30,
	2021	**2022**	**2023**	**2024**
Revenue growth rate over the forecast period	-1.90%~14.20%	-16.50%~17.00%	2.50%~16.64%	2.50%~29.69%
Terminal revenue growth rate	3.00%	2.00%~3.00%	2.00%~2.50%	2.00%~2.50%
Net profit margin before tax and interests	2.00%~6.22%	-0.47%~7.16%	-0.20%~6.60%	-0.83%~6.61%
Pre-tax discount rate	13.37%	11.71%~14.10%	11.90%~14.00%	11.30%~13.45%

For the year ended December 31, 2021, the recoverable amount of KLN CGU was determined based on the closing stock price of KLN. For the years ended December 31, 2022 and 2023 and the six months ended June 30, 2024, the recoverable amount of KLN CGU was determined based on discounted cash flow method.

Various factors were taken into consideration when determine the appropriate terminal revenue growth rate used over the forecast period, including the long-term inflation rates of mainland China, Hong Kong SAR, Thailand and other southeast Asia areas, and US, etc. This growth rate does not exceed the long-term average growth rate for the market in which the relative business operates.

Management determined budgeted profit margins and revenue growth rates based on historical performance and its expectations of the market development.

The pre-tax discount rates reflected the current market assessment of the time value of money and the risks specific to the business.

(c) Impact of possible changes in key assumptions

The recoverable amount of KLN CGU is estimated to exceed its carrying amount at December 31, 2022 and 2023 and June 30, 2024 by approximately RMB4,279 million, RMB1,375 million and RMB456 million, respectively.

The recoverable amount of Fenghao Supply Chain CGU is estimated to exceed its carrying amount at December 31, 2021, 2022 and 2023 and June 30, 2024 by approximately RMB300 million, RMB267 million, RMB411 million and RMB1,293 million, respectively.

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of each CGU to exceed its respective recoverable amount.

The recoverable amount of each CGU would equal to its carrying amount if each key assumption was to change as follows with all other variables held constant:

KLN CGU

	As at December 31,		As at June 30,
	2022	2023	2024
Revenue growth rate over the forecast period	-19.56%~8.97%	8.98%~12.05%	5.69%~29.08%
Terminal revenue growth rate	0.34%	1.50%	1.86%
Net profit margin before tax and interests	4.88%~5.03%	4.76%~5.41%	5.03~5.53%
Pre-tax discount rate	15.56%	14.48%	13.60%

Fenghao Supply Chain CGU

	As at December 31,			As at June 30,
	2021	2022	2023	2024
Revenue growth rate over the forecast period	-2.68%~13.36%	2.40%~16.57%	2.02%~16.19%	-0.88%~11.88%
Terminal revenue growth rate	2.49%	2.65%	1.89%	0.28%
Net profit margin before tax and interests	2.47%~5.98%	-0.69%~6.93%	-0.55%~6.25%	-2.82%~5.58%
Pre-tax discount rate	13.82%	11.99%	12.41%	12.99%

18. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	5,505,511	5,323,542	5,599,191	5,305,178
Offsetting	(3,921,033)	(3,690,578)	(3,335,321)	(3,251,608)
Net deferred tax assets	1,584,478	1,632,964	2,263,870	2,053,570
Deferred tax liabilities	8,323,193	8,348,532	7,886,295	7,788,465
Offsetting	(3,921,033)	(3,690,578)	(3,335,321)	(3,251,608)
Net deferred tax liabilities	4,402,160	4,657,954	4,550,974	4,536,857

(a) Deferred tax assets

The movements in deferred tax assets before offsetting for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 are as follows:

	Amortization and depreciation	Tax losses	Accrued expenses	Lease liabilities	Loss allowances for financial assets and non-current assets	Unrealised profits from internal transactions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2021	176,077	1,019,823	211,149	2,745,377	97,648	141,951	93,473	4,485,498
Acquisition and disposal of subsidiaries, net	82,698	(33,423)	(988)	677,563	–	–	365	726,215
Credited/(charged) to consolidated statement of profit or loss	128,223	(80,827)	20,795	245,605	17,081	5,889	(27,269)	309,497
Currency translation differences	526	2,577	–	(18,630)	–	–	(172)	(15,699)
As at December 31, 2021	387,524	908,150	230,956	3,649,915	114,729	147,840	66,397	5,505,511
As at January 1, 2022	387,524	908,150	230,956	3,649,915	114,729	147,840	66,397	5,505,511
Acquisition and disposal of subsidiaries, net	–	–	186,774	–	202	–	(1,024)	185,952
Credited/(charged) to consolidated statement of profit or loss	112,805	(228,736)	124,598	(490,206)	51,464	(2,959)	5,486	(427,548)
Currency translation differences	2,014	20,449	9,115	27,465	1,017	–	(433)	59,627
As at December 31, 2022	502,343	699,863	551,443	3,187,174	167,412	144,881	70,426	5,323,542
As at January 1, 2023	502,343	699,863	551,443	3,187,174	167,412	144,881	70,426	5,323,542
Acquisition and disposal of subsidiaries, net	–	(3,156)	(276)	–	(24)	–	–	(3,456)
Credited/(charged) to consolidated statement of profit or loss	293,712	197,626	(72,605)	(188,653)	7,579	(32,507)	15,745	220,897
Charged to consolidated statement of other comprehensive income	–	–	–	–	–	–	(1,839)	(1,839)
Currency translation differences	53,833	6,350	1,515	174	(154)	–	(1,671)	60,047
As at December 31, 2023	849,888	900,683	480,077	2,998,695	174,813	112,374	82,661	5,599,191

	Amortization and depreciation	Tax losses	Accrued expenses	Lease liabilities	Loss allowances for financial assets and non-current assets	Unrealised profits from internal transactions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	849,888	900,683	480,077	2,998,695	174,813	112,374	82,661	5,599,191
Acquisition and disposal of subsidiaries, net	–	–	–	–	–	–	–	–
Credited/(charged) to consolidated statement of profit or loss	41,421	1,841	(57,151)	(212,491)	15,686	(18,272)	(2,978)	(231,944)
Charged to consolidated statement of other comprehensive income	–	–	–	–	–	–	–	–
Currency translation differences	(57,430)	(16,594)	(3,180)	11,788	1,810	–	1,537	(62,069)
As at June 30, 2024	833,879	885,930	419,746	2,797,992	192,309	94,102	81,220	5,305,178

(b) Deferred tax liabilities

The movements in deferred tax liabilities before offsetting for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 are as follows:

	Appreciation of assets acquired in business combinations	Accelerated tax depreciation	Changes in fair value	Income from equity restructuring	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	613,611	905,252	362,977	–	2,573,319	6,619	4,461,778
Acquisition and disposal of subsidiaries, net	2,294,078	42,127	–	–	678,119	80,569	3,094,893
(Credited)/charged to consolidated statement of profit or loss	(102,009)	492,444	(3,287)	146,214	302,199	(6,197)	829,364
Credited to consolidated statement of other comprehensive income	–	–	(24,766)	–	–	–	(24,766)
Currency translation differences	(15,878)	(10,199)	8,454	–	(19,186)	(1,267)	(38,076)
At December 31, 2021	2,789,802	1,429,624	343,378	146,214	3,534,451	79,724	8,323,193
At January 1, 2022	2,789,802	1,429,624	343,378	146,214	3,534,451	79,724	8,323,193
Acquisition and disposal of subsidiaries, net	240,193	(116,460)	–	–	–	–	123,733
(Credited)/charged to consolidated statement of profit or loss	(150,878)	350,933	(4,381)	(146,214)	(509,495)	65,407	(394,628)
Charged to consolidated statement of other comprehensive income	–	–	17,250	–	–	–	17,250
Currency translation differences	258,827	27,192	–	–	27,279	(34,314)	278,984
At December 31, 2022	3,137,944	1,691,289	356,247	–	3,052,235	110,817	8,348,532
At January 1, 2023	3,137,944	1,691,289	356,247	–	3,052,235	110,817	8,348,532
Acquisition and disposal of subsidiaries, net	7,090	(286)	–	–	–	–	6,804
(Credited)/charged to consolidated statement of profit or loss	(213,057)	(113,859)	2,578	–	(222,122)	1,657	(544,803)
Charged to consolidated statement of other comprehensive income	–	–	353	–	–	–	353
Currency translation differences	39,566	29,458	–	–	448	5,937	75,409
At December 31, 2023	2,971,543	1,606,602	359,178	–	2,830,561	118,411	7,886,295
At January 1, 2024	2,971,543	1,606,602	359,178	–	2,830,561	118,411	7,886,295
Acquisition and disposal of subsidiaries, net	5,652	–	–	–	–	–	5,652
(Credited)/charged to consolidated statement of profit or loss	(87,194)	213,130	(11,734)	–	(218,712)	10,680	(93,830)
Charged to consolidated statement of other comprehensive income	–	–	(2,467)	–	–	–	(2,467)
Currency translation differences	80,489	(81,784)	174	–	15,106	(21,170)	(7,185)
At June 30, 2024	2,970,490	1,737,948	345,151	–	2,626,955	107,921	7,788,465

(c) Deferred tax assets not recognized

Deferred tax assets should be recognized when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilised. Temporary differences will not be recognized as deferred tax assets if the management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the taxable temporary differences which were not recognized as deferred tax assets during the Track Record Period:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	14,124,575	20,086,770	18,873,618	18,770,064
Deductible temporary differences	658,298	1,133,829	1,113,144	1,439,951
	14,782,873	21,220,599	19,986,762	20,210,015

The expiry dates of the unrecognized tax losses as at December 31, 2021, 2022 and 2023 and June 30, 2024 are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
2022	310,912	–	–	–
2023	716,966	793,083	–	–
2024	1,847,817	1,568,941	1,270,206	1,035,858
2025	3,696,061	4,764,110	3,954,921	3,527,250
2026	5,364,397	5,702,895	4,468,234	4,246,723
2027	–	4,334,208	3,254,460	2,933,073
2028	–	–	2,146,335	1,830,209
2029	–	–	–	1,000,445
No expiry date	2,188,422	2,923,533	3,779,462	4,196,506
	14,124,575	**20,086,770**	**18,873,618**	**18,770,064**

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Amounts due from related parties *(Note 38(d))*	59,725	70,794	1,363	71,751
Deferred pilot recruitment costs	632,486	836,956	805,415	774,186
Prepayments *(Note (a))*	1,746,758	622,763	944,833	845,134
Loans to employees	139,422	57,058	15,575	84
Finance lease receivables	471,491	247,003	89,380	57,311
Others	407,484	442,403	492,174	494,494
	3,457,366	2,276,977	2,348,740	2,242,960
Less: Allowance for expected credit losses *(Note (c))*	(21,984)	(19,613)	(15,178)	(13,646)
	3,435,382	**2,257,364**	**2,333,562**	**2,229,314**

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Amounts due from related parties *(Note 38(d))*	475,828	526,453	1,032,722	275,159
Value-added tax recoverable	7,454,169	5,048,940	4,641,173	3,862,436
Prepayments *(Note (b))*	2,933,129	3,474,471	3,248,665	2,793,230
Prepayments for listing expenses	–	–	25,068	26,870
Deposits	1,413,769	1,532,034	1,523,589	1,535,427
Cash to collect on behalf of customers	729,705	382,300	659,441	720,869
Loans to employees	97,833	55,604	26,454	16,197
Prepaid corporate income tax	236,852	768,131	551,327	367,288
Finance lease receivables	249,416	376,512	226,652	207,982
Others	1,699,827	1,036,855	1,043,853	1,213,812
	15,290,528	13,201,300	12,978,944	11,019,270
Less: Allowance for expected credit losses *(Note (c))*	(297,672)	(399,389)	(356,238)	(351,688)
	14,992,856	**12,801,911**	**12,622,706**	**10,667,582**

(a) The balances of the Group mainly comprise prepaid construction equipment balances during the Track Record Period.

(b) The balances of the Group mainly comprise prepaid freight and transportation costs during the Track Record Period.

(c) Movements on the Group's allowance for expected credit losses of other receivables are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	361,828	319,656	419,002	371,416
(Reversal of)/allowance for impairment	(26,914)	151,139	8,446	(6,431)
Written off as uncollectible	(12,154)	(49,832)	(57,009)	(1,273)
Disposal of subsidiaries	(784)	(8,207)	–	–
Exchange adjustment	(2,320)	6,246	977	1,622
At the end of the year/period	319,656	419,002	371,416	365,334

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Amounts due from subsidiaries	–	–	–	–
Prepayments	111	459	–	–
	111	459	–	–
Current:				
Amounts due from subsidiaries	18,275,293	15,189,829	21,816,446	17,633,122
Prepayments for listing expenses	–	–	25,068	26,870
Value-added tax recoverable	5,827	–	6,029	9,356
Prepayments	1,249	121	1,175	2,015
Others	199	1,643	1,673	1,681
	18,282,568	15,191,593	21,850,391	17,673,044
Less: Provision for impairment	(1)	(8)	(8)	(8)
	18,282,567	**15,191,585**	**21,850,383**	**17,673,036**

20. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Movement of investments in associates is analyzed as follows:

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	1,212,265	4,666,155	4,209,624	4,120,128
Additions and disposals, net	1,303,798	(543,165)	100,574	(28,284)
Business combination	2,186,709	–	–	–
Share of profit, net	61,792	49,128	78,524	28,041
Share of other comprehensive loss	(91)	(19,592)	(5,583)	(10,370)
Share of other equity movement	(6,416)	118,798	13,902	3,286
Dividend declared during the year/period	(2,250)	(168,706)	(188,104)	(136,496)
Exchange differences	(37,268)	175,008	34,484	21,739
Less: Impairment loss provided for the year/period	(52,384)	(68,002)	(123,293)	–
At the end of the year/period	4,666,155	4,209,624	4,120,128	3,998,044

Movement of investments in joint ventures is analyzed as follows:

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	2,434,966	2,593,932	3,648,376	3,258,703
Additions and disposals, net	183,425	1,088,841	(245,348)	(309,443)
Share of loss, net	(19,132)	(41,579)	(145,714)	(90,621)
Share of other equity movement	2,085	490	40	(5)
Dividend declared during the year	(5,386)	(254)	(892)	–
Exchange differences	(2,026)	11,418	2,855	3,135
Less: Impairment loss provided for the year/period	–	(4,472)	(614)	–
At the end of the year/period	2,593,932	3,648,376	3,258,703	2,861,769

The Group's share of results of its associates and joint ventures are as follows:

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate attributable amounts of net loss	(9,724)	(64,925)	(191,097)	(62,580)
Aggregate attributable amounts of other comprehensive income	(91)	(19,592)	(5,583)	(10,370)
Aggregate attributable amounts of total comprehensive income	(9,815)	(84,517)	(196,680)	(72,950)

There is no associate and joint venture that is individually significant to the Group.

21. FINANCIAL ASSETS AT FVPL AND FVOCI

(a) Financial assets at FVPL

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
– Industry fund investments	552,130	770,637	499,320	378,654
– Special scheme equity-class securities	235,821	116,286	–	–
– Equity investment in unlisted entities at fair value	85,243	118,324	84,401	123,504
– Others	4,829	6,962	6,275	6,155
	878,023	1,012,209	589,996	508,313
Current:				
– Structured deposits	9,730,665	7,351,158	6,542,881	17,770,993
– Fund investment and others	653,828	34,221	266,861	276,330
	10,384,493	7,385,379	6,809,742	18,047,323

The Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
– Structured deposits	9,200,219	2,335,319	–	–

(b) Financial assets at FVOCI

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
– Listed equity investments, at fair value	241,936	158,936	2,418,842	1,120,309
– Unlisted equity investments, at fair value	6,568,835	7,206,748	7,070,693	7,223,984
	6,810,771	7,365,684	9,489,535	8,344,293
Current:				
– Notes held for sale	–	63,310	99,978	125,633
	–	63,310	99,978	125,633

22. INVENTORIES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	588,354	608,201	472,994	578,849
Finished goods	497,617	706,779	1,040,816	1,050,911
Aviation consumables	268,985	353,119	499,062	596,241
Consumables and supplies	166,153	227,620	365,165	243,282
Costs to fulfil a contract	33,597	56,174	65,170	93,203
	1,554,706	1,951,893	2,443,207	2,562,486
Less: Provision for impairment loss	(7,885)	(3,539)	(2,782)	(3,275)
	1,546,821	**1,948,354**	**2,440,425**	**2,559,211**

The cost of inventories recognized as cost and expenses for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 amounted to approximately RMB7,014,210,000, RMB9,352,016,000, RMB10,570,417,000, RMB5,060,126,000 and RMB5,434,491,000, respectively.

23. CONTRACT ASSETS

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets	1,041,152	1,526,396	1,636,144	2,043,192
Less: Allowance for expected credit losses	(2,905)	(3,400)	(3,552)	(3,813)
	1,038,247	**1,522,996**	**1,632,592**	**2,039,379**

As discussed in Note 2.1(h), the Group applies simplified approach under IFRS 9 to measure the expected credit loss, which uses a lifetime expected loss allowance, for contract assets.

Allowance of approximately RMB900,000, RMB4,070,000, RMB152,000 and RMB315,000 had been provided for years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively.

24. TRADE AND NOTE RECEIVABLES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and note receivables				
– related parties *(Note 38(d))*	70,288	60,228	124,211	553,681
– third parties	31,723,594	27,296,693	26,614,887	26,880,865
	31,793,882	27,356,921	26,739,098	27,434,546
Less: Allowance for expected credit losses	(1,034,869)	(1,560,244)	(1,378,665)	(1,339,136)
	30,759,013	25,796,677	25,360,433	26,095,410

(a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses. The ageing analysis of the trade and note receivables based on invoice date is as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year (including 1 year)	31,344,858	26,399,022	25,719,098	26,325,967
Between 1 and 2 years (including 2 years)	236,070	653,524	490,411	450,741
Over 2 years	212,954	304,375	529,589	657,838
	31,793,882	27,356,921	26,739,098	27,434,546

There is no concentration of credit risk with respect to trade and note receivables, as the Group has a large number of customers.

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. Details are disclosed in Note 2.1(h).

As at December 31, 2021, 2022 and 2023 and June 30, 2024, trade receivables of approximately RMB1,034,869,000, RMB1,560,244,000, RMB1,378,665,000 and RMB1,339,136,000 respectively were impaired and provided for.

Movements on the provision for impairment of trade and note receivables are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	227,853	1,034,869	1,560,244	1,378,665
Allowance for/(reversal of) impairment losses	605,865	669,961	(42,078)	165,988
Written off as uncollectible	(60,613)	(169,984)	(158,277)	(209,411)
Acquisition of subsidiaries	263,785	10,272	–	397
Disposal of subsidiaries	(4)	–	(3,505)	–
Exchange adjustment	(2,017)	15,126	22,281	3,497
At the end of the year/period	1,034,869	1,560,244	1,378,665	1,339,136

(c) The provision and reversal of provision for impairment of receivables have been included in impairment losses on financial assets and contract assets in the consolidated statements of profit or loss. Amounts charged to the allowance account are written off when there is no expectation of recovery.

(d) The carrying amount at the reporting date approximated the fair value of each class of receivables mentioned above.

25. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at December 31,			As at June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Restricted cash				
Statutory reserve deposits with the PBOC for banking operations *(Note (a))*	540,300	837,242	1,476,938	917,644
Pledged bank deposits *(Note (b))*	36,626	37,677	52,830	64,761
Others	–	–	46,728	46,839
	576,926	**874,919**	**1,576,496**	**1,029,244**
Cash and cash equivalents				
Cash on hand and cash at banks (excluding PBOC)	34,805,864	40,268,797	40,434,748	32,506,222
Surplus reserve deposits with the PBOC *(Note (a))*	7,904	11,150	13,560	9,767
	34,813,768	**40,279,947**	**40,448,308**	**32,515,989**

(a) On September 18, 2016, the Group incorporated SF Holding Group Finance Co., Ltd., a licensed financial institution, principally engaging in the provision of cash management services internally.

SF Holding Group Finance Co., Ltd. is required to deposit with the People's Bank of China (the "PBOC") an amount that equals to 5% of qualified RMB deposits from corporates. The statutory reserve deposits are restricted and not available for use in the daily business. Deposits with the PBOC in excess of the statutory reserve deposits are surplus reserve deposits, which are maintained mainly for clearance purposes.

(b) The Group's bank balances amounting to approximately RMB11,432,000, RMB12,918,000, RMB17,133,000 and RMB29,538,000, respectively, as at December 31, 2021, 2022 and 2023 and June 30, 2024, represented deposits pledged to secure general banking or letter of guarantee facilities granted to the Group.

The Group's bank balances amounting to approximately RMB25,194,000, RMB24,759,000, RMB35,697,000 and RMB35,223,000, respectively, as at December 31, 2021, 2022 and 2023 and June 30, 2024, represented deposits of performance bonds that shall be repaid when the services were completed.

The Company

	As at December 31,			As at June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash on hand and cash at banks (excluding PBOC)	226,112	812,181	138,046	29,017

26. BORROWINGS

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Long-term bank borrowings *(Note (a))*				
– secured *(Note (a)(i)))*	1,091,297	1,119,111	2,680,031	1,889,777
– unsecured and guaranteed *(Note (a)(ii))*	2,419,532	6,352,899	8,675,210	8,771,689
Corporate bonds *(Note (c))*	15,656,370	18,927,508	18,794,782	19,710,996
Loans from Non-controlling interests	217,267	187,243	246,889	228,220
	19,384,466	**26,586,761**	**30,396,912**	**30,600,682**
Current portion of non-current:				
Long-term bank borrowings *(Note (a))*				
– secured *(Note (a)(i))*	377,489	498,344	742,364	1,047,403
– unsecured and guaranteed *(Note (a)(ii))*	1,080,885	102,336	2,071,021	1,547,545
Corporate bonds *(Note (c))*	830,321	3,661,225	615,295	113,666
Loans from Non-controlling interests	22,637	18,087	1,541	22,349
Short term:				
Short-term bank borrowings *(Note (b))*				
– secured *(Note (b)(i))*	197,015	100,569	105,969	70,428
– unsecured and guaranteed *(Note (b)(ii))*	19,068,519	13,729,479	18,659,397	23,813,009
Short-term debentures *(Note (c))*	4,029,936	5,062,357	–	2,310,195
Loans from Non-controlling interests	109,150	109,150	113,516	109,825
	25,715,952	**23,281,547**	**22,309,103**	**29,034,420**

(a) Long-term bank borrowings

(i) The Group's non-current bank borrowings amounting to approximately RMB1,343,378,000, RMB1,487,597,000, RMB2,150,466,000 and RMB1,669,853,000 had been secured by Shun Yuan Financial Leasing (Tianjin) Co., Ltd.'s receivables under financial leasing contracts with a net carrying amount of approximately RMB1,519,672,000, RMB1,670,516,000, RMB2,496,880,000 and RMB2,797,164,000 as at December 31, 2021, 2022 and 2023 and June 30, 2024 respectively. Shun Yuan Financial Leasing (Tianjin) Co., Ltd., a subsidiary of the Group, recognized the receivables as engaging in aircraft financial lease business with SF Airlines Company Limited.

Certain non-current assets had been pledged as securities for long-term bank borrowings for the Track Record Period. Refer to Note 14(a), Note 15(a) and Note 16(b).

(ii) Non-current bank borrowings of approximately RMB2,974,052,000, RMB5,901,392,000, RMB5,633,173,000 and RMB5,731,171,000 as at December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, had been guaranteed by the subsidiaries within the Group.

(iii) The range of interest rates of major non-current bank borrowings were 0.84% to 4.90%, 3.02% to 5.77%, 2.20% to 6.91% and 2.44% to 5.30% for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 respectively.

(b) Short-term bank borrowings

(i) The Group's short-term bank borrowings amounting to approximately RMB37,417,000 and RMB18,073,000 had been secured by time deposits of RMB9,600,000 and RMB11,086,000 as at December 31, 2021 and 2022, respectively.

Certain non-current assets had been pledged as securities for short-term bank borrowings for the Track Record Period. Refer to Note 14(a), Note 15(a) and Note 16(b).

(ii) Short-term bank borrowings of approximately RMB8,388,798,000, RMB4,224,863,000, RMB5,156,012,000 and RMB448,933,000 as at December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, had been guaranteed by the Company or its subsidiaries.

(iii) The range of interest rates of major short-term bank borrowings were 0.66% to 3.81%, 2.20% to 5.39%, 2.20% to 7.74% and 2.27% to 6.77% for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 respectively.

(c) Corporate bonds and short-term debentures

(i) Bonds and debentures amounting to RMB15,287,734,000, RMB21,572,790,000, RMB18,393,642,000 and RMB18,309,526,000 as at December 31, 2021, 2022 and 2023 and June 30, 2024, respectively, had been guaranteed by the Company.

(ii) The range of interest rates of bonds and debentures were 2.38% to 4.60%, 2.38% to 4.13%, 2.38% to 3.79% and 2.38% to 3.13% for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 respectively.

27. TRADE AND NOTE PAYABLES

	As at December 31,			As at June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade and note payables				
– related parties *(Note 38(d))*	405,456	505,220	421,194	397,211
– third parties	23,062,219	24,242,831	24,493,106	23,413,121
	23,467,675	**24,748,051**	**24,914,300**	**23,810,332**

An ageing analysis of the trade and note payables based on invoice date as at December 31, 2021, 2022 and 2023 and June 30, 2024 was as follows:

	As at December 31,			As at June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year (including 1 year)	23,354,313	24,654,791	24,505,848	23,527,260
Over 1 year	113,362	93,260	408,452	283,072
	23,467,675	**24,748,051**	**24,914,300**	**23,810,332**

28. CONTRACT LIABILITIES

	As at December 31,			As at June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Contract liabilities				
– related parties *(Note 38(d))*	3,581	4,708	48,147	47,135
– third parties	1,672,255	1,239,710	1,783,871	1,755,374
	1,675,836	**1,244,418**	**1,832,018**	**1,802,509**

The following table shows the amounts of revenue recognized in the Track Record Period relating to carried-forward contract liabilities:

	Year ended December 31,			Six months ended June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Revenue recognized that was included in contract liabilities at the beginning of the year/period	1,537,441	1,675,836	1,244,418	1,832,018

29. OTHER PAYABLES AND ACCRUALS

	As at December 31,			As at June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Non-current:				
Salaries, wages and benefits	351,754	114,024	82,216	77,406
Consideration payable for business combinations	144,447	21,573	–	–
Others	48,099	56,274	58,113	67,071
	544,300	**191,871**	**140,329**	**144,477**
Current:				
Amounts due to related parties *(Note 38(d))*	269,671	220,071	136,098	95,979
Salaries, wages and benefits	5,610,318	6,573,254	5,872,341	4,505,260
Payable for purchase of property, plant and equipment	5,352,716	5,557,664	4,345,119	3,209,908
Deposits	1,604,631	2,375,025	2,355,449	2,516,231
Other taxes payable	806,821	1,130,283	735,465	756,972
Payables of cash collected on delivery service	1,643,510	1,220,988	1,534,338	1,442,384
Consideration payable for business combinations	83,002	1,045,334	289,306	281,790
Others	1,700,108	1,906,773	2,369,055	2,635,978
	17,070,777	**20,029,392**	**17,637,171**	**15,444,502**

30. DEFERRED INCOME

	As at December 31,			As at June 30,
	2021	**2022**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Government grants and subsidies	690,242	860,791	1,090,644	1,210,871

The government grants were mainly incentives provided by local government authorities in the PRC, including subsidies from a project in Huanggang City, government supporting funds for industry parks and aircraft engine maintenance subsidies, etc. All of the government grants and subsidies recognized as deferred income are asset related.

31. SHARE CAPITAL AND TREASURY SHARES

	Number of registered, issued and fully paid ordinary shares	Share capital	Treasury shares	Total
		RMB'000	RMB'000	RMB'000
As at January 1, 2021	4,556,440,455	4,556,440	(394,993)	4,161,447
Private placement *(Note (a))*	349,772,647	349,773	–	349,773
As at December 31, 2021	4,906,213,102	4,906,213	(394,993)	4,511,220
As at January 1, 2022	4,906,213,102	4,906,213	(394,993)	4,511,220
Repurchase of shares *(Note (b))*	–	–	(2,040,377)	(2,040,377)
Cancellation of shares *(Note (b))*	(11,010,729)	(11,011)	394,993	383,982
As at December 31, 2022	4,895,202,373	4,895,202	(2,040,377)	2,854,825
As at January 1, 2023	4,895,202,373	4,895,202	(2,040,377)	2,854,825
Repurchase of shares *(Note (b))*	–	–	(959,956)	(959,956)
Exercise of share options *(Note (c))*	–	–	424,801	424,801
As at December 31, 2023	4,895,202,373	4,895,202	(2,575,532)	2,319,670
(Unaudited)				
As at January 1, 2023	4,895,202,373	4,895,202	(2,040,377)	2,854,825
Repurchase of shares *(Note (b))*	–	–	(59,936)	(59,936)
As at June 30, 2023	4,895,202,373	4,895,202	(2,100,313)	2,794,889
As at January 1, 2024	4,895,202,373	4,895,202	(2,575,532)	2,319,670
Repurchase of shares *(Note (b))*	–	–	(1,378,503)	(1,378,503)
Cancellation of shares *(Note (b))*	(79,291,153)	(79,291)	3,575,545	3,496,254
As at June 30, 2024	4,815,911,220	4,815,911	(378,490)	4,437,421

(a) On October 20, 2021, as approved by the shareholders of the Company and CSRC, the Company completed a non-public placement of new A shares under general mandate. The Company issued a total of 349,772,647 new A-share to 22 subscribers and raised funding of approximately RMB20,000,000,000 through the issuance. Netting off the transaction cost, the Company received a total of RMB19,910,000,000.

Per the non-public placement, the Group recognized share capital of RMB349,772,647 and capital reserve of RMB19,562,788,600.

(b) For the years ended December 31, 2022 and 2023 and the six months ended June 30, 2023 and 2024, a total of 39,632,255, 19,838,884, 1,107,928 and 38,439,791 A shares have been repurchased respectively for future employee stock ownership plan or share-based incentive, and treasury stocks amounting to approximately RMB2,040,377,000, RMB959,956,000, RMB59,936,000 and RMB1,378,503,000 therefore were recognized respectively.

During the year ended December 31, 2022 and the six months ended June 30, 2024, the Company, under the approval and authorization of the general meeting, cancelled a total of 11,010,729 and 79,291,153 shares, respectively. Hence treasury stocks amounting to approximately RMB394,993,000 and share capital of approximately RMB11,011,000 were derecognized with a corresponding credit to capital reserve of approximately RMB383,982,000 in the year ended December 31, 2022. Treasury stocks amounting to approximately RMB3,575,545,000 and share capital of approximately RMB79,291,000 were derecognized with a corresponding debit to capital reserve of approximately RMB3,496,254,000 for the six months ended June 30, 2024.

(c) In 2023, one-fourth of the share options granted in 2022 were vested upon the first anniversary date of the grants. On August 1, 2023, a total of 8,420,193 share options were exercised, as 1,328 participants met the performance requirements. Therefore, contribution of approximately RMB355,189,000 was received by the Company from the participants, treasury stock of RMB424,801,000 and capital reserve of RMB69,612,000 were derecognized.

32. RESERVES AND RETAINED EARNINGS

(a) Reserves

The Group

	Capital reserve	Other comprehensive income	General and regulatory reserve	Special reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2021	24,405,217	1,143,969	279,142	–	745,043	26,573,371
Other comprehensive income	–	1,585,918	–	–	–	1,585,918
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(112,656)	–	–	–	(112,656)
Transactions with owners						
Capital contribution of non-public placement	19,562,789	–	–	–	–	19,562,789
Capital contribution of non-controlling interests	2,029,503	–	–	–	–	2,029,503
Share-based payment	287,553	–	–	–	–	287,553
Transaction with non-controlling interests and others	(75,317)	–	–	–	–	(75,317)
Appropriation to general and regulatory reserves	–	–	141,496	–	–	141,496
Profit appropriations to statutory reserve	–	–	–	–	202,732	202,732
Safety reserve appropriation	–	–	–	28,370	–	28,370
Safety reserve utilisation	–	–	–	(28,370)	–	(28,370)
Others	(9,147)	–	–	–	–	(9,147)
As at December 31, 2021	46,200,598	2,617,231	420,638	–	947,775	50,186,242

	Capital reserve	Other comprehensive income	General and regulatory reserve	Special reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	46,200,598	2,617,231	420,638	–	947,775	50,186,242
Other comprehensive income	–	1,882,025	–	–	–	1,882,025
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	38,771	–	–	–	38,771
Transactions with owners						
Capital contribution of non-controlling interests	825	–	–	–	–	825
Cancellation of shares	(383,982)	–	–	–	–	(383,982)
Share-based payment	122,999	–	–	–	–	122,999
Transaction with non-controlling interests and others	(2,055,007)	–	–	–	–	(2,055,007)
Appropriation to general and regulatory reserves	–	–	72,410	–	–	72,410

	Capital reserve	Other comprehensive income	General and regulatory reserve	Special reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit appropriations to statutory reserve	–	–	–	–	62,478	62,478
Safety reserve appropriation	–	–	–	32,214	–	32,214
Safety reserve utilisation	–	–	–	(32,214)	–	(32,214)
Others	110,804	–	–	–	–	110,804
As at December 31, 2022	43,996,237	4,538,027	493,048	–	1,010,253	50,037,565

	Capital reserve	Other comprehensive income	General and regulatory reserve	Special reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	43,996,237	4,538,027	493,048	–	1,010,253	50,037,565
Other comprehensive income	–	873,033	–	–	–	873,033
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	121,368	–	–	–	121,368
Transactions with owners						
Capital contribution of non-controlling interests	1,207	–	–	–	–	1,207
Exercise of share options	(69,612)	–	–	–	–	(69,612)
Share-based payment	271,510	–	–	–	–	271,510
Transaction with non-controlling interests and others	(1,037,241)	–	–	–	–	(1,037,241)
Appropriation to general and regulatory reserves	–	–	31,328	–	–	31,328
Profit appropriations to statutory reserve	–	–	–	–	1,403,533	1,403,533
Safety reserve appropriation	–	–	–	389,332	–	389,332
Safety reserve utilisation	–	–	–	(389,332)	–	(389,332)
Others	1,984	–	–	–	–	1,984
As at December 31, 2023	43,164,085	5,532,428	524,376	–	2,413,786	51,634,675

	Capital reserve	Other comprehensive income	General and regulatory reserve	Special reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
As at January 1, 2023	43,996,237	4,538,027	493,048	–	1,010,253	50,037,565
Other comprehensive income	–	639,549	–	–	–	639,549
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(18)	–	–	–	(18)
Transactions with owners						
Capital contribution of non-controlling interests	890	–	–	–	–	890
Share-based payment	151,413	–	–	–	–	151,413
Transaction with non-controlling interests and others	(11,444)	–	–	–	–	(11,444)
Safety reserve appropriation	–	–	–	18,568	–	18,568
Safety reserve utilisation	–	–	–	(18,568)	–	(18,568)
Others	(3,041)	–	–	–	–	(3,041)
As at June 30, 2023	44,134,055	5,177,558	493,048	–	1,010,253	50,814,914

	Capital reserve	Other comprehensive income	General and regulatory reserve	Special reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	43,164,085	5,532,428	524,376	–	2,413,786	51,634,675
Other comprehensive loss	–	(1,060,319)	–	–	–	(1,060,319)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	5,060	–	–	–	5,060
Transactions with owners						
Capital contribution of non-controlling interests	127	–	–	–	–	127
Cancellation of shares	(3,496,254)	–	–	–	–	(3,496,254)
Share-based payment	62,186	–	–	–	–	62,186
Transaction with non-controlling interests and others	(3,760,142)	–	–	–	–	(3,760,142)
Safety reserve appropriation	–	–	–	272,081	–	272,081
Safety reserve utilisation	–	–	–	(272,081)	–	(272,081)
As at June 30, 2024	35,970,002	4,477,169	524,376	–	2,413,786	43,385,333

The Company

	Capital reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2021	52,344,321	591,998	52,936,319
Capital contribution of non-public placement	19,562,789	–	19,562,789
Share-based payment	(6)	–	(6)
Profit appropriations to statutory reserve	–	202,732	202,732
As at December 31, 2021	71,907,104	794,730	72,701,834
As at January 1, 2022	71,907,104	794,730	72,701,834
Cancellation of shares	(383,982)	–	(383,982)
Share-based payment	220,852	–	220,852
Others	(26)	–	(26)
Profit appropriations to statutory reserve	–	62,478	62,478
As at December 31, 2022	71,743,948	857,208	72,601,156
As at January 1, 2023	71,743,948	857,208	72,601,156
Share-based payment	216,304	–	216,304
Exercise of share options	(69,612)	–	(69,612)
Profit appropriations to statutory reserve	–	1,403,533	1,403,533
As at December 31, 2023	71,890,640	2,260,741	74,151,381
(Unaudited)			
As at January 1, 2023	71,743,948	857,208	72,601,156
Share-based payment	137,562	–	137,562
As at June 30, 2023	71,881,510	857,208	72,738,718
As at January 1, 2024	71,890,640	2,260,741	74,151,381
Cancellation of shares	(3,496,254)	–	(3,496,254)
Share-based payment	51,896	–	51,896
As at June 30, 2024	68,446,282	2,260,741	70,707,023

(b) Retained earnings

The Company

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
At the beginning of the year/period	**1,560,724**	**1,885,321**	**1,573,109**	**1,573,109**	**12,991,294**
Profit/(loss) for the year/period	2,027,321	624,784	14,035,334	19,253	(2,115)
Profit appropriations to statutory reserve	(202,732)	(62,478)	(1,403,533)	–	–
Dividends *(Note 12)*	(1,499,992)	(874,518)	(1,213,616)	(1,213,616)	(2,889,210)
At the end of the year/period	**1,885,321**	**1,573,109**	**12,991,294**	**378,746**	**10,099,969**

33. SHARE-BASED PAYMENT

(a) Share-based payment expenses during the Track Record Period were as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Equity settled share-based payment	349,308	109,573	309,338	153,461	69,940
Cash settled share-based payment	199,021	48,111	233,708	190,592	(10,903)
	548,329	**157,684**	**543,046**	**344,053**	**59,037**

(b) Equity settled share-based payment arrangement

(i) Share Option Plan of the Company

The share option plan, established in May 2022, is designed to award the eligible participants who contribute to the success of the Group's operations and provide long-term incentives for employees to deliver long-term shareholder returns.

Under the plan, participants are granted options which only vest if certain performance standards are met and the employees, officers and directors shall remain in service. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

On May 30, 2022 and October 28, 2022, the Company had granted 47,892,100 and 1,608,000 stock options, respectively, with an exercise price of RMB42.61 and RMB42.431 per share, respectively, to certain employees, officers and directors.

A summary of activities of the service-based share options is presented as follows:

	Number of share options	Weighted average exercise price	Weighted average remaining contractual term
		RMB	
Outstanding as at January 1, 2022	–	–	
Granted	49,500,100	42.60	
Outstanding as at December 31, 2022	**49,500,100**	**42.60**	**3.4 years**
Outstanding as at January 1, 2023	49,500,100	42.60	
Exercised	(8,420,193)	42.18	
Forfeited	(6,676,212)	42.18	
Outstanding as at December 31, 2023	**34,403,695**	**42.18**	**2.4 years**
(Unaudited)			
Outstanding as at January 1, 2023	49,500,100	42.60	
Granted	–	–	
Outstanding as at June 30, 2023	**49,500,100**	**42.60**	**2.9 years**
Outstanding as at January 1, 2024	34,403,695	42.18	
Granted	–	–	
Outstanding as at June 30, 2024	**34,403,695**	**42.18**	**1.9 years**
Vested and exercisable as at June 30, 2024	544,570	42.18	

The stock option shall vest over a period of 4 years on the condition that the employees, officers and directors remain in service and certain performance standards are met. One-fourth of the awards shall be vested upon the end of the first, the second, the third and the fourth anniversary dates of the grants.

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The fair value per option was estimated at the grant dates using the following assumptions:

Exercise price per share	RMB42.61, RMB42.43
Expiry date	Respective annual due dates
Share price at grant date per share	RMB51.57, RMB49.88
Expected volatility of the Company's shares	35.77% ~ 40.39%
Expected dividend yield	0.51% ~ 0.55%
Risk-free interest rate	1.50% ~ 2.75%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The Group recognizes share-based payments in capital reserves and its consolidated statements of profit or loss based on options ultimately expected to vest, after considering estimated forfeitures of the share options. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognized in the profit and loss over the remaining vesting period, with a corresponding adjustment to capital reserves.

As mentioned in Note 31(c), 1,328 participants of the plan met the performance requirements and a total of 8,420,193 share options were exercised during the year ended December 31, 2023.

Share-based payment expenses of RMB220,852,000, RMB216,304,000, RMB137,562,000 and RMB51,896,000 related to the above share options were recognized in the consolidated statements of profit or loss for the years ended December 31, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively.

An accumulated amount of RMB23,633,000, RMB244,485,000, RMB460,789,000 and RMB512,685,000 has been recognized as capital reserve as at December 31, 2021, 2022 and 2023 and June 30, 2024 respectively.

(ii) Share Option Plan of the subsidiary entities

Subsidiaries of the Group issued restricted share units ('RSU') or share options of their own shares to senior executives and other employees.

The fair value at grant date is independently determined using an adjusted form of the Discounted Cash Flow model or Black Scholes Model.

Share-based payment expenses of approximately RMB349,308,000, RMB93,034,000, RMB15,899,000 and RMB18,044,000 related to the above share awards were recognized in the consolidated statements of profit or loss for the years ended December 31, 2021 and 2023 and the six months ended June 30, 2023 and 2024, respectively. Share-based payment expenses amounting to RMB111,279,000 previously recognized in the consolidated statement of profit or loss were reversed in 2022.

An accumulated amount of RMB619,314,000, RMB508,035,000, RMB601,069,000 and RMB619,113,000, respectively, as at December 31, 2021, 2022 and 2023 and June 30, 2024 has been recognized as capital reserve.

(c) Cash-settled share-based payment arrangement

Subsidiaries of the Group issued RSU or share options of their own shares to senior executives and other employees, with a term that the subsidiaries had an obligation to repurchase under certain conditions, as their remuneration package, hereby the employees will become entitled to a future cash payment.

The management measured the liability, initially and at the end of each reporting period until settled, at the fair value of the RSU or share options, by applying an adjusted form of the Discounted Cash Flow model or Black Scholes Model.

The management recognized the services received, and a liability to pay for those services, as the employees render service during the period. A total of share-based payment expenses of approximately RMB199,021,000, RMB48,111,000, RMB233,708,000 and RMB190,592,000 related to the above arrangement for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 were recognized in the consolidated statements of profit or loss, respectively. The above arrangement expenses amounting to RMB10,903,000 previously recognized in the consolidated statement of profit or loss were reversed for the six months ended June 30, 2024.

An accumulated amount of approximately RMB328,607,000, RMB334,757,000 and RMB268,453,000 as at December 31, 2021, 2022 and 2023 has been recognized as liabilities, respectively. There were no share-based payments recognized as liabilities as at June 30, 2024.

34. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash generated from operations:

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Profit before income tax for the year/period	7,750,856	11,037,836	10,486,505	5,420,350	6,320,057
Adjustments for:					
Depreciation of right-of-use assets *(Note 8)*	5,776,678	7,291,360	7,213,063	3,686,282	3,428,916
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	6,878,224	8,950,072	10,106,044	4,811,825	5,360,734
Impairment provision for investments in associates and joint ventures	52,384	72,474	123,907	–	–
Net impairment losses on financial assets and contract assets	579,851	825,170	(33,480)	(66,022)	159,872
Impairment of inventories, property, plant and equipment and other non-current assets *(Note 7)*	7,106	55,212	62,390	2,026	1,309
Equity settled share-based compensation expenses *(Note 33)*	349,308	109,573	309,338	153,461	69,940
Losses on disposal of property, plant and equipment, right-of-use assets and other non-current assets *(Note 7)*	195,841	52,305	53,891	64,740	(39,097)
Fair value changes in financial assets at FVPL *(Note 7)*	(553,638)	(660,867)	(529,513)	(290,377)	(294,669)
Gains on disposal of investments in subsidiaries *(Note 36(b))*	(1,808,638)	(32,314)	(268,204)	(244,982)	(91,950)
Share of (profit)/loss of associates and joint ventures, net	(42,660)	(7,549)	67,190	13,486	62,580
Gains on disposal of investments in associates and joint ventures *(Note 7)*	(68,695)	(282,906)	(21,441)	1,941	(45,307)
Dividend income *(Note 6)*	(31,853)	(13,811)	(2,438)	(2,535)	(426)
Amortization of deferred income	(36,480)	(37,415)	(45,935)	(27,515)	(20,416)

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Finance costs *(Note 10)*	1,562,963	2,054,360	2,269,700	1,092,673	1,230,918
Operating cash flow before working capital changes	**20,611,247**	**29,413,500**	**29,791,017**	**14,615,353**	**16,142,461**
Changes in working capital:					
Increase in inventories	(370,579)	(397,187)	(491,314)	(87,948)	(119,277)
(Increase)/decrease in trade receivables, prepayment, contract assets and other receivable	(6,196,150)	8,816,879	(262,500)	3,737,276	896,436
Increase/(decrease) in trade payables, contract liabilities, and other payables	4,587,983	(52,190)	759,002	(2,533,277)	(1,705,611)
Cash generated from operations	**18,632,501**	**37,781,002**	**29,796,205**	**15,731,404**	**15,214,009**

(b) Transaction with non-controlling interests

During the Track Record Period, the Group changed its ownership interests in certain subsidiaries without change of its control.

The impacts of the transactions with non-controlling interests for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 are summarized as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net cash consideration paid to non-controlling interests without change of control	109,576	3,914,671	1,833,285	132,490	3,353,487
Outstanding and included in other payables	–	106,132	–	–	–
Total consideration of transactions with non-controlling interests	**109,576**	**4,020,803**	**1,833,285**	**132,490**	**3,353,487**
Recognized in the reserve within equity	**75,317**	**2,055,007**	**1,037,241**	**11,444**	**3,760,142**

(i) Major transactions during the year ended December 31, 2022

In May 2022, the Group acquired the remaining equity interests of SXH China Logistics (formerly named as SF\HAVI China Logistics) ("SXH") and SXH became a wholly-owned subsidiary of the Group. The Group recognized a decrease in other reserve of RMB456,837,000.

In June 2022, KLN acquired additional equity interests in K-Apex Logistics (HK) Co., Limited ("K-Apex HK"), a non wholly-owned subsidiary of KLN. The Group recognized a decrease in other reserve of RMB1,183,864,000.

(ii) Major transaction during the year ended December 31, 2023

In July 2023, KLN acquired the remaining equity interests of K-Apex HK. Upon the completion of the acquisition, K-Apex HK became a wholly-owned subsidiary of KLN. The Group recognized a decrease in other reserve of RMB797,838,000.

(iii) Major transactions during the six months ended June 30, 2024

During the six months ended June 30, 2024, the Group acquired the remaining equity interests of Shenzhen SF Freight Corporation and Shenzhen Fengwang Holding Co., Ltd. Upon the completion of the transactions, the aforementioned subsidiaries became wholly-owned subsidiaries of the Group. The Group recognized a decrease in other reserve of RMB2,146,357,000 and RMB744,838,000, respectively.

As mentioned in Note 17(a), during the six months ended June 30, 2024, the Group acquired additional equity interests of 35.8% of KEX. The Group recognized a decrease in other reserve of RMB540,151,000.

Except for the aforementioned non-controlling interests' transactions, other transactions made no significant impact on the Group's Historical Financial Information.

(c) Non-cash operating, investing and financing activities

The main non-cash operating, investing and financing activities for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024 are summarized as follows:

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Additions of right-of-use assets	10,130,741	6,126,609	6,553,794	3,192,368	2,814,232
Settlement of acquisitions of long-term assets through bank supply chain financing or re-factoring	868,330	992,178	543,389	409,201	57,753
	10,999,071	**7,118,787**	**7,097,183**	**3,601,569**	**2,871,985**

(d) Reconciliation of liabilities arising from financing activities

	Bank borrowings	Corporate bonds and short-term debentures	Loans from non-controlling interest	Leases liabilities *(Note (i))*	Loans from holders of asset-backed securities scheme	Total
At January 1, 2021	10,615,872	10,365,145	159,390	10,711,248	–	31,851,655
Cash flows	7,196,602	9,884,299	(28,096)	(6,987,589)	(666,000)	9,399,216
Acquisition and disposal of subsidiaries, net	5,985,174	–	210,874	2,710,251	666,000	9,572,299
Interest expenses	552,547	457,160	5,650	553,613	–	1,568,970
Other non-cash movements	(115,458)	(189,977)	1,236	9,944,031	–	9,639,832
At December 31, 2021	24,234,737	20,516,627	349,054	16,931,554	–	62,031,972
At January 1, 2022	24,234,737	20,516,627	349,054	16,931,554	–	62,031,972
Cash flows	(4,432,588)	4,677,774	(27,542)	(7,813,330)	(391,000)	(7,986,686)
Acquisition and disposal of subsidiaries, net	–	–	(18,379)	–	391,000	372,621
Interest expenses	768,304	793,666	8,323	609,652	–	2,179,945
Other non-cash movements	1,332,285	1,663,023	3,024	5,451,452	–	8,449,784
At December 31, 2022	21,902,738	27,651,090	314,480	15,179,328	–	65,047,636

	Bank borrowings	Corporate bonds and short-term debentures	Loans from non-controlling interest	Leases liabilities *(Note (i))*	Loans from holders of asset-backed securities scheme	Total
At January 1, 2023	21,902,738	27,651,090	314,480	15,179,328	–	65,047,636
Cash flows	9,202,159	(9,447,697)	10,098	(7,765,246)	(899,360)	(8,900,046)
Acquisition and disposal of subsidiaries, net	206,227	–	–	(4,810)	899,360	1,100,777
Interest expenses	1,071,956	732,349	4,545	564,374	–	2,373,224
Other non-cash movements	550,912	474,335	32,823	5,834,814	–	6,892,884
At December 31, 2023	32,933,992	19,410,077	361,946	13,808,460	–	66,514,475
(Unaudited)						
At January 1, 2023	21,902,738	27,651,090	314,480	15,179,328	–	65,047,636
Cash flows	4,605,863	(3,941,892)	(7,341)	(3,891,543)	–	(3,234,913)
Acquisition and disposal of subsidiaries, net	–	–	–	(4,810)	–	(4,810)
Interest expenses	456,361	405,531	4,238	289,013	–	1,155,143
Other non-cash movements	655,230	845,952	36,725	2,919,234	–	4,457,141
At June 30, 2023	27,620,192	24,960,681	348,102	14,491,222	–	67,420,197
At January 1, 2024	32,933,992	19,410,077	361,946	13,808,460	–	66,514,475
Cash flows	3,228,764	2,057,853	5,542	(3,704,784)	–	1,587,375
Interest expenses	685,341	311,638	675	262,301	–	1,259,955
Other non-cash movements	291,754	355,289	(7,769)	2,646,495	–	3,285,769
At June 30, 2024	37,139,851	22,134,857	360,394	13,012,472	–	72,647,574

(i) The other non-cash movement about lease liabilities mainly resulted from the new lease contracts entered during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024.

35. ACQUISITION OF SUBSIDIARIES

The net cash flow impact of acquisition of subsidiaries during the Track Record Period are as below:

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** *(unaudited)*	**RMB'000**
Net cash paid in respect of the business combinations *(Note (a))*	7,735,241	1,190,625	972,456	928,555	115,585
Net cash paid in respect of the acquisition of assets *(Note (b))*	1,308,337	1,026,856	1,224,952	–	498,799
Net cash paid in acquisition of subsidiaries	**9,043,578**	**2,217,481**	**2,197,408**	**928,555**	**614,384**

(a) Acquisition of subsidiaries through business combinations

Analysis of the net cash outflow in respect of the acquisition of subsidiaries treated as business combinations during the Track Record Period are as below:

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Total acquisition consideration					
including: KLN *(Note (i))*	14,550,982	–	–	–	–
Topocean and Pro-Med *(Note (ii))*	–	1,721,991	–	–	–
Other subsidiaries	224,423	230,924	141,702	141,000	104,706
	14,775,405	1,952,915	141,702	141,000	104,706
Less: Cash and bank balances acquired					
including: KLN *(Note (i))*	(7,022,260)	–	–	–	–
Topocean and Pro-Med *(Note (ii))*	–	(120,261)	–	–	–
Other subsidiaries	(1,982)	(5,108)	(4,545)	(2,898)	(19,744)
	(7,024,242)	(125,369)	(4,545)	(2,898)	(19,744)
Outstanding and included in other payables	(10,100)	(745,718)	–	(9,774)	(10,271)
Cash paid in the current year for acquisition of subsidiaries in prior years *(Note (ii))*	30,299	108,797	835,299	800,227	40,894
Other settlement	(36,121)	–	–	–	–
Net cash paid in respect of the business combinations	**7,735,241**	**1,190,625**	**972,456**	**928,555**	**115,585**

The major Business Combinations acquisition for the Track Record Period were as follows:

(i) Kerry Logistics Network

On September 28, 2021, the Group acquired 51.52% of the issued capital of KLN, which is engaged in a broad range of supply chain solutions from integrated logistics, international freight forwarding (air, ocean, road, rail and multimodal), e-commerce and express to industrial project logistics and infrastructure investment. The acquisition was made as part of the Group's strategy to further develop its supply chain solution and expand its international logistics and freight forwarding business.

The purchase consideration was in the form of cash. The Group had made a lump-sum payment of approximately RMB14,550,982,000 for the transaction.

Besides, according to the agreement, KLN sold its Taiwan Business and Warehouse in Hong Kong before becoming subsidiaries of the Group. A total of RMB10,989,923,000 consideration receivable due to the disposal transaction was then collected after the merger and acquisition closed. KLN declared a special dividend and paid RMB10,819,033,000 spending the profit earned from the disposal transaction mentioned above.

The fair values of the identifiable assets and liabilities of KLN as at the date of acquisition were as follows:

	Fair value
	RMB'000
Cash	7,025,678
Financial assets at fair value through profit or loss	1,197,012
Trade receivables, prepayments and deposits	24,446,818
Inventories	325,524
Other current assets	23,443
Investments in associate	2,186,709
Investment properties	1,355,725
Property, plant and equipment	8,250,899
Right-of-use assets	3,927,795
Intangible assets	6,808,714
Financial assets at fair value through other comprehensive income	244,044
Investment in convertible Bonds and short-term debentures	4,854
Deferred taxation assets	110,917
Short-term Bank borrowing, bank overdrafts and current portion of long-term Bank borrowing	(5,985,174)
Trade payables, deposits received and accrued charges	(6,300,534)
Lease liabilities	(2,710,251)
Deferred taxation liabilities	(2,490,007)
Other liabilities	(14,875,883)
Net identifiable assets acquired	23,546,283
Less: non-controlling interests	(13,126,493)
Add: goodwill	4,131,192
Net assets acquired	**14,550,982**

- *Acquired receivables*

The fair value of acquired trade receivables, prepayments and deposits as at the date of acquisition were approximately RMB24,446,818,000. The gross contractual amount for trade receivables, due was approximately RMB24,709,645,000 with a loss allowance of RMB262,827,000 recognized on acquisition.

- *Accounting policy choice for non-controlling interests*

The Group recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in KLN, the Group elected to recognize the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2.1(e) for the Group's accounting policies for business combinations.

- *Revenue and profit contribution*

The acquired business contributed revenues of approximately RMB20,260,964,000 and net profit of RMB883,124,000 to the Group for the period from September 28, 2021 to December 31, 2021.

If the acquisition had occurred on January 1, 2021, consolidated pro-forma revenue and profit of the Group for the year ended December 31, 2021 would have been approximately RMB255,189,851,000 and RMB6,161,944,000, respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

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

(ii) Topocean and Pro-Med

In January 2022, the Group acquired 51% interest in Pro-Med Technology Limited ("Pro-Med"), which is a company operating trading business based in Hong Kong.

In April 2022, the Group entered into agreement to acquire 100% interest in Topocean Consolidation Service (Los Angeles), Inc. and its subsidiaries ("Topocean"), which are engaged in international freight forwarding in United States by four tranches. Topocean are consolidated as wholly owned subsidiaries of the Group accordingly. The Group has completed the acquisitions of 100% interest during the year. 80% of the total consideration was paid in 2022 and the remaining 20% has been recognized as consideration payable, which was fully paid in 2023.

The purchase consideration was in the form of cash. The Group had made a lump-sum payment of approximately RMB1,721,991,000 for the transaction.

The fair values of the identifiable assets and liabilities of Topocean and Pro-Med as at the date of acquisition were as follows:

	Fair value
	RMB'000
Cash	120,261
Trade receivables	1,809,141
Intangible assets	375,533
Other assets	229,835
Trade payables	(1,864,368)
Deferred taxation liabilities	(132,732)
Net identifiable assets acquired	537,670
Less: non-controlling interests	(8,833)
Add: goodwill	1,193,154
Net assets acquired	**1,721,991**

- *Accounting policy choice for non-controlling interests*

The Group recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Pro-Med, the Group elected to recognize the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2.1(e) for the Group's accounting policies for business combinations.

- *Revenue and profit contribution*

The acquired business contributed revenues of approximately RMB6,413,070,000 and net profit of RMB281,132,000, respectively, to the Group for the period from the respective acquisition dates to December 31, 2022.

(b) Acquisition of assets through acquisition of subsidiaries

Analysis of the net cash outflow in respect of the acquisition of subsidiaries treated as acquisition of assets during the Track Record Period are as below:

	Year ended December 31,			**Six months ended June 30,**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** *(unaudited)*	**RMB'000**
Total acquisition consideration	1,389,990	1,099,465	1,269,444	–	559,289
Less: Cash and bank balances acquired	(81,653)	(72,609)	(44,492)	–	(56,644)
Outstanding and included in other payables	–	–	–	–	(3,846)
Net cash paid in respect of the acquisition of assets	**1,308,337**	**1,026,856**	**1,224,952**	**–**	**498,799**

(i) Major acquisition during the year ended December 31, 2021

On November 30, 2021, the Company exercised the pre-emptive right, which concluded in the article of the asset-backed security scheme of Huatai Jiayue-SF Industrial Park Phase I No. 1, to acquire 100% equity interests of Shenzhen Shunze Industrial Park Management Co., Ltd. ("Shenzhen Shunze") and Shenzhen Shuntai Industrial Park Management Co., Ltd. ("Shenzhen Shuntai").

The identifiable assets of Shenzhen Shunze and Shenzhen Shuntai were the logistics industrial parks located in Shanghai and Wuxi respectively.

The total consideration of the aforementioned equity interests was approximately RMB1,330,720,000, which comprised of the fair value of property assets amounting to RMB1,996,720,000 and the fair value of liabilities acquired amounting to RMB666,000,000. The transaction was completed on December 8, 2021.

The transaction met the concentration test criteria, and the set of property assets acquired was determined not to be a business. These buildings and land use rights acquired were initially recognized at their fair values of approximately RMB1,494,993,000 and RMB467,320,000, respectively, on December 8, 2021.

(ii) Major acquisition during the year ended December 31, 2022

On August 30, 2022, the Company exercised the pre-emptive right, which concluded in the article of the asset-backed security scheme of Huatai Jiayue-SF Industrial Park Phase I No. 2, to acquire 100% equity interests of Shenzhen Jiafeng Industrial Park Management Co., Ltd. ("Shenzhen Jiafeng"), Shenzhen Shunjie Industrial Park Management Co., Ltd. ("Shenzhen Shunjie") and Shenzhen Runheng Industrial Park Management Co., Ltd. ("Shenzhen Runheng").

The identifiable assets of Shenzhen Jiafeng, Shenzhen Shunjie and Shenzhen Runheng were the logistics industrial parks located in Shenzhen, Yiwu and Huai'an respectively.

The total consideration of the aforementioned equity interests was approximately RMB1,065,130,000, which comprised of the fair value of property assets amounting to RMB1,456,130,000 and the fair value of liabilities acquired amounting to RMB391,000,000. The transaction was completed on September 2, 2022.

The transaction met the concentration test criteria, and the set of property assets acquired was determined not to be a business. These property assets were initially recognized at their fair values of approximately RMB1,456,130,000 on September 2, 2022.

(iii) Major acquisition during the year ended December 31, 2023

On September 15, 2023, the Company exercised the pre-emptive right, which concluded in the article of the asset-backed security scheme of Huatai Jiayue-SF Industrial Park Phase I No. 3, to acquire 100% equity interests of Shenzhen Fengkai Industrial Park Management Co., Ltd., Shenzhen Runtai Industrial Park Management Co., Ltd., Shenzhen Yutai Industrial Park Management Co., Ltd., Shenzhen Xingtai Industrial Park Management Co., Ltd. and Shenzhen Shengtai Industrial Park Management Co., Ltd. (collectively the "Property Operators").

The identifiable assets of the above property operators of the scheme were the logistics industrial parks located in Wuxi, Quanzhou, Jiaxing, Yancheng and Ningbo, respectively.

The total consideration of the aforementioned equity interests was approximately RMB904,000,000, which comprised of the fair value of property assets amounting to RMB1,477,000,000 and the fair value of liabilities acquired amounting to RMB573,000,000. The transaction was completed on October 9, 2023.

On December 19, 2023, the Company acquired 100% equity interests of Zhengzhou Fengtai E-commerce Industrial Park Management Co., Ltd. ("Zhengzhou Fengtai").

The consideration of the acquisition transaction was approximately RMB335,443,000, which comprised of the fair value of property assets amounting to RMB684,000,000, and the fair value of liabilities acquired amounting to RMB348,557,000. The transaction was completed on December 28, 2023.

Both transactions met the concentration test criteria, and the set of property assets acquired was determined not to be a business. These property assets were initially recognized at their fair values of approximately RMB1,477,000,000 on October 9, 2023 and RMB684,000,000 on December 28, 2023, respectively.

(iv) Major acquisition during the six months ended June 30, 2024

On January 18, 2024, the Company acquired 100% equity interests of Beijing Jieyutai Enterprise Management Co., Ltd. ("Beijing Jieyutai"). The identifiable assets were mainly logistics industrial parks located in Beijing.

The total consideration of the aforementioned equity interests was approximately RMB559,289,000. These property assets acquired were initially recognized at their fair values of approximately RMB835,700,000.

The transaction met the concentration test criteria, and the set of property assets acquired was determined not to be a business.

36. DISPOSAL OF SUBSIDIARIES

Transactions of disposal of subsidiaries during the Track Record Period are analyzed as follows:

(a) Net cash received from disposal of subsidiaries

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** *(unaudited)*	**RMB'000**
Non-cash consideration					
Including: SF Real Estate Investment Trust *(Note (c)(i))*	1,152,527	–	–	–	–
	1,152,527	–	–	–	–
Cash consideration					
Including: SF Real Estate Investment Trust *(Note (c)(i))*	1,271,751	–	–	–	–
Guangdong Fengxing Zhitu Technology Co., Ltd *(Note (c)(ii))*	1,025,042	–	–	–	–
Shenzhen Fengwang Information Technology Co., Ltd *(Note (c)(iii))*	–	–	460,930	460,930	–
Other subsidiaries	686,161	233,639	146,798	87,050	273,345
	2,982,954	233,639	607,728	547,980	273,345
Total disposal consideration	**4,135,481**	**233,639**	**607,728**	**547,980**	**273,345**

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Total Cash consideration	2,982,954	233,639	607,728	547,980	273,345
Add: Cash and cash equivalents received from disposal of subsidiaries in the prior year	15,000	99,751	–	–	–
Less: Outstanding and included in other receivables	(100,534)	–	–	–	(118,000)
Less: Cash and cash equivalents held by the subsidiaries at the dates of disposal	(559,868)	(19,671)	(208,906)	(189,393)	(1,749)
Net cash flow impact from disposal of subsidiaries	**2,337,552**	**313,719**	**398,822**	**358,587**	**153,596**

(b) Gains on disposal of investments in subsidiaries

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 *(unaudited)*	RMB'000
Total disposal consideration	4,135,481	233,639	607,728	547,980	273,345
Carrying amount of net assets sold	(2,332,240)	(201,325)	(339,524)	(302,998)	(181,395)
Gain on sale before income tax and reclassification of foreign currency translation reserve	1,803,241	32,314	268,204	244,982	91,950
Reclassification of other comprehensive income	5,397	–	–	–	–
Gains on disposal of investments in subsidiaries	1,808,638	32,314	268,204	244,982	91,950

(c) The major disposal of subsidiaries during the Track Record Period were as follows:

(i) SF Real Estate Investment Trust

In May 2021, the Group entered into an agreement with SF Real Estate Investment Trust ("SF REITs"), which was a collective investment scheme set up by SF REITs Assets Management Ltd., ("the Manager") and DB Trustees (Hong Kong) Ltd., ("the Trustee").

According to the transaction, the Group sold the whole shares of three subsidiaries which operated in logistics properties, i.e., Foshan Runzhong Industrial Investment Ltd., Wuhu Fengtai E-Commerce Industrial Park Management Ltd., and Gute Development Ltd., to SF REITs. The Group hence lost control of these three subsidiaries.

Aggregate consideration of the transaction was approximately HKD2,907,317,000 (RMB2,424,278,000), composing of a total of approximately HKD1,513,317,000 (RMB1,271,751,000) of cash and 35% shares of SF REITs, which amounting to approximately HKD1,394,400,000 (RMB1,152,527,000).

An investment gain amounting to approximately HKD1,082,557,000 (RMB895,512,000) was recognized for the transaction.

SF REITs was then listed on the Main Board of HKEX (REITs code: 2191) on May 17, 2021. The Group held 35% of SF REITs as at December 31, 2021, 2022 and 2023 and June 30, 2024. Since the management of the Group was of the view that the Group had significant influence on SF REITs, the Group recognized SF REITs as an associate.

(ii) Guangdong Fengxing Zhitu Technology Co., Ltd ("Fengtu Technology")

In October 2021, the Group disposed its equity interest of 59.36% and 9.9% in Fengtu Technology to Mingde Holding and a third party respectively, with the total consideration of approximately RMB1,025,042,000 and investment gains of approximately RMB829,948,000 was recognized.

(iii) Shenzhen Fengwang Holding Co., Ltd ("Fengwang Holding")

On May 12, 2023, Shenzhen Fengwang Holding Co., Ltd ("Fengwang Holding"), a subsidiary of the Company, entered into a share transfer agreement with Shenzhen J&T Supply Chain Co., Ltd ("J&T Supply Chain") which was to sell the entire interests of Shenzhen Fengwang Information Technology Co., Ltd ("Fengwang Information"), a subsidiary wholly held by Fengwang Holding. The total consideration of the above transaction was RMB1,183 million subject to operating profit or loss of Fengwang Information borne by the Group during the period from March 31, 2023 to June 27, 2023 ("the Transitional Period").

The consideration had been adjusted to RMB461 million after taking Fengwang Information's operating results during the Transitional Period into account. This transaction was completed on June 27, 2023.

Investment gain of RMB243,378,000 was recognized, and RMB155,153,000 among which was attributed to the shareholders of the Company.

37 PARTLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below is summarized financial information for KLN and its subsidiaries since its acquisition by the Group, which has non-controlling interests that are material to the Group. The amounts disclosed for KLN and its subsidiaries are before inter-company eliminations.

	As at December 31, 2021	As at December 31, 2022	As at December 31, 2023	As at June 30, 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	22,058,645	21,821,593	18,187,621	19,058,466
Non-current assets	23,566,766	25,615,187	25,760,002	24,116,762
Total assets	**45,625,411**	**47,436,780**	**43,947,623**	**43,175,228**
Current liabilities	14,795,606	14,196,749	13,130,867	13,009,124
Non-current liabilities	6,645,860	10,240,832	9,017,591	9,523,595
Total liabilities	**21,441,466**	**24,437,581**	**22,148,458**	**22,532,719**

	Period from September 28, 2021 to December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023	Six months ended June 30, 2023	Six months ended June 30, 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	20,260,964	74,261,942	45,944,780	22,462,886	23,988,254
Net profit	883,124	2,838,971	227,315	102,409	103,294
Total comprehensive income/(loss)	921,320	3,040,177	361,076	153,958	(318,288)
Net cash generated from operating activities	2,123,547	4,918,473	3,043,080	1,449,579	1,157,855

(i) Net profits and total comprehensive income attributable to owners were as follows:

	Period from September 28, 2021 to December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2023	Six months ended June 30, 2023	Six months ended June 30, 2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net profits	371,005	1,362,735	209,849	83,039	25,482
Total comprehensive income/(loss)	252,516	2,182,133	390,618	348,315	(29,708)

(ii) Except for KLN and its subsidiaries, no other subsidiaries had non-controlling interests that are material to the Group for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024.

38. RELATED PARTY TRANSACTIONS

(a) Parent entities

			Ownership interest			
Name	Type	Place of incorporation	2021	2022	2023	Six months ended June 30, 2024
Mingde Holding	Investment	Shenzhen	55.07%	54.95%	54.38%	55.27%

The Company's ultimate holding company is Mingde Holding, and the ultimate controlling person is Mr. Wang Wei.

(b) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties maybe individuals or other entities.

Save as disclosed elsewhere in this report, the directors of the Company are of the view that the following parties/companies were significant related parties that had transactions or balances with the Group for the years ended or as at December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024:

Name of related parties	Relationship with the Group
Fengtu Technology *(i)*	Controlled by the ultimate controlling person of the Company
Shenzhen Fengxiang Information Technology Co., Ltd. ("Fengxiang Information Technology")	Controlled by the ultimate controlling person of the Company
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen Shunshang Investment Co., Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen SF Hefeng Microfinance Co., Ltd.	Controlled by the ultimate controlling person of the Company
Zhejiang Yibao Network Technology Co., Ltd.	Controlled by the ultimate controlling person of the Company
Suzhou Fengchengda Network Technology Co., Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen Hive Box Technology Co., Ltd and its subsidiaries	Controlled by the ultimate controlling person of the Company
Shenzhen Fengyi Technology Co., Ltd *(ii)*	An associate of Mingde Holding
Shenzhen Zhongshunyi Finance Service Co., Ltd	An associate of Mingde Holding
Canbeidou Supply Chain and its subsidiaries	Associates of the Group
Chongqing Boqiang Logistics Co., Ltd.	An associate of the Group
Dazhangfang Information Technology and its subsidiaries	Associates of the Group
DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd. *(iii)*	An associate of the Group before December 2023
Galaxis Technology and its subsidiaries	Associates of the Group
Giao Hang Tiet Kiem Joint Stock Company	An associate of the Group
Kin Shun Information Technology Limited	An associate of the Group
Qingdao Dakai Cargo Agency Co., Ltd.	An associate of the Group
Shanghai Qianqu Network Technology Co., Ltd. and its subsidiaries	Associates of the Group
Shanghai Tingdi Logistics Service Co., Ltd.	An associate of the Group
Shenzhen Fenglian Technology Co., Ltd.	An associate of the Group
Shenzhen Shunjie Fengda and its subsidiaries	Associates of the Group
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	An associate of the Group
Wuhan Shunluo Supply Chain Management Co., Ltd.	An associate of the Group
KENGIC Intelligent Technology Co., Ltd. and its subsidiaries	Associates of the Group
Shanghai Jiaxing Logistics Co., Ltd.	An associate of the Group
State Grid E-Commerce Yunfeng Logistics Technology (Tianjin) Co., Ltd.	An associate of the Group from August 2020
SF Real Estate Investment Trust	An associate of the Group from May 2021
Beijing Bei Jian Tong Cheng International Logistics Co., Ltd	An associate of the Group from September 2021
Xi'an Huahan Air Passenger and Freight Service Co., Ltd.	An associate of the Group before October 2022
Rabbit-Line Pay Company Limited	An associate of the Group from December 2021
Sichuan Wulianyida Technology Co., Ltd. and its subsidiaries *(iv)*	Associates of the Group from August 2023
Sunway Express (H.K.) Limited	An associate of the Group from December 2021
Yihai Shunfeng (Shanghai) Supply Chain Technology Co., Ltd.	An associate of the Group from December 2021
Beijing Shunhe Tongxin Technology Co., Ltd.	A joint venture of the Group
Beijing Wulian Shuntong Technology Co., Ltd. and its subsidiaries	Joint ventures of the Group
CR-SF International Express Co., Ltd.	A joint venture of the Group

Name of related parties	Relationship with the Group
Geling Information and its subsidiaries	Joint ventures of the Group
Global Connect Holding Limited	A joint venture of the Group
Hubei International Logistics Airport Co., Ltd.	A joint venture of the Group
Jinfeng Borun (Xiamen) Equity Investment Partnership (Limited Partnership)	A joint venture of the Group
POST 11 OÜ	A joint venture of the Group
Shenzhen Shenghai Information Service Co., Ltd.	A joint venture of the Group
Zhongbao Hua'an Investment Management Co., Ltd. and its subsidiaries	Joint ventures of the Group
Shenzhen Fengsu Technology Co., Ltd.	A joint venture of the Group
Ezhou China Communications SF Airport Industrial Park Investment Development Co., Ltd.	A joint venture of the Group from February 2021
Zhongyunda Aviation Ground Services Co., Ltd.	A joint venture of the Group before June 2021
Wenzhou Fengbaoke Technology Co., Ltd.	A joint venture of the Group before June 2022
Shenzhen Zhaoguang Investment Co., Ltd.	An entity that has significant impact on the Company

(i) Fengtu Technology was a subsidiary of the Company. Fengtu Technology was disposed to Mingde Holding, the Company's ultimate holding company, in October 2021, since then Fengtu Technology was no longer in the scope of consolidation of the Group and became a related party controlled by the ultimate controlling person of the Company.

(ii) Shenzhen Fengyi Technology Limited had been a subsidiary of Mingde Holding until August 2021. Mingde Holding sold 47.5% shares held and Shenzhen Fengyi Technology Limited then became an associate company of Mingde Holding.

(iii) DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd. ("DHL Weiheng") was an associate of the Group. In December 2023, the Group acquired the remaining equity interests of DHL Weiheng and DHL Weiheng became a wholly-owned subsidiary of the Group.

(iv) Sichuan Wulianyida Technology Co., Ltd. and its subsidiaries ("Sichuan Wulianyida") were subsidiaries of the Group. In August 2023, the Group disposed a portion of its equity interest in Sichuan Wulianyida. Since then, Sichuan Wulianyida was no longer in the scope of consolidation of the Group and became an associate of the Group.

(c) Transactions with related parties

The following significant transactions were carried out between the Group and its related parties during the Track Record Period. 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.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sales of goods and services:					
Controlling shareholder	611	346	426	203	255
Entities controlled by the ultimate controlling person of the Company	139,478	143,329	127,516	63,668	756,114
Associates of Mingde Holding	30,422	18,164	14,759	6,646	7,157
Joint ventures of the Group	157,716	15,816	13,937	5,989	14,030
Associates of the Group	44,140	67,320	91,576	32,527	50,706
	372,367	244,975	248,214	109,033	828,262

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchases of goods and services:					
Controlling shareholder	–	–	–	–	7
Entities controlled by the ultimate controlling person of the Company	518,947	846,803	972,582	455,656	385,191
Associates of Mingde Holding	14	1,168	839	841	190
Joint ventures of the Group	1,230,588	1,079,265	1,279,481	621,518	537,250
Associates of the Group	1,618,086	1,145,864	1,661,741	710,024	343,809
	3,367,635	3,073,100	3,914,643	1,788,039	1,266,447
Acquisition of assets through acquisition of subsidiaries:					
Joint ventures of the Group *(Note 35(b))*	–	–	335,443	–	559,289
	–	–	335,443	–	559,289
Disposal of equity:					
Controlling shareholder	918,522	–	–	–	–
Entities controlled by the ultimate controlling person of the Company	54,500	–	85,188	85,188	–
Joint ventures of the Group	98,108	–	12,827	–	–
Associates of the Group	–	232,939	–	–	–
	1,071,130	232,939	98,015	85,188	–
Depreciation and interest expenses borne by the Group as the lessee:					
Entities controlled by the ultimate controlling person of the Company	12,677	12,334	12,148	5,938	6,026
Joint ventures of the Group	–	–	31,672	–	–
Associates of the Group	142,703	225,826	229,975	113,054	116,707
	155,380	238,160	273,795	118,992	122,733
Additions of right-of-use assets:					
Entities controlled by the ultimate controlling person of the Company	28,331	43,082	53,598	27,183	2,058
Joint ventures of the Group	–	–	3,876	–	–
Associates of the Group	974,664	103,867	32,734	12,093	265
	1,002,995	146,949	90,208	39,276	2,323
Other transactions:					
Controlling shareholder	–	–	683	–	341
Entities controlled by the ultimate controlling person of the Company	1,800	1,071	2,416	809	1,545
Associates of Mingde Holding	597	2,530	2,861	1,565	1,391
Joint ventures of the Group	691	686	1,857	304	408
Associates of the Group	3,050	3,901	4,869	2,207	977
	6,138	8,188	12,686	4,885	4,662

(d) Balances with related parties

	Year ended December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties:				
Trade				
Controlling shareholder	3	7	57	50
Entities controlled by the ultimate controlling person of the Company	54,258	38,864	33,048	474,495
Associates of Mingde Holding	23,661	6,409	3,267	3,207
Joint ventures of the Group	3,636	2,318	9,813	6,037
Associates of the Group	15,362	36,588	89,741	84,770
Non-Trade				
Controlling shareholder	–	–	167	136
Entities controlled by the ultimate controlling person of the Company	372,900	406,914	561,979	190,694
Associates of Mingde Holding	227	1,026	451	450
Joint ventures of the Group	345	8,747	331,401	1,115
Associates of the Group	135,449	156,602	128,372	139,637
	605,841	**657,475**	**1,158,296**	**900,591**
Amounts due to related parties:				
Trade				
Controlling shareholder	19	–	–	–
Entities controlled by the ultimate controlling person of the Company	108,216	164,820	136,127	150,340
Associates of Mingde Holding	4,259	4,460	1,303	1,477
Joint ventures of the Group	168,245	155,990	164,046	171,399
Associates of the Group	128,378	184,783	167,865	121,130
Non-Trade				
Controlling shareholder	18	17	128	128
Entities controlled by the ultimate controlling person of the Company	4,535	1,039	2,788	2,844
Associates of Mingde Holding	526	2,829	3,608	3,589
Joint ventures of the Group	1,419	978	2,393	2,041
Associates of the Group	263,172	215,207	127,181	87,377
	678,787	**730,123**	**605,439**	**540,325**

The management do not plan to fully settle all amounts due to related parties that are non-trade in nature prior to the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Lease Liabilities:				
Entities controlled by the ultimate controlling person of the Company	13,266	45,379	92,060	90,324
Joint ventures of the Group	–	–	98,987	–
Associates of the Group	816,578	784,767	598,296	487,627
	829,844	830,146	789,343	577,951

(e) Guarantee provided

Guaranteed entities:	As at December 31, 2021 Guaranteed amount	Guaranteed period	Whether the guarantee has been fulfilled
	RMB'000		
Associates	126,420	January 15, 2021 to December 23, 2033	No
Joint ventures	276,000	September 29, 2021 to April 29, 2055	No
	402,420		

Guaranteed entities:	As at December 31, 2022 Guaranteed amount	Guaranteed period	Whether the guarantee has been fulfilled
	RMB'000		
Associates	113,374	January 15, 2021 to December 23, 2033	No
Joint ventures	782,000	September 29, 2021 to April 29, 2055	No
	895,374		

Guaranteed entities:	As at December 31, 2023 Guaranteed amount	Guaranteed period	Whether the guarantee has been fulfilled
	RMB'000		
Joint ventures	782,000	September 29, 2021 to April 29, 2055	No

Guaranteed entities:	As at June 30, 2024 Guaranteed amount	Guaranteed period	Whether the guarantee has been fulfilled
	RMB'000		
Joint ventures	782,000	September 29, 2021 to April 29, 2055	No

(f) Key management compensation

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Key management compensation	28,414	29,214	48,509	26,241	21,359

(g) Commitments provided

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Joint ventures	2,890,180	2,384,180	2,384,180	2,384,180

39. COMMITMENTS

(a) Capital Commitments

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for purchase of property, plant and equipment	10,432,197	3,571,632	1,858,672	2,378,529
Investment to be paid	3,134,839	1,811,611	131,895	129,783
Others	11,067	–	944	4,663
	13,578,103	5,383,243	1,991,511	2,512,975

40. SUBSEQUENT EVENTS

(a) From July 1 to October 31, 2024, the Company repurchased an aggregate of 10,571,774 shares of the Company at an aggregate consideration of approximately RMB379,554,000.

(b) On July 18, 2024, Shenzhen S.F. Taisen Holding (Group) Co., Ltd. ("Taisen Holding"), a wholly-owned subsidiary of the Company, issued 5-year corporate bonds with an aggregate principal amount of RMB500 million at a coupon rate of 2.30%.

On July 22, 2024, Taisen Holding issued 3-year medium-term notes with an aggregate principal amount of RMB500 million at a coupon rate of 2.15%.

(c) An interim dividend for the six months ended June 30, 2024 of RMB40 cents per ordinary share (tax inclusive) was approved by the shareholders at the first extraordinary general meeting on October 29, 2024. The dividend was not recognized as a liability as at June 30, 2024.

(d) A special dividend of RMB1 per ordinary share (tax inclusive) was approved by the shareholders at the first extraordinary general meeting on October 29, 2024. The dividend was not recognized as a liability as at June 30, 2024.

41. GROUP STRUCTURE-PRINCIPAL SUBSIDIARIES

As at December 31, 2021, 2022 and 2023 and June 30, 2024 and as at the date of this report, the Company's principal subsidiaries are as follows:

				Percentage of equity interest										
				As at December 31,						As at June 30,		As at the date of this report		
				2021		2022		2023		2024				
Name	Place of Incorporation and Operation	Principal Activities	Issued ordinary/ registered share capital (in thousand)	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	*Note*
Taisen Holding	Mainland China	Investment holding	RMB5,000,000	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	*(i)(vi)*
S.F. Express Co., Ltd.	Mainland China	International freight forwarding, domestic and international express service, etc.	RMB150,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
SF Technology Co., Ltd.	Mainland China	Technical maintenance and development services	RMB60,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Shenzhen Fengtai E-commerce Industrial Park Assets Management Co., Ltd.	Mainland China	Operation and management of logistics industrial parks	RMB9,530,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Guangdong S.F. E-commerce Co., Ltd.	Mainland China	International freight forwarding, domestic and international express service, etc.	RMB10,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Shenzhen Fengwang Express Co., Ltd.	Mainland China	Domestic express services through a nationwide network partner model	RMB10,000	0.00%	63.75%	0.00%	63.75%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	*(ii)*
SF Holding Group Finance Co., Ltd.	Mainland China	Internal cash management services	RMB2,500,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
SF Airlines Company Limited	Mainland China	Transport service of aviation cargo	RMB1,510,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Shenzhen S.F. Shuntai Logistics Co., Ltd.	Mainland China	Cargo transportation and freight forwarding	RMB5,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(xii)*
Shenzhen SF Freight Corporation	Mainland China	Business and supply chain management	RMB1,695,000	0.00%	87.80%	0.00%	87.80%	0.00%	87.80%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Shenzhen Shunlu Logistics Co., Ltd.	Mainland China	Cargo transportation and freight forwarding	RMB160,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Shenzhen S.F. Intra-city Logistics Co., Ltd.	Mainland China	Supply chain management and other services	RMB3,420,000	0.00%	55.85%	0.00%	56.76%	0.00%	56.87%	0.00%	56.87%	0.00%	57.86%	*(xii)*
Guang Zhou S.F. Express Co., Ltd.	Mainland China	International freight forwarding, domestic and international express service, etc.	RMB150,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*

				Percentage of equity interest										
				As at December 31,						As at June 30,		As at the date of this report		
				2021		2022		2023		2024				
Name	Place of Incorporation and Operation	Principal Activities	Issued ordinary/ registered share capital (in thousand)	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	*Note*
Suzhou S.F. Express Co., Ltd.	Mainland China	International freight forwarding, domestic and international express service, etc.	RMB5,100	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Jiangsu S.F. Express Co., Ltd.	Mainland China	International freight forwarding, domestic and international express service, etc.	RMB100,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Zhejiang Shun Feng Express Co., Ltd.	Mainland China	International freight forwarding, domestic and international express service, etc.	RMB100,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Zhejiang Fengchi Network Technology Co., Ltd.	Mainland China	Cargo transportation and freight forwarding	RMB10,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Hangzhou SF Intra-city Industrial Co., Ltd.	Mainland China	Supply chain management and other services	RMB933,458	0.00%	55.85%	0.00%	56.76%	0.00%	56.87%	0.00%	56.87%	0.00%	57.86%	*(v)(vi)*
Beijing S.F. Express Co., LTD.	Mainland China	International freight forwarding, domestic and international express service, etc.	RMB100,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Shanghai Shunheng Logistics Co., Ltd.	Mainland China	International freight forwarding, domestic and international express service, etc.	RMB100,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
Anhui S.F. Telecommunication Service Co., Ltd.	Mainland China	Value-added telecommunication service	RMB50,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(vi)*
SF Holding (HK) Limited.	Hong Kong	Investment holding	HKD8,301,284	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	(viii)
Trend Power Investments Limited	Cayman Islands	Investment holding	USD10,000	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(x)*
SF Holding Investment 2021 Limited	British Virgin Island	Investment holding	USD10	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(x)*
Flourish Harmony Holdings Company Limited	Cayman Islands	Investment holding	USD0	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	*(xi)*
KEX Thailand	Thailand	Express parcel delivery services and payment solutions	THB1,752,485	0.00%	26.82%	0.00%	26.82%	0.00%	26.82%	0.00%	62.66%	0.00%	81.43%	*(ix)*
K-APEX Logistics (HK) Co., Ltd.	Hong Kong	International freight forwarding	HKD18,900	0.00%	31.42%	0.00%	40.69%	0.00%	51.50%	0.00%	51.50%	0.00%	51.50%	*(viii)*

(i) The Company's investment in subsidiaries is as follow:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Taisen Holding	50,997,088	58,217,914	66,933,038	66,962,282

(ii) Shenzhen Fengwang Express Co., Ltd. was a subsidiary of Fengwang Information, which was disposed in May 2023. Refer to note 36(c) for details of the transaction. The statutory financial statements for the year ended December 31, 2021 were audited by PricewaterhouseCoopers Zhong Tian LLP, a certified public accounting firm registered in the PRC. Shenzhen Fengwang Express Co., Ltd. has not issued audited financial statements for the year ended December 31, 2022.

(iii) The English names of the subsidiaries represent the best efforts made by the management of the Group in translating their Chinese names as they do not have official English names.

(iv) The above list included subsidiaries having material impact on the annual results or net assets of the Group.

(v) Hangzhou SF Intra-city Industrial Co., Ltd. completed its primary listing on Main Board of the Stock Exchange of Hong Kong Limited ("HKEX") on December 14, 2021.

(vi) The statutory financial statements of the Company and these entities for the years ended December 31, 2021, 2022 and 2023 prepared in accordance with PRC GAAP were audited by PricewaterhouseCoopers Zhong Tian LLP, a certified public accounting firm registered in the PRC.

(vii) The statutory financial statements of this entity for the years ended December 31, 2021 and 2022 prepared in accordance with PRC GAAP were audited by PricewaterhouseCoopers Zhong Tian LLP, a certified public accounting firm registered in the PRC. The statutory financial statements of this entity for the year ended December 31, 2023 were prepared in accordance with PRC GAAP were audited by Shenzhen Zhenan GP, a certified public accounting firm registered in the PRC.

(viii) The statutory financial statements of these entities for the years ended December 31, 2021, 2022 and 2023 were audited by PricewaterhouseCoopers, a certified public accounting firm registered in the Hong Kong.

(ix) The statutory financial statements of this entity for the years ended December 31, 2021, 2022 and 2023 were audited by PricewaterhouseCoopers ABAS Ltd., a certified public accounting firm registered in Thailand.

(x) No audited financial statements were issued for these entities for the years ended December 31, 2021, 2022 and 2023 as they were not required to issue audited financial statements under the statutory requirements of their places of incorporation.

(xi) The statutory financial statements of this entity for the year ended December 31, 2021 were audited by PricewaterhouseCoopers, a certified public accounting firm registered in the Hong Kong. No audited financial statements were issued for this entity for the years ended December 31, 2022 and 2023, as it was not required to issue audited financial statements under the statutory requirements of their places of incorporation.

(xii) The statutory financial statements of this entity for the years ended December 31, 2021 and 2022 prepared in accordance with PRC GAAP were audited by PricewaterhouseCoopers Zhong Tian LLP, a certified public accounting firm registered in the PRC. No audited financial statements were issued for this entity for the year ended December 31, 2023, as it was not required to issue audited financial statements under the statutory requirements of their places of incorporation.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2024 and up to the date of this report.

The following is the text of a report set out on pages IA-1 to IA-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out below is the unaudited interim condensed consolidated financial information of the Group for the nine months ended September 30, 2024 and does not form part of the Accountant's Report from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for information purpose only.

pwc 羅兵咸永道

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF S.F. HOLDING CO., LTD.
(順豐控股股份有限公司)
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages IA-3 to IA-37, which comprises the interim condensed consolidated statement of financial position of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (the "Company") and its subsidiaries (together, the "Group") as at September 30, 2024, and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine months ended September 30, 2024, and selected explanatory notes (the "Interim Financial Information"). The Interim Financial Information has been prepared by the directors of the Company solely for the purpose of inclusion in the prospectus of the Company dated November 19, 2024 (the "Prospectus") in connection with the initial listing of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The directors of the Company are responsible for the preparation and presentation of the Interim Financial Information in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on the Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review of the Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

Other Matter

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at December 31, 2023. The comparative information for the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and related explanatory notes, for the nine months ended September 30, 2023 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, November 19, 2024

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Nine months ended September 30,	
	Notes	**2024**	**2023**
		RMB'000	**RMB'000**
		(Unaudited)	*(Unaudited)*
Revenue	*3*	206,860,993	189,011,599
Cost of revenue	*6*	(178,481,033)	(164,805,568)
Gross profit		**28,379,960**	**24,206,031**
Selling and marketing expenses	*6*	(2,238,312)	(2,146,264)
General and administrative expenses	*6*	(13,643,430)	(13,033,441)
Research and development expenses	*6*	(1,918,035)	(1,681,042)
Net (impairment losses)/reversal of impairment losses on financial assets and contract assets		(239,708)	34,140
Other income	*4*	770,822	1,396,042
Other gains, net	*5*	434,420	449,334
Operating profit		**11,545,717**	**9,224,800**
Finance income	*7*	486,908	430,842
Finance costs	*7*	(1,804,691)	(1,682,652)
Finance costs, net		(1,317,783)	(1,251,810)
Share of losses of associates and joint ventures, net		(50,376)	(44,137)
Impairment provision for investments in associates and joint ventures		(30,000)	–
Profit before income tax		**10,147,558**	**7,928,853**
Income tax expenses	*8*	(2,474,554)	(1,934,368)
Profit for the period		**7,673,004**	**5,994,485**
Attributable to:			
Owners of the Company		7,617,120	6,264,458
Non-controlling interests		55,884	(269,973)
		7,673,004	5,994,485
Earnings per share for profit attributable to the owners of the Company:			
– Basis	*9*	1.58	1.29
– Diluted	*9*	1.58	1.29

	Notes	Nine months ended September 30, 2024	2023
		RMB'000	RMB'000
		(Unaudited)	*(Unaudited)*
Profit for the period		**7,673,004**	**5,994,485**
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
– Effective portion of changes in fair value of hedging instruments arising during the period		5,115	12,002
– Share of other comprehensive (loss)/income of associates and joint ventures accounted for using the equity method		(10,389)	9,191
– Currency translation differences of foreign operations		101,711	451,066
Items that will not be reclassified to profit or loss			
– Fair value changes of equity investments designated at fair value through other comprehensive income		(1,403,004)	(77,236)
– Share of other comprehensive loss of associates and joint ventures accounted for using the equity method		–	(329)
– Income tax effect		2,913	2,018
Other comprehensive (loss)/income for the period, net of tax		**(1,303,654)**	**396,712**
Total comprehensive income for the period		**6,369,350**	**6,391,197**
Attributable to:			
Owners of the Company		6,295,644	7,003,259
Non-controlling interests		73,706	(612,062)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at September 30, 2024 RMB'000 *(Unaudited)*	As at December 31, 2023 RMB'000 *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	59,645,972	60,104,416
Right-of-use assets	*11*	19,740,909	20,890,047
Investment properties	*12*	6,904,892	6,418,720
Intangible assets	*13*	19,750,718	21,030,998
Deferred tax assets		2,086,112	2,263,870
Prepayments, other receivables and other assets	*14*	2,018,209	2,333,562
Investments in associates and joint ventures	*15*	6,781,137	7,378,831
Financial assets at fair value through other comprehensive income	*16*	8,057,261	9,489,535
Financial assets at fair value through profit or loss	*16*	451,767	589,996
Total non-current assets		**125,436,977**	**130,499,975**
Current assets			
Inventories	*17*	2,369,462	2,440,425
Contract assets		2,296,536	1,632,592
Trade and note receivables	*18*	26,426,602	25,360,433
Prepayments, other receivables and other assets	*14*	10,278,805	12,622,706
Financial assets at fair value through profit or loss	*16*	24,604,743	6,809,742
Financial assets at fair value through other comprehensive income	*16*	210,851	99,978
Restricted cash	*19*	1,103,342	1,576,496
Cash and cash equivalents	*19*	21,294,235	40,448,308
Total current assets		**88,584,576**	**90,990,680**
Total assets		**214,021,553**	**221,490,655**

	Notes	As at September 30, 2024	As at December 31, 2023
		RMB'000	RMB'000
		(Unaudited)	*(Audited)*
LIABILITIES			
Non-current liabilities			
Borrowings	*20*	26,142,020	30,396,912
Lease liabilities	*11*	7,372,408	8,038,495
Deferred tax liabilities		4,552,561	4,550,974
Other payables and accruals	*22*	153,717	140,329
Deferred income		1,238,624	1,090,644
Total non-current liabilities		**39,459,330**	**44,217,354**
Current liabilities			
Trade and note payables	*21*	24,836,388	24,914,300
Contract liabilities		1,584,702	1,832,018
Borrowings	*20*	23,343,558	22,309,103
Lease liabilities	*11*	5,416,002	5,769,965
Financial liabilities at fair value through profit or loss		93,451	92,120
Income tax payable		1,240,757	1,394,250
Other payables and accruals	*22*	16,546,711	17,637,171
Advances from customers		38,194	40,714
Total current liabilities		**73,099,763**	**73,989,641**
Total liabilities		**112,559,093**	**118,206,995**
Net assets		**101,462,460**	**103,283,660**
EQUITY			
Share capital	*23*	4,815,911	4,895,202
Less: Treasury shares	*23*	(758,081)	(2,575,532)
Reserves	*24*	43,010,717	51,634,675
Retained earnings		43,556,850	38,835,999
Equity attributable to owners of the Company		90,625,397	92,790,344
Non-controlling interests		10,837,063	10,493,316
Total equity		**101,462,460**	**103,283,660**

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	**Less: Treasury shares**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
(Unaudited)							
As at January 1, 2023	**4,895,202**	**(2,040,377)**	**50,037,565**	**33,371,351**	**86,263,741**	**12,022,308**	**98,286,049**
Comprehensive income:							
Profit for the period	–	–	–	6,264,458	6,264,458	(269,973)	5,994,485
Other comprehensive income for the period	–	–	738,801	–	738,801	(342,089)	396,712
Total comprehensive income for the period	**–**	**–**	**738,801**	**6,264,458**	**7,003,259**	**(612,062)**	**6,391,197**
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	122,040	(122,040)	–	–	–
Transactions with owners							
Capital contribution of non-controlling interests	–	–	1,207	–	1,207	137,741	138,948
Repurchases of shares	–	(959,956)	–	–	(959,956)	–	(959,956)
Exercise of share options	–	424,801	(69,612)	–	355,189	–	355,189
Share-based payment	–	–	189,686	–	189,686	2,768	192,454
Transactions with non-controlling interests and others	–	–	(894,111)	–	(894,111)	(773,862)	(1,667,973)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	47,635	47,635
Dividends	–	–	–	(1,213,616)	(1,213,616)	(523,352)	(1,736,968)
Safety reserve appropriation	–	–	27,852	–	27,852	–	27,852
Safety reserve utilization	–	–	(27,852)	–	(27,852)	–	(27,852)
Others	–	–	1,696	152	1,848	2,034	3,882
As at September 30, 2023	**4,895,202**	**(2,575,532)**	**50,127,272**	**38,300,305**	**90,747,247**	**10,303,210**	**101,050,457**

	Attributable to owners of the Company						
	Share capital	Less: Treasury shares	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)							
As at January 1, 2024	**4,895,202**	**(2,575,532)**	**51,634,675**	**38,835,999**	**92,790,344**	**10,493,316**	**103,283,660**
Comprehensive income:							
Profit for the period	–	–	–	7,617,120	7,617,120	55,884	7,673,004
Other comprehensive loss for the period	–	–	(1,321,476)	–	(1,321,476)	17,822	(1,303,654)
Total comprehensive income for the period	**–**	**–**	**(1,321,476)**	**7,617,120**	**6,295,644**	**73,706**	**6,369,350**
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	7,059	(7,059)	–	–	–
Transactions with owners							
Capital contribution of non-controlling interests	–	–	53	–	53	33,435	33,488
Repurchases of shares	–	(1,758,094)	–	–	(1,758,094)	–	(1,758,094)
Cancellation of shares	(79,291)	3,575,545	(3,496,254)	–	–	–	–
Share-based payment	–	–	77,176	–	77,176	6,651	83,827
Transactions with non-controlling interests and others	–	–	(3,887,694)	–	(3,887,694)	537,181	(3,350,513)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	17,286	17,286
Dividends	–	–	–	(2,889,210)	(2,889,210)	(324,512)	(3,213,722)
Safety reserve appropriation	–	–	370,873	–	370,873	–	370,873
Safety reserve utilization	–	–	(370,873)	–	(370,873)	–	(370,873)
Others	–	–	(2,822)	–	(2,822)	–	(2,822)
As at September 30, 2024	**4,815,911**	**(758,081)**	**43,010,717**	**43,556,850**	**90,625,397**	**10,837,063**	**101,462,460**

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Nine months ended September 30, 2024	2023
		RMB'000	RMB'000
		(Unaudited)	*(Unaudited)*
Cash flows from operating activities			
Cash generated from operations	*25*	24,726,370	23,204,339
Income tax paid		(2,174,032)	(2,228,245)
Net cash generated from operating activities		**22,552,338**	**20,976,094**
Cash flows from investing activities			
Redemption of financial assets at fair value through profit or loss		54,894,909	70,437,381
Disposal of financial assets at fair value through other comprehensive income		12,088	162,780
Proceeds from sales of associates and joint ventures		386,779	293,450
Repayment from former subsidiaries		316,655	–
Investment gains or dividend income from financial assets at fair value through profit or loss		403,086	436,243
Dividends received from associates and joint ventures		175,982	191,490
Investment gains or dividend income from financial assets at fair value through other comprehensive income		19,590	1,998
Proceeds from disposal of property, plant and equipment and other non-current assets		237,257	193,558
Disposal of subsidiaries, net of cash and cash equivalents held by subsidiaries at the disposal dates	*26*	149,054	377,259
Acquisition of subsidiaries, net of cash and cash equivalents held by subsidiaries at the acquisition dates		(636,543)	(962,153)
Purchase of property, plant and equipment and other non-current assets		(6,849,320)	(8,465,250)
Acquisition of financial assets at fair value through other comprehensive income		(49,750)	(40,426)
Acquisition of financial assets at fair value through profit or loss		(72,579,223)	(80,519,871)
Acquisition of associates and joint ventures		(26,169)	(109,973)
Net cash used in investing activities		**(23,545,605)**	**(18,003,514)**

	Notes	Nine months ended September 30, 2024	2023
		RMB'000	RMB'000
		(Unaudited)	*(Unaudited)*
Cash flows from financing activities			
Capital injection from non-controlling interests		32,929	138,948
Exercise of share options		–	355,189
Drawdown of bank borrowings		26,385,094	27,821,466
Drawdown of loans from non-controlling interests		5,542	48,142
Deposits received from lessors after the expiry of lease contracts		13,376	12,384
Proceeds from corporate bonds and short-term debentures		4,296,638	1,499,553
Repayment of bank borrowings		(32,478,856)	(16,183,201)
Repayment of corporate bonds and short-term debentures		(1,171,050)	(8,610,178)
Repayment of loans from non-controlling interests		(1,279)	(22,484)
Dividend paid to non-controlling interests		(282,790)	(537,176)
Dividend paid		(2,889,210)	(1,213,616)
Interests paid		(1,337,472)	(1,292,300)
Net cash consideration paid to non-controlling interests without change of control		(3,374,435)	(1,762,098)
Payments for repurchase of shares		(1,758,094)	(959,956)
Payments of lease liabilities		(5,599,782)	(5,777,167)
Payment of transaction costs related to financing activities		(4,245)	(1,149)
Net cash used in financing activities		**(18,163,634)**	**(6,483,643)**
Net decrease in cash and cash equivalents		**(19,156,901)**	**(3,511,063)**
Cash and cash equivalents at beginning of the period		40,448,308	40,279,947
Exchange gains on cash and cash equivalents		2,828	10,123
Cash and cash equivalents at end of the period		**21,294,235**	**36,779,007**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION OF THE GROUP

S.F. Holding Co., Ltd. (順豐控股股份有限公司) (formerly "Ma'anshan Dingtai Rare Earth & New Materials Co., Ltd.", hereinafter "S.F. Holding" or "the Company"), was established by 11 natural persons including Liu Jilu and the Labour Union of Ma'anshan Dingtai Metallic Products Co., Ltd. by cash contribution on 22 May 2003. On 22 October 2007, the Company officially changed to Ma'anshan Dingtai Rare Earth and New Materials Co., Ltd., and issued additional 19.5 million shares to the public and listed with trading on Shenzhen Stock Exchange on 5 February 2010.

In December 2016, approved by China Securities Regulatory Commission, the Company conducted a series of material asset restructuring arrangements, including entering into a material asset swap and share subscription agreement. Upon the completion of material asset restructuring, Shenzhen Mingde Holding Development Co., Ltd. ("Mingde Holding") became the parent company and ultimate controlling company of the Company, and Wang Wei was the ultimate controlling shareholder.

The address of the Company's registered office is 3/F, Complex Building, SF South China Transit Center, No. 1111, Hangzhan 4th Road, Shenzhen Airport, Caowei Community, Hangcheng Sub-district, Bao'an District, Shenzhen. The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the development of logistics ecosystem including express delivery, freight delivery, cold chain and pharmaceutical logistics, intra-city on-demand delivery, international logistics service and supply chain solutions in the People's Republic of China (the "PRC").

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information, comprising the interim condensed consolidated statement of financial position as at September 30, 2024, the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine months ended September 30, 2024 (collectively referred to as the "Interim Financial Information"), has been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standard Board ("IASB").

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the historical financial information for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 (the "Historical Financial Information") as disclosed in Appendix I to the Company's prospectus dated November 19, 2024 (the "Prospectus").

This Interim Financial Information contains consolidated financial statements and selected explanatory notes. The selected notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the latest consolidated financial statements as at and for the six months ended June 30, 2024. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

2.2 Significant Accounting Judgements and Estimates

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant accounting judgements made by the management and the key sources of estimation uncertainty are the same as those applied to the Historical Financial Information.

2.3 Financial risk management

2.3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the directors and senior management of the Group.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Historical Financial Information.

There have been no changes in the risk management policies during the nine months ended September 30, 2024.

2.3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the nine months ended September 30, 2024.

The Group monitors capital on the basis of the asset-liability ratio and the asset-liability ratio as at September 30, 2024 and December 31, 2023 were as follows:

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Total assets	214,021,553	221,490,655
Total liabilities	112,559,093	118,206,995
Asset-liability ratio	52.59%	53.37%

2.3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at September 30, 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized 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 assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

As at September 30, 2024 and December 31, 2023, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels were analyzed below:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)
As at September 30, 2024				
Financial assets at fair value through profit or loss ("FVPL")	79	31,712	25,024,719	25,056,510
Financial assets at fair value through other comprehensive income ("FVOCI")	1,080,187	210,851	6,977,074	8,268,112
Financial liabilities at FVPL	–	(93,451)	–	(93,451)

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
				(Audited)
As at December 31, 2023				
Financial assets at FVPL	78	354	7,399,306	7,399,738
Financial assets at FVOCI	2,418,842	99,978	7,070,693	9,589,513
Financial liabilities at FVPL	–	(92,120)	–	(92,120)

There were no significant transfers between levels or changes in valuation techniques during the period.

The changes in Level 3 assets are analyzed below:

Reconciliation of Level 3 fair value measurements	Financial assets at FVOCI	Financial assets at FVPL
	Nine months ended September 30,	Nine months ended September 30,
	2024	2024
	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*
Opening balance	7,070,693	7,399,306
Additions	49,783	72,034,448
Disposals/settlements	(2,721)	(54,690,828)
Changes in fair value recognized in other comprehensive income	(63,254)	–
Changes in fair value recognized in profit or loss	–	282,096
Currency translation differences	(77,427)	(303)
Closing balance	6,977,074	25,024,719

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements and the sensitivity analysis of fair value to the inputs:

Description	Fair Value As at September 30, 2024	Fair Value As at December 31, 2023	Valuation technique(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Sensitivity of fair value to the input(s)
	RMB'000 *(Unaudited)*	RMB'000 *(Audited)*				
Financial assets at FVPL						
– Structured deposits and others	24,380,790	6,543,851	Discounted cash flow	Expected rate of return	1.93%-4.00%	10% increase/ decrease in expected rate of return would result in increase/ decrease in fair value by 0.04%-0.05%
– Equity investment in unlisted entities	84,282	135,359	Recent transaction price	N/A	N/A	N/A
– Investments in funds and equity-class securities	559,647	720,096	Adjusted net assets value	Adjusted net assets value	N/A	10% increase/ decrease in adjusted net assets value would result in increase/ decrease in fair value by 10%
	25,024,719	7,399,306				
Financial assets at FVOCI						
– Equity investment in unlisted entities	4,896,018	4,960,693	Recent transaction price	N/A	N/A	N/A
	2,081,056	2,110,000	A combination of observable and unobservable inputs	Discount for lack of marketability	17.41%	10% increase/ decrease in discount for lack of marketability would result in decrease/ increase in fair value by 2.11%
	6,977,074	7,070,693				

3. REVENUE AND SEGMENT INFORMATION

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 executive management team that makes strategic decisions.

3.1 CODM, reviews the Group's internal reporting in order to assess performance and allocate resources:

The CODM identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments. An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

The segment businesses are separately presented as the express and freight delivery segment, the intra-city on-demand delivery segment, and supply chain and international segment. The types of services from which reportable segments derive revenue are listed below:

- Express and freight delivery segment, which provides time-define express, economy express, cold chain and pharmaceuticals logistics service, as well as freight service;

- Intra-city on-demand delivery segment, which provides intra-city delivery for merchants and consumers, and last-mile delivery services;

- Supply chain and international segment, which provides supply chain services, international express service and international freight forwarding service.

Except for the above business segments, the other segments did not have a material impact on the Group's operating outcome, and as such are not separately presented. Management monitors the operating results of the Group's business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment performance is assessed based on key performance indicators. Transfer prices between operating segments are based on the amount stated in the contracts agreed by both sides.

During the nine months ended September 30, 2024, no revenue from a single customer exceeded 10% or more of the total revenue.

Segment information for the nine months ended September 30, 2024 is as follows:

	Nine months ended September 30, 2024					
	Express and freight delivery segment	Intra-city on-demand delivery segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*
Revenue from external customers	146,225,270	6,540,832	53,209,586	885,305	–	206,860,993
Inter-segment revenue	9,468,605	4,489,815	748,810	3,722,426	(18,429,656)	–
Cost of revenue	131,768,757	10,297,286	49,473,342	3,603,973	(16,662,325)	178,481,033
Profit/(loss) before tax	9,108,894	110,869	(53,222)	955,170	25,847	10,147,558
Income tax expenses	1,664,508	26,286	520,172	263,602	(14)	2,474,554
Net profit/(loss)	7,444,386	84,583	(573,394)	691,568	25,861	7,673,004
Depreciation of right-of-use assets *(Note (6))*	4,309,582	11,234	1,303,658	183,444	(661,143)	5,146,775
Depreciation and amortization (excluding right-of-use assets) *(Note (6))*	4,934,869	35,954	1,182,831	1,710,521	(5,986)	7,858,189
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	82,676	4,036	158,977	16,513	(22,494)	239,708

Segment information for the nine months ended September 30, 2023 is as follows:

	Nine months ended September 30, 2023					
	Express and freight delivery segment	Intra-city on-demand delivery segment	Supply chain and international segment	Undistributed units	Inter-segment elimination	Total
	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*	RMB'000 *(Unaudited)*
Revenue from external customers	135,647,718	5,440,967	46,918,278	1,004,636	–	189,011,599
Inter-segment revenue	8,244,012	3,503,329	480,045	11,412,326	(23,639,712)	–
Cost of revenue	123,989,437	8,388,017	43,544,030	10,823,193	(21,939,109)	164,805,568
Profit/(loss) before tax	7,501,764	33,746	(108,722)	467,879	34,186	7,928,853
Income tax expenses	1,580,037	2,451	131,204	209,696	10,980	1,934,368
Net profit/(loss)	5,921,727	31,295	(239,926)	258,183	23,206	5,994,485
Depreciation of right-of-use assets *(Note (6))*	4,457,869	20,429	1,307,021	136,465	(458,915)	5,462,869
Depreciation and amortization (excluding right-of-use assets) *(Note (6))*	5,618,686	40,546	1,218,590	565,358	(20,718)	7,422,462
Net (reversal of impairment losses)/impairment losses on financial assets and contract assets	(72,434)	3,676	58,908	28,286	(52,576)	(34,140)

3.2 Disaggregation of revenue

	Nine months ended September 30, 2024			
	Logistics and freight forwarding services	Sales of goods	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Revenue from main operations				
Including: At a point in time	–	4,790,626	297,263	5,087,889
Over time	200,573,042	–	659,570	201,232,612
Lease income	–	–	233,938	233,938
	200,573,042	4,790,626	1,190,771	206,554,439
Revenue from other operations				
Including: At a point in time	–	–	53,491	53,491
Over time	–	–	117,380	117,380
Lease income	–	–	135,683	135,683
	–	–	306,554	306,554
Total revenue	200,573,042	4,790,626	1,497,325	206,860,993

	Nine months ended September 30, 2023			
	Logistics and freight forwarding services	Sales of goods	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Revenue from main operations				
Including: At a point in time	–	4,398,615	283,034	4,681,649
Over time	183,462,534	–	333,612	183,796,146
Lease income	–	–	225,825	225,825
	183,462,534	4,398,615	842,471	188,703,620
Revenue from other operations				
Including: At a point in time	–	–	48,799	48,799
Over time	–	–	114,148	114,148
Lease income	–	–	145,032	145,032
	–	–	307,979	307,979
Total revenue	183,462,534	4,398,615	1,150,450	189,011,599

4. OTHER INCOME

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Government grants	546,320	1,198,353
Dividends income	427	2,975
Others	224,075	194,714
	770,822	1,396,042

5. OTHER GAINS, NET

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Gains/(losses) on disposal of investments in associates and joint ventures	67,632	(1,466)
Gains on disposal of investments in subsidiaries *(Note 26)*	80,556	268,405
Fair value changes in financial assets at FVPL	495,967	479,624
Gains/(losses) on disposal of property, plant and equipment, right-of-use assets and other non-current assets	11,845	(69,946)
Impairment of inventories, property, plant and equipment and other non-current assets	(1,964)	(3,006)
Net exchange gains/(losses)	6,623	(81,602)
Others	(226,239)	(142,675)
	434,420	449,334

6. EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses are analyzed as follows:

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Labour outsourcing cost	70,519,803	64,066,972
Transportation expenses	38,644,850	32,595,030
Transportation outsourcing cost	28,344,632	27,961,652
Employee benefit expenses	24,362,636	23,758,196
Depreciation of right-of-use assets *(Note 11)*	5,146,775	5,462,869
Depreciation and amortization (excluding right-of-use assets)	7,858,189	7,422,462
Rent and venue usage expenses	5,400,631	5,258,463
Others	16,003,294	15,140,671
	196,280,810	181,666,315

7. FINANCE INCOME AND COSTS

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Finance income:		
Interest income on deposits in financial institutions	486,908	430,842
Finance costs:		
Interest expenses on borrowings	1,466,987	1,339,384
Interest expenses on lease liabilities *(Note 11.2)*	370,452	426,420
Less: Interest capitalised	(32,748)	(83,152)
	1,804,691	1,682,652
Finance costs, net:	**1,317,783**	**1,251,810**

8. INCOME TAX EXPENSES

The following table sets forth the component of income tax expenses of the Group for the nine months ended September 30, 2024 and 2023:

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Current income tax	2,257,843	2,202,351
Deferred income tax	216,711	(267,983)
	2,474,554	**1,934,368**

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

The income tax rate applicable to the principal subsidiaries in Mainland China is 25%, except for certain subsidiaries which enjoy a preferential income tax rate.

For the nine months ended September 30, 2023 and 2024, several subsidiaries in PRC were qualified as small and micro enterprises, which enjoyed a corporate income tax rate of 2.5%-10%.

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

(b) Corporate income tax in Hong Kong and other jurisdictions

(i) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any assessable profits over HK$2,000,000 for the nine months ended September 30, 2023 and 2024.

(ii) Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including Macau, Singapore, Japan, South Korea, the United States and Thailand, has been calculated on the estimated assessable profit for the period at the respective rates prevailing in the relevant jurisdictions, ranging from 12% to 24% for the nine months ended September 30, 2023 and 2024.

9. EARNINGS PER SHARE

9.1 Basic

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during nine months.

	Nine months ended September 30,	
	2024	**2023**
	(Unaudited)	*(Unaudited)*
Profit attributable to owners of the Company *(RMB'000)*	7,617,120	6,264,458
Weighted average number of shares in issue	4,825,429,005	4,852,613,045
Basic EPS *(RMB per share)*	1.58	1.29

9.2 Diluted

The share options granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options (collectively forming the denominator for computing the diluted EPS). For the nine months ended September 30, 2024, the share options granted by the Company had anti-dilutive effect on the EPS.

	Nine months ended September 30,	
	2024	**2023**
	(Unaudited)	*(Unaudited)*
Profit attributable to owners of the Company for the calculation of diluted EPS *(RMB'000)*	7,617,120	6,264,458
Weighted average number of shares in issue	4,825,429,005	4,852,613,045
Adjustment for share options	–	5,595,663
Weighted average number of shares for the calculation of Diluted EPS	4,825,429,005	4,858,208,708
Diluted EPS *(RMB per share)*	1.58	1.29

10. PROPERTY, PLANT AND EQUIPMENT

	As at September 30,	As at December 31,
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Audited)*
Freehold land and buildings	28,021,585	26,267,016
Machinery and equipment	10,552,905	10,634,212
Aircraft, aircraft engines, rotables and high-value maintenance	9,084,941	8,853,163
Construction in progress	3,436,939	4,032,884
Office and other equipment	3,106,037	4,200,743
Transportation vehicles	2,171,841	2,628,610
Leasehold improvements	2,054,033	2,141,678
Computers and electronic equipment	1,217,691	1,346,110
	59,645,972	60,104,416

(a) Certain property, plant and equipment with a net carrying amount of approximately RMB809,139,000 and RMB503,330,000, as at December 31, 2023 and September 30, 2024 respectively, were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 20).

11. LEASE

This note provides information for leases where the Group is a lessee.

11.1 Amounts recognized in the unaudited interim consolidated statement of financial position

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Right-of-use assets		
Buildings	12,727,492	13,692,555
Leasehold land and land use rights	6,727,666	6,816,476
Motor vehicles	252,489	333,921
Equipment and others	33,262	47,095
	19,740,909	**20,890,047**
Lease liabilities		
Current	5,416,002	5,769,965
Non-current	7,372,408	8,038,495
	12,788,410	**13,808,460**

(a) Leasehold land and land use rights with a net carrying amount of approximately RMB292,495,000 and RMB130,754,000, as at December 31, 2023 and September 30, 2024 respectively, were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 20).

11.2 Amounts recognized in the unaudited interim consolidated statement of profit or loss and other comprehensive income

The unaudited interim consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Nine months ended September 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*
Depreciation charge of right-of-use assets		
Buildings	4,863,504	5,218,212
Leasehold land and land use rights	143,352	114,061
Motor vehicles	111,824	102,879
Equipment and others	28,095	27,717
	5,146,775	**5,462,869**
Interest expenses *(Note 7)*	370,452	426,420
Expense relating to short-term leases and low-value assets (included in costs and expenses)	2,604,849	2,690,086
Total cash outflow for lease (included in operating and financing cash outflow)	8,347,546	8,616,274

12. INVESTMENT PROPERTIES

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Cost	7,403,146	6,742,097
Accumulated depreciation	(498,254)	(323,377)
Accumulated impairment	–	–
Net book value	**6,904,892**	**6,418,720**

(a) Certain investment properties with a net carrying amount of approximately RMB111,124,000, and RMB113,158,000, as at December 31, 2023 and September 30, 2024 respectively, were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 20).

13. INTANGIBLE ASSETS

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Cost		
Development expenditures	103,868	129,845
Goodwill	9,570,165	9,572,871
Customer relationships	5,918,695	5,952,090
Software	8,543,840	8,134,147
Trademark	4,929,086	4,966,033
Others	370,167	358,340
	29,435,821	29,113,326
Accumulated amortization		
Development expenditures	–	–
Goodwill	–	–
Customer relationships	(1,390,680)	(1,150,340)
Software	(6,967,719)	(5,778,057)
Trademark	(1,011,050)	(842,331)
Others	(232,801)	(211,727)
	(9,602,250)	(7,982,455)
Accumulated impairment		
Goodwill	(2,435)	(2,435)
Software	(80,408)	(97,428)
Trademark	(4)	(4)
Others	(6)	(6)
	(82,853)	(99,873)
Net book value	**19,750,718**	**21,030,998**

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Non-current:		
Amounts due from related parties *(Note 27(d))*	48,735	1,363
Deferred pilot recruitment costs	757,356	805,415
Prepayments *(Note (a))*	650,207	944,833
Loans to employee	167	15,575
Finance lease receivables	60,041	89,380
Others	514,635	492,174
	2,031,141	2,348,740
Less: Provision for impairment	(12,932)	(15,178)
	2,018,209	**2,333,562**
Current:		
Amounts due from related parties *(Note 27(d))*	296,629	1,032,722
Value added tax recoverable	3,526,258	4,641,173
Prepayments *(Note (b))*	2,776,931	3,248,665
Prepayments for listing expenses	30,332	25,068
Deposits	1,598,610	1,523,589
Cash to collect on behalf of customers	761,137	659,441
Loans to employees	16,218	26,454
Prepaid corporate income tax	328,284	551,327
Finance lease receivables	146,243	226,652
Others	1,147,180	1,043,853
	10,627,822	12,978,944
Less: Provision for impairment	(349,017)	(356,238)
	10,278,805	**12,622,706**

(a) The balances of the Group mainly comprised prepaid construction equipment balances during the nine months ended September 30, 2024 and the year ended December 31, 2023.

(b) The balances of the Group mainly comprised prepaid freight and transportation costs during the nine months ended September 30, 2024 and the year ended December 31, 2023.

(c) Impairment on other receivables and other assets accounted as amortized cost is measured as either 12-month expected credit losses or lifetime credit loss. On such basis, the Group's loss allowance was mainly in Stage 1.

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Movement of investments in associates is analyzed as follows:

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
As at January 1	4,120,128	4,209,624
Additions and disposals, net	(63,561)	109,973
Share of profits, net	38,494	58,426
Share of other comprehensive (loss)/income	(10,389)	8,862
Share of other equity movement	3,813	6,736
Dividends declared during the period	(174,662)	(189,635)
Exchange differences and others	8,838	113,616
Less: Impairment loss provided for the period	(30,000)	–
As at September 30	**3,892,661**	**4,317,602**

Movement of investments in joint ventures is analyzed as follows:

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
As at January 1	3,258,703	3,648,376
Additions and disposals, net	(279,443)	(282,498)
Share of losses, net	(88,870)	(102,563)
Share of other equity movement	(5)	(1,101)
Dividends declared during the period	–	(892)
Exchange differences and others	(1,909)	6,789
Less: Impairment loss provided for the period	–	–
As at September 30	**2,888,476**	**3,268,111**

16. FINANCIAL ASSETS AT FVPL AND FVOCI

(a) Financial assets at FVPL

	As at September 30,	**As at December 31,**
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Audited)*
Non-current:		
– Industry fund investments	361,066	499,320
– Equity investment in unlisted entities at fair value	84,282	84,401
– Others	6,419	6,275
	451,767	**589,996**
Current:		
– Structured deposits	24,379,820	6,542,881
– Fund investment and others	224,923	266,861
	24,604,743	**6,809,742**

(b) Financial assets at FVOCI

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Non-current:		
– Listed equity investments	1,080,187	2,418,842
– Unlisted equity investments	6,977,074	7,070,693
	8,057,261	**9,489,535**
Current:		
– Notes held for sale	210,851	99,978
	210,851	**99,978**

17. INVENTORIES

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Raw materials	614,800	472,994
Finished goods	839,618	1,040,816
Aviation consumables	616,238	499,062
Consumables and supplies	207,033	365,165
Costs to fulfil a contract	94,908	65,170
	2,372,597	2,443,207
Less: Provision for impairment loss	(3,135)	(2,782)
	2,369,462	**2,440,425**

18. TRADE AND NOTE RECEIVABLES

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Trade and note receivables		
– related parties *(Note 27(d))*	468,444	124,211
– third parties	27,252,850	26,614,887
	27,721,294	26,739,098
Less: Allowance for expected credit losses	(1,294,692)	(1,378,665)
	26,426,602	25,360,433

(a) The Group has various credit policies for different business operations depending on the requirements of the markets and businesses. The ageing analysis of the trade and note receivables based on invoice date is as follows:

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Within 1 year (including 1 year)	26,660,785	25,719,098
Between 1 and 2 years (including 2 years)	446,618	490,411
Over 2 years	613,891	529,589
	27,721,294	26,739,098

There is no concentration of credit risk with respect to trade and note receivables, as the Group has a large number of customers.

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9.

(c) The provision and reversal of provision for impairment of receivables have been included in impairment losses on financial assets and contract assets in the consolidated statement of profit or loss. Amounts charged to the allowance account are written off when there is no expectation of recovery.

(d) The carrying amount at the reporting date approximates the fair value of each class of receivables mentioned above.

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Restricted cash		
Statutory reserve deposits with the PBOC for banking operations *(Note (a))*	992,225	1,476,938
Pledged bank deposits *(Note (b))*	64,389	52,830
Others	46,728	46,728
	1,103,342	**1,576,496**
Cash and cash equivalents		
Cash on hand and cash at banks (excluding the PBOC)	21,262,211	40,434,748
Surplus reserve deposits with the PBOC *(Note (a))*	32,024	13,560
	21,294,235	**40,448,308**

(a) On September 18, 2016, SF Holding Group Finance Co., Ltd. ("SF Group Finance Ltd.,"), a subsidiary of the Group, was incorporated as a licensed financial institution, which operates internal banking, finance and wealth management and consulting.

SF Group Finance Ltd., places mandatory reserve funds and surplus reserves with the People's Bank of China (the "PBOC"). As at September 30, 2024 and December 31, 2023, mandatory reserve funds placed with the PBOC were calculated at 5% of qualified RMB deposits from corporates. Mandatory reserve funds were restricted cash. Surplus reserves represent funds for clearing purposes and balances other than mandatory reserves placed with the PBOC.

(b) The Group's bank balances amounting to approximately RMB29,435,000 and RMB17,133,000, respectively, as at September 30, 2024 and December 31, 2023, represented deposits pledged to secure general banking or letter of guarantee facilities granted to the Group.

The Group's bank balances amounting to approximately RMB34,954,000 and RMB35,697,000, respectively, as at September 30, 2024 and December 31, 2023, represented deposits of performance bonds that shall be repaid when the services were completed.

20. BORROWINGS

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Non-current:		
Long-term bank borrowings *(Note (a))*		
– secured *(Note (a)(i))*	9,416	2,680,031
– unsecured and guaranteed *(Note (a)(ii))*	6,602,204	8,675,210
Corporate bonds *(Note (c))*	19,346,293	18,794,782
Loans from non-controlling interests	184,107	246,889
	26,142,020	**30,396,912**
Current portion of non-current:		
Long-term bank borrowings *(Note (a))*		
– secured *(Note (a)(i))*	25,366	742,364
– unsecured and guaranteed *(Note (a)(ii))*	2,174,162	2,071,021
Corporate bonds *(Note (c))*	667,510	615,295
Loans from non-controlling interests	22,006	1,541
Short term:		
Short-term bank borrowings *(Note (b))*		
– secured *(Note (b)(i))*	68,909	105,969
– unsecured and guaranteed *(Note (b)(ii))*	17,952,457	18,659,397
Short-term debentures *(Note (c))*	2,322,672	–
Loans from non-controlling interests	110,476	113,516
	23,343,558	**22,309,103**

(a) Long-term bank borrowings

(i) The Group's long-term bank borrowings of approximately RMB2,150,466,000 were secured by lease receivables of Shun Yuan Financial Leasing (Tianjin) Co., Ltd., a subsidiary of the Group, with a net carrying amount of approximately RMB2,496,880,000 as at December 31, 2023. Shun Yuan Financial Leasing (Tianjin) Co., Ltd., recognized the receivables as engaging in aircraft financial lease business with SF Airlines Company Limited, which was the subsidiary of the Group.

Certain non-current assets had been pledged as securities for long-term bank borrowings as at September 30, 2024 and December 31, 2023. Refer to Note 10(a), Note 11.1(a) and Note 12(a).

(ii) The Group's long-term bank borrowings of approximately RMB5,192,205,000 and RMB5,633,173,000 as at September 30, 2024 and December 31, 2023 respectively, were guaranteed by the subsidiaries within the Group.

(iii) The interest rates of major long-term bank borrowings ranged from 2.44% to 5.30% and 2.20% to 6.91% as at September 30, 2024 and December 31, 2023 respectively.

(b) Short-term bank borrowings

(i) Certain non-current assets had been pledged as securities for short-term bank borrowings for the year ended December 31, 2023 and the nine months ended September 30, 2024. Refer to Note 10(a), Note 11.1(a) and Note 12(a).

(ii) Short-term bank borrowings of approximately RMB488,717,000 and RMB5,156,012,000 as at September 30, 2024 and December 31, 2023 respectively, were guaranteed by the Company or its subsidiaries.

(iii) The interest rates of major current bank borrowings ranged from 2.27% to 6.77% and 2.20% to 7.74% as at September 30, 2024 and December 31, 2023 respectively.

(c) Corporate bonds and short-term debentures

(i) Corporate bonds and short-term debentures of RMB17,498,967,000 and RMB18,393,642,000 as at September 30, 2024 and December 31, 2023, respectively, were guaranteed by the Company.

(ii) The interest rates of bonds and debentures ranged from 1.85% to 3.13% and 2.38% to 3.79% as at September 30, 2024 and December 31, 2023 respectively.

21. TRADE AND NOTE PAYABLES

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Trade and note payables		
– related parties *(Note 27(d))*	321,872	421,194
– third parties	24,514,516	24,493,106
	24,836,388	**24,914,300**

An ageing analysis of the trade and note payables based on invoice date as at the end of the reporting period was as follows:

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Within 1 year (including 1 year)	24,504,102	24,505,848
Over 1 year	332,286	408,452
	24,836,388	**24,914,300**

22. OTHER PAYABLES AND ACCRUALS

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Non-current:		
Salaries, wages and benefits	83,433	82,216
Others	70,284	58,113
	153,717	**140,329**
Current:		
Amounts due to related parties *(Note 27(d))*	152,078	136,098
Salaries, wages and benefits	4,836,492	5,872,341
Payable for purchases of property, plant and equipment	3,616,231	4,345,119
Deposits	2,541,676	2,355,449
Other taxes payable	908,388	735,465
Payables of cash collected on delivery service	1,688,718	1,534,338
Consideration payable for business combinations	242,930	289,306
Others	2,560,198	2,369,055
	16,546,711	**17,637,171**

23. SHARE CAPITAL AND TREASURY SHARES

	Number of registered, issued and fully paid ordinary shares	Share capital	Treasury shares	Total
		RMB'000	RMB'000	RMB'000
(Unaudited)				
As at January 1, 2023	**4,895,202,373**	**4,895,202**	**(2,040,377)**	**2,854,825**
Repurchases of shares *(Note (a))*	–	–	(959,956)	(959,956)
Exercise of share options *(Note (b))*	–	–	424,801	424,801
As at September 30, 2023	**4,895,202,373**	**4,895,202**	**(2,575,532)**	**2,319,670**
(Unaudited)				
As at January 1, 2024	**4,895,202,373**	**4,895,202**	**(2,575,532)**	**2,319,670**
Repurchases of shares *(Note (a))*	–	–	(1,758,094)	(1,758,094)
Cancellation of shares *(Note (a))*	(79,291,153)	(79,291)	3,575,545	3,496,254
As at September 30, 2024	**4,815,911,220**	**4,815,911**	**(758,081)**	**4,057,830**

(a) For the nine months ended September 30, 2023 and 2024, a total of 19,838,884 and 49,011,565 A shares have been repurchased respectively for future employee stock ownership plan or share-based incentive, and treasury stocks amounting to approximately RMB959,956,000, and RMB1,758,094,000 therefore were recognized respectively.

During the nine months ended September 30, 2024, under the approval and authorization of the general meeting, the Company cancelled a total of 79,291,153 shares, and therefore treasury stocks amounting to approximately RMB3,575,545,000 and share capital of approximately RMB79,291,000 were derecognized with a corresponding debit to capital reserve of approximately RMB3,496,254,000 for the nine months ended September 30, 2024.

(b) During the nine months ended September 30, 2023, a total of 8,420,193 share options were exercised, as 1,328 participants met the performance requirements. Therefore, contribution of approximately RMB355,189,000 was received by the Company from the participants, treasury stock of RMB424,801,000 and capital reserve of RMB69,612,000 were derecognized.

24. RESERVES

	Capital reserve	Other comprehensive income	General and regulatory reserve	Special reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	43,996,237	4,538,027	493,048	–	1,010,253	50,037,565
Other comprehensive income	–	738,801	–	–	–	738,801
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	122,040	–	–	–	122,040
Transactions with owners:						
Capital contribution from non-controlling interests	1,207	–	–	–	–	1,207
Exercise of share options *(Note 23 (b))*	(69,612)	–	–	–	–	(69,612)
Share-based payment	189,686	–	–	–	–	189,686
Transaction with non-controlling interests and others	(894,111)	–	–	–	–	(894,111)
Safety reserve appropriation	–	–	–	27,852	–	27,852
Safety reserve utilization	–	–	–	(27,852)	–	(27,852)
Others	1,848	–	(152)	–	–	1,696
As at September 30, 2023	**43,225,255**	**5,398,868**	**492,896**	**–**	**1,010,253**	**50,127,272**

	Capital reserve	Other comprehensive income	General and regulatory reserve	Special reserve	Statutory reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	43,164,085	5,532,428	524,376	–	2,413,786	51,634,675
Other comprehensive loss	–	(1,321,476)	–	–	–	(1,321,476)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	7,059	–	–	–	7,059
Transactions with owners:						
Capital contribution from non-controlling interests	53	–	–	–	–	53
Cancellation of shares *(Note 23 (a))*	(3,496,254)	–	–	–	–	(3,496,254)
Share-based payment	77,176	–	–	–	–	77,176
Transaction with non-controlling interests and others	(3,887,694)	–	–	–	–	(3,887,694)
Safety reserve appropriation	–	–	–	370,873	–	370,873
Safety reserve utilization	–	–	–	(370,873)	–	(370,873)
Others	(2,822)	–	–	–	–	(2,822)
As at September 30, 2024	**35,854,544**	**4,218,011**	**524,376**	**–**	**2,413,786**	**43,010,717**

25. NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Profit before income tax for the period	10,147,558	7,928,853
Adjustments for:		
Net addition/(reversal) of impairment losses on financial assets and contract assets	239,708	(34,140)
Impairment of inventories, property, plant and equipment and other non-current assets *(Note 5)*	1,964	3,006
Depreciation of right-of-use assets *(Note 6)*	5,146,775	5,462,869
Depreciation and amortization (excluding right-of-use assets) *(Note 6)*	7,858,189	7,422,462
Amortization of deferred income	(30,345)	(35,411)
Gains/(losses) on disposal of property, plant and equipment, right-of-use assets and other non-current assets *(Note 5)*	(11,845)	69,946
Fair value changes in financial assets at FVPL *(Note 5)*	(495,967)	(479,624)
Finance costs *(Note 7)*	1,804,691	1,682,652
Gains on disposal of investments in subsidiaries *(Note 5)*	(80,556)	(268,405)
Share of loss of associates and joint ventures, net	50,376	44,137
Gains/(losses) on disposal of investments in associates and joint ventures *(Note 5)*	(67,632)	1,466
Impairment provision of investments in associates and joint ventures	30,000	–
Share-based compensation expenses	83,827	192,454
Dividends income *(Note 4)*	(427)	(2,975)
Operating cash flow before working capital changes	**24,676,316**	**21,987,290**
Changes in working capital:		
Decrease/(increase) in inventories	70,611	(218,311)
Decrease in trade and note receivables, prepayment, contract assets and other receivables	1,045,568	2,227,972
Decrease in trade and note payables, contract liabilities, and other payables	(1,066,125)	(792,612)
Cash generated from operations	**24,726,370**	**23,204,339**

26. DISPOSAL OF SUBSIDIARIES

Transactions of disposal of subsidiaries during the nine months ended September 30, 2024 and 2023 are analyzed as follows:

(a) Net cash received from disposal of subsidiaries

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Cash consideration		
Including: Shenzhen Fengwang Information Technology Co., Ltd *(Note (c))*	–	460,930
Other subsidiaries	298,489	113,050
Total disposal consideration	298,489	573,980

	Nine months ended September 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*
Total cash consideration	298,489	573,980
Less: Outstanding and included in other receivables	(143,236)	–
Less: Cash and cash equivalents held by the subsidiaries at the dates of disposal	(6,199)	(196,721)
Net cash flow impact from disposal of subsidiaries	149,054	377,259

(b) Gains on disposal of investments in subsidiaries

	Nine months ended September 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*
Total cash consideration	298,489	573,980
Carrying amount of net assets sold	(217,933)	(305,575)
Gains on disposal before income tax and reclassification of foreign currency translation reserve	80,556	268,405
Reclassification of other comprehensive income	–	–
Gains on disposal of investments in subsidiaries	80,556	268,405

(c) Gains on disposal of Shenzhen Fengwang Information Technology Co., Ltd

On May 12, 2023, Shenzhen Fengwang Holding Co., Ltd ("Fengwang Holding"), a subsidiary of the Company, entered into a share transfer agreement with Shenzhen J&T Supply Chain Co., Ltd ("J&T Supply Chain") pursuant to which Fengwang Holding transferred the entire equity interests in Shenzhen Fengwang Information Technology Co., Ltd ("Fengwang Information"), the then wholly owned subsidiary of Fengwang Holding, to J&T Supply Chain at a total consideration of RMB1,183 million which was subject to an adjustment of the operating profit or loss of Fengwang Information attributable to the Group during the period from March 31, 2023 to June 27, 2023 ("the Transitional Period").

The consideration had been adjusted to RMB461 million after taking into account Fengwang Information's operating results during the Transitional Period. Upon the completion of the share transfer transaction, Fengwang Information was no longer a subsidiary of the Company.

For the nine months ended September 30, 2023, the Group recognized disposal gain of RMB243,378,000 of which RMB155,153,000 was attributed to the owners of the Company.

27. RELATED PARTY TRANSACTIONS

(a) Parent entities

Name	Type	Place of incorporation	Ownership interest As at September 30, 2024	Ownership interest As at December 31, 2023
Mingde Holding	Investment	Shenzhen	55.27%	54.38%

The Company's ultimate holding Company is Mingde Holding, and the ultimate controlling person is Wang Wei.

(b) Names and relationships with related parties

The directors of the Company are of the view that the following parties/companies were significant related parties that had transactions with the Group during the nine months ended September 30, 2024 and 2023, or had balances as at September 30, 2024 and December 31, 2023:

Name of related parties	Relationship with the Group
Guangdong Fengxing Zhitu Technology Co., Ltd.	Controlled by the ultimate controlling person of the Company
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen Fengxiang Information Technology Co., Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen Hive Box Technology Co., Ltd and its subsidiaries	Controlled by the ultimate controlling person of the Company
Shenzhen SF Hefeng Microfinance Co., Ltd.	Controlled by the ultimate controlling person of the Company
Shenzhen Fengyi Technology Co., Ltd.	An associate of Mingde Holding before July 2024
Chongqing Boqiang Logistics Co., Ltd.	An associate of the Group
DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd. *(i)*	An associate of the Group before December 2023
Galaxis Technology and its subsidiaries	Associates of the Group
Giao Hang Tiet Kiem Joint Stock Company	An associate of the Group
KENGIC Intelligent Technology Co., Ltd. and its subsidiaries	Associates of the Group
SF Real Estate Investment Trust	An associate of the Group
Shanghai Jiaxing Logistics Co., Ltd.	An associate of the Group before September 2024
Shanghai Tingdi Logistics Service Co., Ltd.	An associate of the Group before July 2024
Shenzhen Fenglian Technology Co., Ltd.	An associate of the Group
Shenzhen Shunjie Fengda and its subsidiaries	Associates of the Group before August 2024
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	An associate of the Group
Sichuan Wulianyida Technology Co., Ltd. and its subsidiaries *(ii)*	Associates of the Group from August 2023
State Grid E-Commerce Yunfeng Logistics Technology (Tianjin) Co., Ltd.	An associate of the Group
Wuhan Shunluo Supply Chain Management Co., Ltd.	An associate of the Group
Yihai Shunfeng (Shanghai) Supply Chain Technology Co., Ltd.	An associate of the Group
Beijing Wulian Shuntong Technology Co., Ltd. and its subsidiaries	Joint ventures of the Group
CC SF China Logistics Properties Investment Fund, L.P.	Joint ventures of the Group
CR-SF International Express Co., Ltd.	A joint venture of the Group
Ezhou China Communications SF Airport Industrial Park Investment Development Co., Ltd.	A joint venture of the Group
Global Connect Holding Limited	A joint venture of the Group
Hubei International Logistics Airport Co., Ltd.	A joint venture of the Group
Shenzhen Shenghai Information Service Co., Ltd.	A joint venture of the Group
Zhongbao Hua'an Investment Management Co., Ltd. and its subsidiaries	Joint ventures of the Group

(i) DHL Weiheng (Zhuhai) Supply Chain Management Co., Ltd. ("DHL Weiheng") used to be an associate of the Group. In December 2023, the Group acquired the remaining equity interests of DHL Weiheng and DHL Weiheng became a wholly-owned subsidiary of the Group.

(ii) Sichuan Wulianyida Technology Co., Ltd. and its subsidiaries ("Sichuan Wulianyida") used to be subsidiaries of the Group. In August 2023, the Group disposed a portion of its equity interest in Sichuan Wulianyida. Since then, Sichuan Wulianyida was no longer in the scope of consolidation of the Group and became an associate of the Group.

(c) Transactions with related parties

The following significant transactions were carried out between the Group and its related parties during the period. 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.

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Sales of goods and services		
Controlling shareholder	410	324
Entities controlled by the ultimate controlling person of the Company	1,117,684	89,879
Associates of Mingde Holding	8,706	11,026
Joint ventures of the Group	20,958	8,644
Associates of the Group	71,453	56,693
	1,219,211	166,566
Purchases of goods and services		
Controlling shareholder	7	–
Entities controlled by the ultimate controlling person of the Company	583,878	705,786
Associates of Mingde Holding	190	848
Joint ventures of the Group	791,257	965,378
Associates of the Group	609,937	1,302,353
	1,985,269	2,974,365
Acquisition of assets through acquisition of subsidiaries		
Joint ventures of the Group	559,289	–
	559,289	–
Disposal of equity		
Entities controlled by the ultimate controlling person of the Company	–	85,188
	–	85,188
Depreciation and interest expenses borne by the Group as the lessee		
Entities controlled by the ultimate controlling person of the Company	8,587	8,971
Associates of the Group	174,490	179,622
	183,077	188,593
Additions of right-of-use assets		
Entities controlled by the ultimate controlling person of the Company	3,081	51,987
Associates of the Group	265	44,739
	3,346	96,726
Other transactions		
Controlling shareholder	513	512
Entities controlled by the ultimate controlling person of the Company	2,336	1,396
Associates of Mingde Holding	1,611	2,192
Joint ventures of the Group	571	446
Associates of the Group	1,026	960
	6,057	5,506

(d) Balances with related parties

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Amounts due from related parties		
Trade		
Controlling shareholder	93	57
Entities controlled by the ultimate controlling person of the Company	422,357	33,048
Associates of Mingde Holding	1	3,267
Joint ventures of the Group	5,004	9,813
Associates of the Group	78,516	89,741
Non-Trade		
Controlling shareholder	120	167
Entities controlled by the ultimate controlling person of the Company	190,342	561,979
Associates of Mingde Holding	–	451
Joint ventures of the Group	974	331,401
Associates of the Group	116,401	128,372
	813,808	1,158,296

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Amounts due to related parties		
Trade		
Controlling shareholder	3	–
Entities controlled by the ultimate controlling person of the Company	137,333	136,127
Associates of Mingde Holding	–	1,303
Joint ventures of the Group	210,767	164,046
Associates of the Group	19,241	167,865
Non-Trade		
Controlling shareholder	129	128
Entities controlled by the ultimate controlling person of the Company	2,764	2,788
Associates of Mingde Holding	318	3,608
Joint ventures of the Group	3,073	2,393
Associates of the Group	145,794	127,181
	519,422	605,439

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	*(Audited)*
Lease Liabilities		
Entities controlled by the ultimate controlling person of the Company	90,761	92,060
Joint ventures of the Group	–	98,987
Associates of the Group	414,939	598,296
	505,700	789,343

(e) Guarantee provided

	As at September 30, 2024		
Guaranteed entities:	**Guaranteed amount**	**Guaranteed period**	**Whether the guarantee has been fulfilled**
	RMB'000		
	(Unaudited)		
Joint ventures of the Group	782,000	September 29, 2021 to April 29, 2055	No
	782,000		

	As at December 31, 2023		
Guaranteed entities:	**Guaranteed amount**	**Guaranteed period**	**Whether the guarantee has been fulfilled**
	RMB'000		
	(Audited)		
Joint ventures of the Group	782,000	September 29, 2021 to April 29, 2055	No
	782,000		

(f) Key management compensation

	Nine months ended September 30,	
	2024	**2023**
	RMB'000	**RMB'000**
	(Unaudited)	*(Unaudited)*
Key management compensation	31,026	37,707

(g) Commitment provided

	As at September 30,	As at December 31,
	2024	**2023**
	RMB'000	**RMB'000**
Joint ventures of the Group	2,384,180	2,384,180

28. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at September 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
Contracted, but not provided for purchases of property, plant and equipment	1,354,285	1,858,672
Investment to be paid	125,860	131,895
Others	4,519	944
	1,484,664	1,991,511

29. SUBSEQUENT EVENTS

(a) An interim dividend for the six months ended June 30, 2024 of RMB40 cents per ordinary share (tax inclusive) was approved by the shareholders at the first extraordinary general meeting on October 29, 2024. The dividend was not recognized as a liability as at September 30, 2024.

(b) A special dividend of RMB1 per ordinary share (tax inclusive) was approved by the shareholders at the first extraordinary general meeting on October 29, 2024. The dividend was not recognized as a liability as at September 30, 2024.

The following information does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the "Accountant's Report" set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the owners of the Company as of June 30, 2024 as if the Global Offering had taken place on June 30, 2024.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as of June 30, 2024 or at any future dates following the Global Offering.

	Audited Consolidated Net Tangible Assets of the Group attributable to the owners of the Company as of June 30, 2024	**Estimated Net Proceeds from the Global Offering**	**Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets Attributable to the Owners of the Company as of June 30, 2024**	**Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Based on an Offer Price of HK$32.30 per Offer Share	71,329,826	4,895,906	76,225,732	15.32	16.67
Based on an Offer Price of HK$36.30 per Offer Share	71,329,826	5,511,439	76,841,265	15.44	16.80

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company as of June 30, 2024 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as of June 30, 2024 of approximately RMB88,571,197,000 after deducting the Group's intangible assets attributable to the owners of the Company of approximately RMB17,241,371,000 as of June 30, 2024.

(2) The estimated net proceeds from the Global Offering are based on 170,000,000 Offer Shares and the indicative Offer Price of HK$32.30 per Offer Share and HK$36.30 per Offer Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding listing expenses of RMB579,000 which were incurred up to June 30, 2024 and charged to consolidated statements of profit or loss for the year ended December 31, 2023 and the six months ended June 30, 2024).

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 4,975,711,636 Shares (representing 4,815,911,220 Shares in issue as of June 30, 2024, excluding 10,199,584 treasury shares as of June 30, 2024, adding 170,000,000 Offer Shares) were in issue, assuming that the Global Offering had been completed on June 30, 2024 but does not take into account of any Shares which may be allotted and issued by the Company pursuant to the exercise of the Over-allotment Option or may be issued by the Company pursuant to the exercise of any options may be granted under the 2022 Stock Option Incentive Plan.

(4) For the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars was of rate of RMB0.91906 to HK$1.00. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2024. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account payment of dividends of RMB6.7 billion which was approved by the Shareholders at the first extraordinary general meeting on October 29, 2024. The unaudited pro forma net tangible assets per Share would have been HK$15.20 and HK$15.34 per Share based on the Offer Price of HK$32.30 and HK$36.30 respectively if the dividend had been accounted for as at June 30, 2024.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of S.F. Holding Co., Ltd. (順豐控股股份有限公司)

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as of June 30, 2024 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 and II-2 of the Company's prospectus dated November 19, 2024 in connection with the proposed global offering of the H Shares of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 and II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed global offering on the Group's financial position as of June 30, 2024 as if the proposed global offering had taken place at June 30, 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the six months ended June 30, 2024, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars,* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed global offering at June 30, 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, November 19, 2024

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

SHARES AND REGISTERED CAPITAL

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

Upon filing with the China Securities Regulatory Commission (the "**CSRC**"), the Company may issue shares to domestic investors and overseas investors. Holders of domestic shares and holders of foreign shares are both ordinary shareholders and shall enjoy the same rights and assume the same obligations.

Upon filing with the CSRC of the plan to issue overseas listed foreign shares and domestic shares of the Company, the Board of Directors of the Company may make implementation arrangements for separate issuance. The Company's plan to separately issue overseas listed foreign shares and domestic shares as stipulated in the preceding paragraph could be implemented separately within fifteen months from the date of the filing with the CSRC. Where the Company separately issues overseas listed foreign shares and domestic shares within the total number of shares determined in the issuance plan, such shares shall be fully subscribed for at their respective offerings. If the shares are not fully subscribed for at their respective offerings due to exceptional circumstances, these shares may be issued in separate tranches.

Unless otherwise stipulated by laws, administrative regulations, the relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed and the Hong Kong Stock Exchange, the shares of the Company which have been fully paid may be freely transferred without any lien attached. The transfer of the Company's shares shall be conducted in accordance with the applicable national laws, administrative regulations and the listing rules of the place where the Company's shares are listed or the relevant provisions of the securities regulatory authorities.

INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws, regulations and the Articles of Association, the Company may increase the capital by the following ways upon approval of special resolutions at the Shareholders' general meeting:

(1) public issuance of shares;

(2) non-public issuance of shares;

(3) distribution of bonus shares to existing shareholders;

(4) capitalization of common reverse fund;

(5) other means stipulated by laws and administrative regulations or approved by the government authorities.

The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital. The Company shall notify its creditors within ten days from the date of the Company's resolution to reduce registered capital being passed and shall publish an announcement on http://www.stcn.com/, https://www.cs.com.cn/, https://www.cnstock.com/, http://www.zqrb.cn/, http://www.cninfo.com.cn and www.hkexnews.hk within thirty days from the date of such resolution being passed. A creditor shall have the right, within 30 days upon receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the announcement, to require the Company to repay its debt or to provide corresponding guarantee for such debt.

Repurchase of Shares

The Company may, in accordance with the requirements under laws, administrative regulations, the Listing Rules of Hong Kong Stock Exchange, departmental rules or the Articles of Association, and subject to approval by the relevant regulatory authorities of the State, repurchase its shares under the following circumstances:

(1) reducing the Company's registered capital;

(2) merging with other companies holding our shares;

(3) using the shares as an employee stock ownership plan or equity incentive plan;

(4) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a Shareholders' general meeting upon their request;

(5) use of shares for conversion of convertible corporate bonds issued by the Company;

(6) necessary for the Company to maintain its value and protect the interests of the shareholders;

A resolution shall be passed at the Shareholders' general meeting when the Company is to repurchase its own shares under the circumstances (1) and (2) set out above. In case of the circumstances stipulated in (3), (5) and (6) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the provisions of the Articles of Association or the authorization of Shareholders' general meeting. After the Company has repurchased its own shares in accordance with the circumstances (1) to (6) set out above, the shares so repurchased shall be canceled within ten days from the date of purchase (under the circumstance set out in (1) above), or shall be transferred or canceled within six months (under the circumstances set out in (2) and (4) above). If the Company repurchases its shares under the circumstances set out in (3), (5) and (6) above, the total number of shares held by the Company shall not exceed ten percent of the total issued shares of the Company, and such shares shall be transferred or canceled within three years. If the share repurchase is made under the circumstances stipulated in (3), (5) or (6) above, it shall be conducted by way of open centralized trading.

Subject to the approval by the relevant competent authorities of the State, the Company may repurchase its shares in one of the following ways:

(1) open centralized trading;

(2) other ways recognized by laws, administrative regulations, the CSRC and other stock exchanges of the place where the Company's shares are listed, and shall comply with the provisions of applicable laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

Transfer of Shares

Shares of the Company held by the founders shall not be transferred within one year from the date of incorporation of the Company. Shares of the Company that were issued prior to a public issue shall not be transferred within one year from the date on which shares of the Company are listed and traded on the stock exchange.

The Directors, Supervisors and senior management of the Company shall notify the Company of their holdings of shares in the Company and the changes therein. The shares transferable by them during each year of their tenures shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading.

The shares in the Company held by them shall not be transferred within half a year from their departure from the Company. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer of overseas listed shares, such rules shall prevail.

All transfers of H Shares shall be effected by instruments of transfer in writing in a general or common form or in any other form acceptable to the Board of Directors, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. The instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) stamped with the corporation's chop. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee, the instruments of transfer may be signed by hand or in a machine imprinted format. All instruments of transfer shall be deposited with the legal address of the Company or such places as the Board of Directors may designate from time to time.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS

Shareholders

The Company shall establish a register of Shareholders based on the certificates provided by the securities registration authority and the register of Shareholders is sufficient evidence to prove that the Shareholders hold the shares of the Company. The original register of Shareholders of overseas listed foreign shares listed in Hong Kong is kept in Hong Kong and is available for inspection by Shareholders, but the Company may suspend the registration of Shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed (if necessary). In the event that any Shareholder whose name is recorded in or any person who requests to have its name entered in the register of holders of H Shares loses his/her share certificate(s), he/she may apply to the Company for replacement of new share certificate(s) in respect thereof. Where a holder of overseas-listed foreign shares loses his/her share certificate(s) and applies for replacement, such application shall be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original copy of the register of shareholders of overseas-listed foreign shares is maintained. Shareholders shall enjoy rights and assume obligations according to the class and number of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company enjoy the following rights:

(1) to receive dividends and other forms of interest distributions in proportion to the shares they hold;

(2) to file a petition of, to convene, hold and attend the Shareholders' general meetings either in person or by proxy and exercise their corresponding voting right according to laws;

(3) to supervise, present suggestions on or make inquiries about the business operations of the Company;

(4) to transfer, donate or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;

(5) to inspect the Articles of Association, register of Shareholders, counterfoils of corporate bonds, minutes of Shareholders' general meetings, resolutions of the Board meetings, resolutions of the meetings of Board of Supervisors, financial and accounting reports;

(6) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

(7) to request the Company to purchase their shares for the Shareholders who object to the Company's resolution on merger or division made by the Shareholders' general meetings; and

(8) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the Articles of Association or securities regulatory rules of the place where the Company's shares are listed.

In the event that any resolution of the Shareholders' general meeting or resolution of the Board of Directors violates laws or administrative regulations, the Shareholder is entitled to request the People's Court to deem it as invalid (H Shareholders shall apply to Dispute Resolution Rules of Articles of Association). In the event that the convening procedure or voting method of the Shareholders' general meeting or the Board meeting violates any of laws, administrative regulations or the Articles of Association, or any resolution of which violates the Articles of Association, the Shareholder is entitled to request the People's Court to overturn the resolution within 60 days upon the resolution was adopted (H Shareholders shall apply to Dispute Resolution Rules of Articles of Association).

Shareholders of the Company shall assume the following obligations:

(1) to abide by the laws, administrative regulations and the Articles of Association;

(2) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(3) not to withdraw the shares unless required by the laws and administrative regulations;

(4) not to abuse their shareholders' rights to jeopardize the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardize the interests of any creditors of the Company;

(5) to keep business secrets of the Company;

(6) other obligations imposed by the laws, administrative regulations and the Articles of Association;

Where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages according to laws. Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability of shareholders for the purposes of evading debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

General Provisions for Shareholders' General Meetings

The Shareholders' general meeting is the organ of authority of the Company, which exercises its powers in accordance with the PRC Company Law.

(1) to decide on the Company's operational policies and investment plans;

(2) to elect or remove the Directors and Supervisors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors and Supervisors;

(3) to examine and approve reports of the Board of Directors;

(4) to examine and approve reports of the Board of Supervisors;

(5) to examine and approve the Company's proposed annual financial budget and final accounts;

(6) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

(7) to decide on any increase or decrease of the Company's registered capital;

(8) to decide on the issue of securities or corporate bonds by the Company;

(9) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;

(10) to amend the Articles of Association;

(11) to decide on the purchase of the Company's shares under the circumstances stipulated in Article 24 (1) and (2) of the Company's Articles of Association;

(12) resolution on appointment and dismissal of an accounting firm by the Company;

(13) to examine and approve the provision of guarantees stipulated in Article 42;

(14) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;

(15) to examine and approve the related party transactions which the Company intends to enter into with related parties with a transaction amount of more than RMB30 million and accounting for more than 5% of the absolute value of the latest audited net assets of the Company;

(16) to examine and approve matters relating to changes in the use of proceeds;

(17) to examine and approve the equity incentive plans and employee stock ownership plans;

(18) to examine other matters as required by the laws, administrative regulations, departmental rules, the Articles of Association of the Company or the securities regulatory rules of the place where the Company's shares are listed, which shall be decided by the Shareholders' general meeting.

The following provision of guarantees to third parties by the Company are subject to the consideration and approval by the Shareholders' general meeting:

(1) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has exceeded 50% of the Company's latest audited net assets;

(2) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has exceeded 30% of the Company's latest audited total assets;

(3) the cumulative guarantee amount in the last 12 months has exceeded 30% of the Company's latest audited total assets;

(4) a guarantee provided to a party with an asset-liability ratio of over 70% as shown in its latest financial statement;

(5) a single guarantee that exceeds 10% of the Company's latest audited net assets;

(6) the guarantee to be provided to shareholders, beneficial controllers and their related parties;

(7) other guarantees required by the laws, administrative regulations, rules, securities regulatory rules of the place where the Company's shares are listed or other regulatory documents that shall be considered by the Shareholders' general meeting.

The guarantee in item (3) of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

Where a director, general manager, other senior management or other personnel of the Company fails to perform the procedures for reviewing guarantees to third parties as required and signs a guarantee contract without authorization, the parties concerned shall be held accountable.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting is convened once a year and shall be held within six months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(1) where the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in these Articles of Association;

(2) where the losses of the Company that have not been made up reach one-third of its total paid in share capital;

(3) where it is requested by a shareholder alone or shareholders together holding more than 10 percent of the Company's shares;

(4) the Board of Directors considers it necessary;

(5) the Board of Supervisors proposes that such a meeting shall be held;

(6) other circumstances conferred by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Convening of Shareholders' General Meetings

Shareholders requesting to convene an extraordinary general meeting shall follow the procedures as follows:

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Board of Supervisors to hold an extraordinary general meeting, and shall make a written request to the Board of Supervisors.

Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Supervisors fails to issue a notice of the general meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors has not convened and presided over the general meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over it on their own.

Where the Board of Supervisors or shareholders decide to convene a Shareholders' general meeting by themselves, they shall notify the Board of Directors in writing and file with the SZSE at the same time. Prior to the announcement of the resolution of the Shareholders' general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Board of Supervisors or the convening shareholders shall submit relevant supporting materials to the SZSE when issuing the notice of the general meeting and the announcement of the resolutions of the Shareholders' general meeting.

The expenses necessary for the Shareholders' general meeting convened by the Board of Supervisors or the shareholders themselves shall be borne by the Company.

The Shareholders' general meeting shall be chaired by the chairman. When the chairman is unable to perform his duties or fails to perform his duties, the chairman shall be presided over by a director jointly elected by more than half of the directors.

The Shareholders' general meeting convened by the Board of Supervisors shall be presided over by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable to perform his duties or has failed to perform his duties, a Supervisor elected by more than half of the Supervisors shall preside over the meeting. Shareholders may convene the meeting themselves and a representative nominated by the convener shall preside over the meeting. When the Shareholders' general meeting is held and the chairman of the meeting violates the rules of procedures which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman of the meeting, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting.

Notice of Shareholders' General Meeting

The convener shall notify all Shareholders by way of announcement 21 days prior to the convening of the annual general meeting, and each Shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting. The date of the meeting shall not be included in the calculation of the commencement period.

The notice of a Shareholders' general meeting shall include the following:

(1) the time, place and duration of the meeting;

(2) matters and proposals submitted to the meeting for consideration;

(3) in plain language: all Shareholders have the right to attend the general meeting of shareholders, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

(4) the shareholding registration date of the Shareholders entitled to attend the general meeting;

(5) name and telephone number of the permanent contact person for conference affairs;

(6) voting time and voting procedures on the Internet or in other ways.

The notice and supplementary notice of the Shareholders' general meeting shall fully and completely disclose all the specific contents of all proposals. Where an independent non-executive director is required to express opinions on matters to be discussed, the opinions and reasons of the independent non-executive directors shall be disclosed at the same time when the notice of Shareholders' general meeting and the supplementary notice are issued.

Proposals at Shareholders' General Meetings

The Board of Directors, the Board of Supervisors and Shareholders who individually or jointly hold more than 3% of the shares of the Company shall have the right to put forward proposals to the Company. Shareholders who individually or collectively hold more than 3% of the shares of the Company may submit an interim proposal in writing to the convener 10 days prior to the convening of the Shareholders' general meeting. The convener shall issue a supplementary notice of the Shareholders' general meeting within 2 days after receiving the proposal, and announce the contents of the interim proposal. Where the Shareholders' general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed due to the issuance of a supplementary notice of the Shareholders' general meeting, the convening of the Shareholders' general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Proxy for the Shareholders' General Meeting

A shareholder may attend and vote at the shareholders' general meeting in person or by proxy.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their personal identity cards and the proxy statements from the shareholder.

Corporate shareholders shall be represented by its legal representative or proxies authorized by the legal representative. Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative. Proxies authorized to attend the meeting shall present their personal identity cards or the written proxy statement legally issued by the legal representative of the legal person shareholder, except for shareholders who are a recognized clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the company are listed (hereinafter referred to as the "Recognized Clearing House") or its proxy.

If the shareholder is a Recognized Clearing House, the Recognized Clearing House may authorize one or more persons it deems fit to act as its proxy at any general meeting or any meeting of creditors; however, if more than one person is authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized may act on behalf of the Recognized Clearing House (or its proxies) (no shareholding voucher, notarized authorization and/or further evidence to the duly authorization is required) as if such person were an individual shareholder of the Company.

If the power of attorney is signed by another person authorized by the principal, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document, together with the instrument appointing the voting proxy, shall be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting.

If the principal is a legal person, its legal representative or the person authorized by a resolution of the Board or other decision-making body shall attend the shareholders' general meeting of the Company as the representative of such legal person.

The power of attorney issued by a shareholder to appoint another person to attend a general meeting shall contain the following particulars:

(I) name of the proxy;

(II) with or without voting rights;

(III) instructions to vote for, against or abstain from voting on each matter to be considered that are included on the agenda of the shareholders' general meeting, respectively;

(IV) date of issuance and date of expiry of the power of attorney;

(V) signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed.

The power of attorney should state whether the proxy may vote as he/she wishes if the shareholder does not give specific instructions. If no such instruction is given, it is deemed that the proxy of the shareholder may vote as he/she wishes.

Voting at the Shareholders' General Meeting

Resolutions at shareholders' general meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution at a shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies). A special resolution at a shareholders' general meeting shall be passed by at least two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting (including proxies).

Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote. On a poll, Shareholders (including proxies) with two or more votes need not use all their voting rights in the same way. Where material issues affecting the interests of minority shareholders are considered at the shareholders' general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner. The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the shareholders' general meeting.

Where a related party transaction is considered at a shareholders' general meeting, the interested shareholder(s) shall abstain from voting, and the voting shares held by the interested shareholder(s) shall not be counted in the total number of voting shares. The announcement on the resolutions of the shareholders' general meeting shall fully disclose the voting of the non-interested shareholders.

If any shareholder, under applicable laws and regulations and Hong Kong Stock Exchange Listing Rules of the Hong Kong Stock Exchange, is required to abstain from voting on any particular matter being considered or is restricted to voting only for or only against any particular matter being considered, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

If a shareholder purchases shares with voting rights of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' general meeting for thirty-six months after the purchase.

The Board of Directors, independent non-executive Directors, shareholders holding more than one per cent of the shares with voting rights or investor protection agencies established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall provide full disclosure of information such as specific voting intentions to the solicited person. The solicitation of shareholders' voting rights by way of remuneration or disguised remuneration is prohibited. Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

The following matters shall be passed by ordinary resolutions at the shareholders' general meeting:

(I) work reports of the Board of Directors and the Board of Supervisors;

(II) plans for the distribution of profits and for recovery of losses proposed by the Board;

(III) the election and removal of the members of the Board of Directors and the Board of Supervisors who are not staff representatives, and their remuneration and payment method;

(IV) the annual financial budget and final account report of the Company;

(V) the annual report of the Company;

(VI) Any other matters other than those shall be passed by special resolutions as required by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed, or the Articles of Association.

The following matters shall be passed as special resolutions of a shareholders' general meeting:

(I) the increase or reduction of the registered capital of the Company;

(II) the division, spin-off, merger, dissolution and liquidation of the Company or change of company form;

(III) any amendment to the Articles of Association;

(IV) purchase or sale of significant assets within a year or guarantee which exceeds 30% of the Company's audited total assets for the latest period;

(V) share option incentive plan;

(VI) adjustments to the profit distribution policy;

(VII) any other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, which have a significant impact on the Company if to be passed by an ordinary resolution of a shareholders' general meeting and which are deemed necessary to be passed as a special resolution.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors of the Company may include executive Directors, non-executive Directors and independent non-executive Directors. Non-executive Directors refer to Directors who do not hold management positions in the Company. The qualification, nomination, election procedures and powers of independent non-executive Directors and other related matters shall be implemented in accordance with laws and relevant requirements of the CSRC and the stock exchange of the place of listing.

Directors shall be elected or replaced at a shareholders' general meeting, and can be removed by a shareholders' general meeting before the expiry of the term of office. Directors' term of office shall be three years, and upon expiry of the term of office, the Director may be re-elected in accordance with securities regulatory rules of the place where the Company's shares are listed.

The term of office of a Director shall be from the date of appointment to the expiry of term of office of the current Board. Where re-election is not promptly carried out upon expiry of the term of office of a Director, prior to appointment of a new Director, the original Director shall continue to carry out director duties pursuant to the provisions of laws, administrative regulations, ministry rules and the Articles of Association. The general manager or any other senior management may hold the position of Director concurrently, but the aggregate number of Directors who hold the position of general manager or any other senior management position concurrently shall not exceed half of the total number of Directors of the Company.

A Director may resign prior to expiry of his/her term of office. A resigning Director shall submit a written resignation report to the Board of Directors. The Board of Directors shall disclose the relevant information within two days. Where the resignation of the Director will render the number of Directors to fall below the statutory quorum or absence of accounting professional among the independent non-executive Directors, the original Director shall continue to perform director duties pursuant to the provisions of laws, administrative regulations, ministry rules and the Articles of Association prior to appointment of his/her replacement. The resignation of the Director shall take effect upon the election of a Director in place of the leaving Director.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman shall be elected by more than one half of all Directors.

The Chairman shall exercise the following functions and powers:

(I) to preside over shareholders' general meetings and to convene and to preside over Board meetings;

(II) to supervise and inspect the implementation of Board resolutions;

(III) to sign the documents of the Board and other documents which shall be signed by the legal representative of the Company;

(IV) to exercise the functions and powers as a legal representative;

(V) in case of emergency of catastrophic natural disasters and other force majeure, to exercise the special right of disposal that is in line with the requirements of laws and interests of the Company on the matters of the Company, and report to the Board and the shareholders' general meeting afterwards; and

(VI) to exercise other functions and powers conferred by the Board.

Where the Chairman is unable or fails to perform his/her duties, more than one half of the Directors shall elect a Director to discharge such duties.

Board of Directors

The Company shall establish a Board of Directors, which shall comprise seven Directors. The Board of Directors has one Chairman.

The Board of Directors shall be accountable to the shareholders' general meetings and shall exercise the following functions and powers:

(I) to convene shareholders' general meetings, and submit work reports to shareholders' general meetings;

(II) to implement the resolutions of shareholders' general meetings;

(III) to resolve on the Company's business plans and investment plans;

(IV) to formulate the Company' annual financial budgets and final accounting plans;

(V) to formulate the Company's profit distribution plan and plan for making up of losses;

(VI) to formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;

(VII) to formulate the Company's plans for significant acquisition, acquisition of the Company's shares (due to circumstances provided in items (I) and (II) of Article 24 of the Articles of Association) or merger, division, dissolution and change of company form;

(VIII) subject to compliance with securities regulatory rules of the place where the Company's shares are listed, to decide on the acquisition of the Company's shares (due to circumstances provided in items (III), (V) and (VI) of Article 24 of the Articles of Association);

(IX) to decide, within the scope of the mandate granted by a shareholders' general meeting, on the Company's external investments, acquisition and sale of assets, mortgage of assets, external guarantees, entrusted wealth management, related party transactions, external donations, etc;

(X) to decide on the establishment of the Company's internal management organisations and branches;

(XI) to decide on the appointment or dismissal of the general manager, secretary to the Board and other senior management members of the Company, and to decide on their remunerations, incentives and penalties; to decide on the appointment or dismissal of senior management members such as the deputy general manager or person-in-charge of finance of the Company based on the nominations by the general manager, and to decide on their remunerations, incentives and penalties;

(XII) to formulate and amend the basic management system of the Company;

(XIII) to formulate the proposals for any amendment to the Articles of Association;

(XIV) to manage information disclosure of the Company;

(XV) to propose to a shareholders' general meeting on appointment or change of the accounting firms which provide audit services to the Company;

(XVI) to listen to work reports of the general manager of the Company and inspect his/her work; and

(XVII) any other functions and powers stipulated by laws, administrative regulations, ministry rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Meetings of the Board of Directors shall be classified into regular meetings and extraordinary meetings. The Board of Directors shall convene at least four meetings every year and the Chairman shall convene the Board meetings. A written notice of a regular meeting of the Board of Directors shall be served 14 days before the meeting on all Directors and Supervisors.

Any shareholder(s) holding 1/10 or more of the voting rights, one-third or more of the Directors or the Board of Supervisors may propose the holding of an extraordinary meeting of the Board. The Chairman shall convene and preside over a Board meeting within 10 days from receipt of such proposal.

The notice of an extraordinary meeting of the Board shall be served by telephone and written notice (including personal delivery, post, fax and e-mail). Notice of the meeting shall be served on all Directors three days before the date of the meeting. In case of an emergency, with the unanimous consent of all Directors, the convening of an extraordinary meeting of the Board may not be limited by the aforementioned notice period, but this shall be recorded in the minutes of the Board meeting and signed by all the Directors in attendance.

The Board meeting shall be held upon the attendance of more than half of Directors. Resolutions made by the Board of Directors must be passed by more than half of all Directors of the Company. Voting on the resolutions of the Board of Directors shall be conducted on a one-person-one-vote basis.

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself/herself or on behalf of another Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than three, the issue shall be submitted to the shareholders' general meeting for consideration. If there are any additional restrictions on Directors' participation in and voting at Board meetings in accordance with laws and regulations and the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

Directors shall attend Board meetings in person. If any Director cannot attend the meeting for any reason, he/she may authorize in writing another Director to act on his/her behalf. The power of attorney shall set out the name of the proxy, the matters represented, scope of authorization and validity period, and shall be signed or sealed by the appointing Director. The appointed Director who attends the meeting shall exercise the Director's duties within the scope of authorization. If a Director does not attend a Board meeting in person and does not appoint a proxy to attend the meeting, he/she shall be deemed to have waived the voting rights at the meeting.

Special Committees under the Board

The Company has established the audit committee, the remuneration and appraisal committee, the nomination committee, the strategy committee and the risk management committee under the Board of Directors according to the actual situation and needs.

The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors. The proposals shall be submitted to the Board of Directors for consideration and approval. All members of the special committees are composed of Directors, among which the number of independent non-executive Directors shall be the majority of the audit committee, remuneration and appraisal committee and nomination committee, and they shall act as the chairman of the committees. The chairman of the audit committee shall be an accounting professional. The Board of Directors is responsible for formulating the working procedures of the special committees and regulating their operations.

Secretary to the Board

The Company shall have a secretary to the Board, and shall be responsible for the preparation of the shareholders' general meeting and Board meeting, document keeping and management of information regarding the shareholders of the Company and other matters, and shall deal with information disclosure and other matters. The secretary to the Board shall comply with the relevant provisions of the laws, administrative regulations, departmental rules and the Articles of Association.

General Manager and Other Senior Management Members

The Company shall have one general manager, who shall be appointed or dismissed by the Board. The Company shall have several deputy general managers, one (1) financial officer and several other senior management members recognized by the Board. Their appointment and dismissal are to be nominated by the general manager for approval by the Board.

The general manager, deputy general managers, financial officer, secretary to the Board of Directors and other senior management members recognized by the Board are senior management members of the Company. A Director may serve concurrently as the general manager, deputy general manager, financial officer or other member of the senior management.

The term of office of the general manager and other member of the senior management shall be three (3) years, renewable upon re-appointment.

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

(I) to be in charge of the Company's production, operation and management, and to organize and implement the resolutions of the Board of Directors and report on works to the Board of Directors;

(II) to organize and implement the Company's annual business plan and investment proposals;

(III) to draft plans for the establishment of the Company's internal management organizations;

(IV) to draft the Company's basic management system;

(V) to formulate specific rules and regulations for the Company;

(VI) to propose to the Board of Directors on the appointment or dismissal of deputy general manager and financial officer of the Company;

(VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(VIII) to approve transactions and related party transactions that are not subject to consideration and approval by the shareholders' general meeting and the Board of Directors, but where there are relevant provisions of laws, regulations and regulatory authorities, such provisions shall prevail;

(IX) Other functions and powers stipulated in the general manager's work rules;

(X) other functions and powers conferred by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors.

Senior management members shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If any senior management member causes damage to the interests of the Company and its public shareholders due to failure in faithfully performing their duties or violation of his/her fiduciary duties, he/she shall be liable for compensation in accordance with laws.

SUPERVISORS AND BOARD OF SUPERVISORS

Supervisors

The Board of Supervisors shall include shareholder representatives and employee representatives, the ratio of employee representatives shall not be less than one-third of all Supervisors. The employee representatives sitting on the Board of Supervisors shall be elected by the employees through the employee representative congress, employee congress or any other democratic form.

Each Supervisor shall serve for a term of three years. Upon expiry of the term, the Supervisor may be re-appointed upon re-election. The Directors, general manager and other senior management members shall not act concurrently as Supervisors.

Supervisors may be in attendance at Board meetings, and raise questions or suggestions pertaining to Board resolutions.

Supervisors shall comply with laws, administrative regulations and the Articles of Association and bear fiduciary obligations and diligence obligations towards the Company. They shall not abuse their authority to accept bribes or other illegal income and shall not misappropriate the properties of the Company.

Board of Supervisors

The Company shall have a Board of Supervisors. The Board of Supervisors shall consist of five Supervisors and one chairman. The chairman of the Board of Supervisors shall be elected by a simple majority of all Supervisors. The meetings of the Board of Supervisors shall be presided over and chaired by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, such meeting shall be convened and presided over by a Supervisor nominated by not less than half of the Supervisors.

The Board of Supervisors shall exercise the following functions and powers:

(I) to examine regular reports prepared by the Board of Directors and propose written examination suggestions;

(II) to review the Company's financial position;

(III) to supervise the Directors and senior management members' acts in performing their duties in the Company, and to propose a removal of any Director or senior management member in violation of any laws, administrative regulations, the Articles of Association or resolutions adopted at the shareholders' general meeting;

(IV) to demand any Director or senior management member who acts in a manner which is harmful to the Company's interest to rectify such behaviour;

(V) to propose to convene an extraordinary general meeting, and to convene and preside over shareholders' general meetings where the Board of Directors fails to perform its duty to do so as required by the Company Law;

(VI) to submit proposals to shareholders' general meetings;

(VII) to initiate legal proceedings against any Director or senior management member according to Article 151 of the Company Law;

(VIII) to investigate into unusual operation of the Company and if necessary, to engage an accounting firm, a law firm or other professional institutions to assist in its work at the expenses of the Company;

(IX) other functions and powers stipulated in the Articles of Association or conferred by the shareholders' general meetings.

Meetings of the Board of Supervisors

The Board of Supervisors shall convene a meeting at least once every six months. Supervisors may propose to convene extraordinary meetings of the Board of Supervisors. Resolutions of the Board of Supervisors shall be passed by more than half of the members of the Board of Supervisors.

QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

A person may not serve as a Director, Supervisor, general manager or other member of senior management of the Company in any of the following circumstances:

(I) a person who has no or restricted capacity for civil conduct;

(II) a person who has committed an offense of corruption, bribery, infringement of property, misappropriation of property or disruption of the socialism economic order and has been punished because of committing such offense where less than five years have lapsed following the completion of the implementation of the punishment; or who has been deprived of his/her political rights for committing an offense where less than five years have lapsed following such deprivation;

(III) a person who is a former director, factory manager or president of a company or enterprise which has entered into insolvent liquidation and is personally liable for the insolvency of such company or enterprise, where less than three years have lapsed following the date of the completion of the insolvency and liquidation of such company or enterprise;

(IV) a person who is a former legal representative of a company or enterprise which had its business license revoked or had been ordered to close down due to violation of the laws and has incurred personal liability, where less than three years have lapsed since the date of the revocation of such business license;

(V) a person who has a relatively large amount of debt due and outstanding;

(VI) a person who is currently being prohibited from participating in the securities market by the China Securities Regulatory Commission as unfit to serve as a director, supervisor or senior management member of listed companies and such barring period has not elapsed;

(VII) a person who has been publicly determined by the stock exchange as unfit to serve as a director, supervisor or senior management member of listed companies, with the term yet to be expired;

(VIII) any other circumstances stipulated by laws, administrative regulations, securities regulatory rules or departmental rules of the place where the Company's shares are listed.

If any of the circumstances described in (I) to (VI) of the first paragraph above occurs to a Director of the Company during his/her term of office or an independent non-executive Director fails to meet the requirements of independence during his/her term of office, the relevant Director shall immediately cease to perform his/her duties and be removed from his/her position by the Company in accordance with the corresponding regulations. If any of the circumstances described in (VII) and (VIII) of the first paragraph above occurs to a Director of the Company during his/her term of office, the Company shall remove him/her from his/her position within 30 days from the date of the occurrence of such circumstance. Unless otherwise provided by the Stock Exchanges.

If the relevant Director shall be removed from office but is not removed, and he/she attends and votes at the meetings of the Board of Directors and its special committees, or the special meeting of independent non-executive Directors, his/her vote shall be void.

Where a Director, Supervisor, general manager and other senior management members of the Company has direct or indirect material interest with the contracts, transactions or arrangements (except the employment contracts between the Company and its Directors, Supervisors, general manager and other senior management members) signed or planned by the Company, such person shall notify the Board of Directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the Board of Directors.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors, Supervisors and senior management members or shareholders holding 5% or more of the Company's shares within six (6) months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six (6) months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the abovementioned parties. However, a securities company which holds 5% or more of the Company's shares as a result of its undertaking of the untaken shares in an offer, and other circumstances stipulated by the CSRC are excluded. If the listing rules of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the provisions stipulated by the relevant authorities of the PRC. The Company shall adopt the Gregorian calendar year for its fiscal year, i.e. the fiscal year shall be from January 1 to December 31.

The Company shall submit and disclose its annual reports to the CSRC and the stock exchange in the place where the Company's shares are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company's shares are listed within two months from the end of the first half of each fiscal year.

The aforesaid annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations and requirements of the CSRC and the stock exchange in the place where the Company's shares are listed.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

The Company is required to allocate 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required. Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund. After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital, but capital reserve fund shall not be used for making up the Company's losses. When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

The Company shall distribute profits in cash, shares, in a way integrating cash and shares or other ways permitted by laws. Such distribution shall not exceed the amount of the accrued distributable profits and shall in no way prejudice the Company's sustainability of operation. The profits distributed in cash in any fiscal year by the Company shall be no less than 10% of the distributable profits sustained in the same year.

The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

INTERNAL AUDIT

The Company has implemented an internal audit system and established the internal audit department equipped with full-time auditors to conduct internal audit and supervision on the Company's financial revenues and expenditures and economic activities.

The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board. The person in charge of audit shall be accountable and report to the Board.

APPOINTMENT OF ACCOUNTING FIRM

The Company shall appoint such accounting firm which has complied with the Securities Law for carrying out the audit for the accounting statements, net asset verification and other relevant consultancy services. The term of appointment is one (1) year and can be re-appointed.

The appointment of accounting firm by the Company shall be subject to the approval of the shareholders' general meetings. The Board of Directors may not appoint accounting firm before the approval of the shareholders' general meeting.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fees of an accounting firm shall be determined at the shareholders' general meeting.

If the Company removes or no longer re-appoints the accounting firm, it shall notify such accounting firm fifteen (15) days in advance. When shareholders vote for the removal of such accounting firm, such accounting firm shall be entitled to state its opinions at the shareholders' general meeting.

Where the accounting firm resigns its office, it shall make clear to the shareholders' general meeting whether or not there are irregularities in the Company.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION OF THE COMPANY

Merger of the Company may take the form of absorption or establishment of a new company.

In the case of merger by absorption, a company absorbs any other company and the absorbed company shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and dissolution of the merger parties.

In the event of a merger, the merger parties shall enter into a merger agreement, and formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days from passing of the resolution on merger, and make an announcement within 30 days on the *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily* and the websites of CNINFO (**http://www.cninfo.com.cn**) and Hong Kong Stock Exchange (**www.hkexnews.hk**) as designated by the Company. Creditors may require the Company to repay the debts or to provide the corresponding guarantee within 30 days from receipt of notification or within 45 days from the date of announcement if they do not receive notification.

At the time of merger, the claims and debts of the merger parties shall be succeeded by the company which subsists after the merger or the newly-established company.

When the Company undergoes a division, its assets shall be divided accordingly.

In the event of a division, a balance sheet and an inventory list for assets shall be prepared. The Company shall notify its creditors within 10 days from passing of the resolution on division, and make an announcement within 30 days on the *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily* and the websites of CNINFO (**http://www.cninfo.com.cn**) and Hong Kong Stock Exchange (**www.hkexnews.hk**) as designated by the Company.

The debts of the Company prior to the division shall be assumed jointly and severally by the companies arising from the division, unless provided otherwise in a written agreement reached by the Company and the creditors in respect of repayment of the debts prior to the division.

Where the Company needs to reduce its registered capital, it shall formulate a balance sheet and an inventory list for assets.

The Company shall notify its creditors within 10 days from passing of the resolution on reduction of registered capital, and make an announcement within 30 days on the *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily* and the websites of CNINFO (**http://www.cninfo.com.cn**) and Hong Kong Stock Exchange (**www.hkexnews.hk**) as designated by the Company. The creditors shall have the right to require the Company to repay the debts or to provide the corresponding guarantee within 30 days from receipt of notification or within 45 days from the date of announcement if they do not receive notification.

The reduced registered capital of the Company shall not be lower than the minimum statutory amount.

In the event of change in registration matters due to merger or division, the Company shall complete change registration formalities with the company registration authority pursuant to the law; where the Company is dissolved, the Company shall apply for deregistration pursuant to the law; where a new company is established, company establishment formalities shall be completed pursuant to the law.

If the Company increase or reduce its registered capital, the Company shall complete change registration formalities with the company registration authority pursuant to the law.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

(I) expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;

(II) A shareholders' general meeting has resolved on dissolution of the Company;

(III) dissolution is required due to the merger or division of the Company;

(IV) the Company's business licence is cancelled or the Company is ordered to be closed down or deregistered pursuant to the law; or

(V) where the Company has serious difficulties in its business management that cannot be resolved through any other means, and its subsistence will cause serious damages to the interests of its shareholders, the shareholders who hold 10% or more of the total voting rights of the Company may apply to the people's court for dissolution of the Company.

Where the Company is dissolved pursuant to items (I), (II), (IV) or (V) above, it shall establish a liquidation committee for liquidation within 15 days after the dissolution circumstance arises. The members of the liquidation committee shall be determined by Directors or the shareholders' general meeting. If the liquidation committee is not duly set up within the specified period, the creditors may request the people's court to designate related persons to form a liquidation committee to carry out liquidation.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

(I) to liquidate the Company's assets and compile a balance sheet and a property inventory separately;

(II) to inform creditors by notice or announcement;

(III) to deal with the outstanding businesses of the Company relating to liquidation;

(IV) to pay off the taxes owed and the taxes arising during liquidation;

(V) to clear credits and debts;

(VI) to dispose of the remaining assets of the Company after all the debts are paid off;

(VII) to participate in civil proceedings on behalf of the Company.

The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, Juchao Information Website (**http://www.cninfo.com.cn**) and HKExnews Website (**www.hkexnews.hk**) within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.

The creditors shall explain matters relating to their rights and provide relevant evidential documents.

The liquidation committee shall register the creditor's rights. The liquidation committee shall not pay off any debts to any creditors during the period of declaration of creditor's rights.

After the liquidation committee has liquidated the assets of the Company and has compiled a balance sheet and a property inventory, it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or the People's Court for confirmation.

The Company's assets shall be used respectively for payment of liquidation expenses, employees' wages, social security premiums and statutory compensation, and payment of tax in arrears and the Company's debts; the residual assets thereafter shall be distributed in accordance with the shareholding type and percentage of the shareholders.

During the liquidation period, the Company shall subsist but shall not engage in business activities unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

After the liquidation committee has liquidated the assets of the Company and compiled a balance sheet and a property inventory, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court for declaration of bankruptcy of the Company.

Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the People's Court all matters relating to the liquidation.

Following the completion of the liquidation of the Company, the liquidation committee shall formulate a liquidation report, submit it to the shareholders' general meeting or the People's Court for confirmation, deliver it to the company registry, apply for the cancellation of the Company's registration and publicly announce the Company's termination.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

(I) Following the revision of the Company Law or relevant laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed, the matters stipulated in the Articles of Association contradict the provisions of the revised laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed;

(II) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association; or

(III) A Shareholders' General Meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' general meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

SETTLEMENT OF DISPUTES

The Company shall comply with the following principles for settlement of disputes:

(I) For all disputes or claims in connection with the Company's affairs arising between the shareholders of H shares and the Company, between the shareholders of H shares and the Directors, Supervisors, general manager and senior management of the Company with respect to the rights and obligations specified in these Article of Associations, the Company Law, and other pertinent laws and administrative regulations, the parties concerned shall submit such disputes or claims for settlement by arbitration.

When submitted for arbitration, the above disputes or claims shall be the entirety of the claims or entirety of the disputes. All persons with cause of action for the same origin of particulars or all necessary participants to such disputes or claims, if they are the Company or the shareholders, Directors, Supervisors, general manager or senior management of the Company, shall obey the arbitration.

Disputes concerning the definition of shareholders and the register of shareholders are not required to be settled by arbitration.

(II) Arbitration applicants may select China International Economic and Trade Arbitration Commission to carry out the arbitration in accordance with its arbitration rules or choose Hong Kong International Arbitration Center to carry out the arbitration in accordance with its securities arbitration rules. After an arbitration applicant submit a dispute or claim for arbitration, the other party must accept arbitration at the arbitration organization chosen by the applicant.

If an arbitration applicant chooses Hong Kong International Arbitration Center for arbitration, either party to such dispute or claim may require arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of Hong Kong International Arbitration Centre.

(III) The arbitration proceedings in connection with any dispute or claim specified in item (I) shall be governed by the laws of the People's Republic of China (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan), unless otherwise specified in laws and administrative regulations.

(IV) The arbitration award issued by the arbitration institution shall be final and binding upon each party to the dispute or claim.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was established under the PRC laws under the name of Maanshan Dingtai Rare Earth & New Materials Co., Ltd.* (馬鞍山鼎泰稀土新材料股份有限公司) on May 22, 2003 and was converted to a joint stock company on October 22, 2007 and listed on the SZSE in February 2010. As part of the Material Asset Restructuring, on December 26, 2016, our Company acquired 100% of the share equity of SF Taisen (then under the company name of SF Holding (Group) Co., Limited* (順豐控股(集團)股份有限公司)) with the consideration of (i) transferring all the assets and liabilities of our Company as of December 31, 2015 to SF Taisen; and (ii) the issuance of an aggregate of 3,950,185,873 A Shares by our Company to all the then shareholders of SF Taisen on January 18, 2017, with the approval of CSRC. In February 2017, our Company was renamed to S.F. Holding Co., Ltd. (順豐控股股份有限公司). For further details of the Material Asset Restructuring, see "History, Development and Corporate Structure — Major Share Capital Changes of our Company — Material Asset Restructuring in 2016 and our A Share listing on the SZSE in 2017" in this prospectus.

Our registered office is located at 3/F, Complex Building, SF South China Transit Center, No. 1111, Hangzhan 4th Road, Shenzhen Airport, Caowei Community, Hangcheng Sub-district, Bao'an District, Shenzhen, PRC. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 2, 2023 and our principal place of business in Hong Kong is at 9/F, Asia Logistics Hub-SF Centre, No. 36 Tsing Yi Hong Wan Road, Tsing Yi, Hong Kong. Mr. SHUM Tze Leung is the authorized representative of the Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" in this prospectus and Appendix III to this prospectus respectively.

B. Changes in Share Capital of our Company

Save as disclosed below, there has been no alteration in our total issued share capital within the two years immediately preceding the date of this prospectus.

As approved by the second extraordinary Shareholders' meeting in 2021 on March 2, 2021, and with the approvals obtained from the CSRC on May 31, 2021 and August 25, 2021 respectively, 349,772,647 A Shares were issued and listed on the SZSE on November 19, 2021. The total issued share capital of our Company was then increased from RMB4,556,440,455 comprising 4,556,440,455 A Shares of nominal value of RMB1.00 each to RMB4,906,213,102 comprising 4,906,213,102 A Shares of nominal value of RMB1.00 each.

As approved by the twenty-first meeting of the fifth session of the Board on January 26, 2022 and the first extraordinary Shareholders' meeting in 2022 on February 11, 2022, 11,010,729 A Shares repurchased by our Company in 2019 under a repurchase mandate for employee share incentive scheme were canceled in April 2022. The total issued share capital of our Company was then decreased from RMB4,906,213,102 comprising 4,906,213,102 A Shares of nominal value of RMB1.00 each to RMB4,895,202,373 comprising 4,895,202,373 A Shares of nominal value of RMB1.00 each.

A repurchase mandate for the repurchase of A Shares for the purpose of the Company's employee share incentive scheme was approved by the twenty-second meeting of the fifth session of the Board on March 2, 2022. As of September 1, 2022, the repurchase of A Shares was completed under the repurchase mandate with a total of 38,797,055 A Shares repurchased pursuant to transactions conducted between March 3, 2022 and September 1, 2022, at an average price of RMB51.54 per A Share. The repurchased A Shares are held under the Company stock repurchase account and do not carry any right or entitlement to profit sharing, capitalization of reserves, allotment of share and bonus issue, share pledge, voting on Shareholders' meetings. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be canceled. As approved by the twelfth meeting of the sixth session of the Board on March 26, 2024 and by the annual general meeting of Shareholders held on 30 April, 2024, the purpose of the repurchase mandate for the remaining 30,376,862 repurchased A Shares shall be revised as for cancellation and for reduction of the Company's registered capital.

A repurchase mandate for the repurchase of A Shares for the purpose of the Company's employee share incentive scheme was approved by the twenty-eighth meeting of the fifth session of the Board on September 22, 2022. As of September 21, 2023, the repurchase of A Shares was completed under the repurchase mandate with a total of 20,674,084 A Shares repurchased pursuant to transactions conducted between October 31, 2022 and August 10, 2023, at an average price of RMB48.39 per A Share. The repurchased A Shares are held under the Company stock repurchase account and do not carry any right or entitlement to profit sharing, capitalization of reserves, allotment of share and bonus issue, share pledge, voting on Shareholders' meetings. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be canceled. As approved by the twelfth meeting of the sixth session of the Board on March 26, 2024 and by the annual general meeting of Shareholders held on 30 April, 2024, the purpose of the repurchase mandate for the 20,674,084 repurchased A Shares shall be revised as for cancellation and for reduction of the Company's registered capital.

A repurchase mandate for the repurchase of A Shares for the purpose of the Company's employee share incentive scheme to be adopted was approved by the eleventh meeting of the sixth session of the Board on January 30, 2024. As of April 26, 2024, the repurchase of A Shares was completed under the repurchase mandate with a total of 28,240,207 A Shares repurchased pursuant to transactions conducted between January 31, 2024 and April 26, 2024, at an average price of RMB35.41 per A Share. The repurchased A Shares are held under the Company stock repurchase account and do not carry any right or entitlement to profit sharing, capitalization of reserves, allotment of share and bonus issue, share pledge, voting on Shareholders' meetings. As approved by the twelfth meeting of the sixth session of the Board on March 26, 2024 and by the annual general meeting of Shareholders held on 30 April, 2024, the purpose of the repurchase mandate for the 28,240,207 repurchased A Shares shall be revised as for cancellation and for reduction of the Company's registered capital.

A repurchase mandate for the repurchase of A Shares for the purpose of the Company's employee share incentive scheme to be adopted was approved by the thirteenth meeting of the sixth session of the Board on April 29, 2024. The repurchase mandate will be valid for 12 months from the date it is approved by the Board. As of October 31, 2024, a total of 20,771,358 A Shares were repurchased at an average price of RMB36.49 per A Share pursuant to transactions conducted since April 30, 2024. Any repurchased A Shares not granted to employees within 36 months after the completion of the repurchase shall be canceled.

An aggregate of 79,291,153 A Shares repurchased by our Company were canceled on June 20, 2024. The total issued share capital of our Company was decreased from RMB4,895,202,373 comprising 4,895,202,373 A Shares of nominal value of RMB1.00 each to RMB4,815,911,220 comprising 4,815,911,220 A Shares of nominal value of RMB1.00 each.

As of the Latest Practicable Date, due to the exercise of options by grantees under the 2022 Stock Option Incentive Plan (defined below), the total issued share capital of our Company was increased from RMB4,815,911,220 comprising 4,815,911,220 A Shares of nominal value of RMB1.00 each to RMB4,816,186,983 comprising 4,816,186,983 A Shares of nominal value of RMB1.00 each.

C. Changes in Share Capital of our Major Subsidiaries

We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this prospectus. For details, see "Waivers and Exemptions — Particulars of Any Alterations of Capital and Authorized Debentures" in this prospectus.

The following alterations in the registered capital of our major subsidiaries have taken place within the two years preceding the date of this prospectus:

(1) SF Holding (HK)

The share capital of SF Holding (HK) was reduced from HK$8,346,998,482.21 to HK$8,301,283,983.85 on January 12, 2024.

(2) SF Taisen

The registered share capital of SF Taisen was increased from RMB2,010,000,000 to RMB2,020,000,000 on December 8, 2022, and was further increased to RMB5,000,000,000 on December 15, 2023.

(3) Shenzhen Fengtai E-commerce Industrial Park Asset Management Co., Ltd.* (深圳市豐泰電商產業園資產管理有限公司)

The registered share capital of Shenzhen Fengtai E-commerce Industrial Park Asset Management Co., Ltd.* (深圳市豐泰電商產業園資產管理有限公司) was increased from RMB8,510,000,000 to RMB9,530,000,000 on June 7, 2023 and was further increased to RMB9,530,010,000 on October 30, 2024.

(4) Shenzhen SF Intra-city Logistics Co., Ltd.* (深圳市順豐同城物流有限公司)

The registered share capital of Shenzhen SF Intra-city Logistics Co., Ltd.* (深圳市順豐同城物流有限公司) was increased from RMB3,220,000,000 to RMB3,420,000,000 on July 11, 2023.

(5) S.F. Holding Group Finance Co., Limited* (順豐控股集團財務有限公司)

The registered share capital of S.F. Holding Group Finance Co., Limited* (順豐控股集團財務有限公司) was increased from RMB1,000,000,000 to RMB2,500,000,000 on October 19, 2023.

(6) SF Intra-city

The registered share capital of SF Intra-city was increased from RMB802,276,907 to RMB933,457,707 on February 24, 2023.

(7) Shenzhen S.F. Freight Corporation* (深圳順豐快運股份有限公司)

The registered share capital of Shenzhen S.F. Freight Corporation* (深圳順豐快運股份有限公司) was decreased from RMB1,695,000,000 to RMB1,230,000,000 on September 3, 2024.

(8) TREND POWER INVESTMENTS LIMITED (興威投資有限公司)

The registered share capital of TREND POWER INVESTMENTS LIMITED (興威投資有限公司) was increased from US$10,000,000 to US$12,500,000 on December 31, 2023.

D. Resolutions Passed by Our Shareholders in Relation to the Global Offering

At the extraordinary general meeting of our Shareholders held on August 17, 2023, the following resolutions, among other things, were duly passed:

(a) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(b) the number of H Shares to be issued shall be up to 10% of the total share capital of our Company upon completion of the Global Offering and before any exercise of the Over-allotment Option, and the grant of the Over-allotment Option in respect of no more than 15% of the number of H Shares initially issued pursuant to the Global Offering;

(c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the Global Offering, the issue of the H Shares and the Listing; and

(d) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date; and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this prospectus which are or may be material:

(a) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, Oaktree Capital Management, L.P., Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$25,000,000;

(b) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, Wise Honest Limited, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$25,000,000;

(c) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, WT ASSET MANAGEMENT LIMITED, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$25,000,000;

(d) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, Pacific Asset Management Co., Limited (太平洋資產管理有限責任公司), Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15,000,000;

(e) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, CPIC INVESTMENT MANAGEMENT (H.K.) COMPANY LIMITED, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$5,000,000;

(f) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, Green Better Limited, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$20,000,000;

(g) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, Infini Global Master Fund, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$20,000,000;

(h) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, Wind Sabre Fund SPC acting on behalf of and for the account of Wind Sabre Opportunities Fund SP, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$20,000,000;

(i) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, Morgan Stanley & Co. International plc, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$19,800,000;

(j) a cornerstone investment agreement dated November 15, 2024 entered into among our Company, Ghisallo Fund Master Ltd, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15,000,000;

(k) a cornerstone investment agreement dated November 18, 2024 entered into among our Company, Wisdomshire Asset Management Co., Ltd, Goldman Sachs (Asia) L.L.C., Huatai Financial Holdings (Hong Kong) Limited, J.P. Morgan Securities (Far East) Limited, J.P. Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and UBS AG Hong Kong Branch, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15,000,000; and

(l) the Hong Kong Underwriting Agreement.

B. Our Intellectual Property Rights

(a) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registration No.	Registered Owner	Class	Expiry Date
1.	顺丰	PRC	3101969	SF Taisen	39	June 6, 2033
2. . . .	顺丰航空	PRC	7844308	SF Taisen	39	March 13, 2033
3. . . .	SF SF AIRLINES 顺丰航空	PRC	7841747	SF Taisen	39	April 20, 2034
4. . . .	SF SF AIRLINES 顺豐航空	PRC	7844264	SF Taisen	39	December 27, 2031
5. . . .	SF SF AIRLINES	PRC	7844210	SF Taisen	39	March 6, 2031
6. . . .	SF AIRLINES	PRC	7841752	SF Taisen	39	January 13, 2034
7. . . .	顺丰	PRC	11843729	SF Taisen	16	May 20, 2034
8. . . .	顺丰	PRC	11836062	SF Taisen	39	May 13, 2034
9. . . .	SF EXPRESS	PRC	10996639	SF Taisen	16	January 27, 2034
10. . . .	SF EXPRESS	PRC	10996849	SF Taisen	35	September 27, 2033
11. . . .	SF EXPRESS	PRC	11003781	SF Taisen	39	November 6, 2033
12. . . .	顺丰	PRC	13809964	SF Taisen	25	March 6, 2025
13. . . .	SF	PRC	25582656	SF Taisen	25	July 20, 2028
14. . . .	SF	PRC	25577290	SF Taisen	35	July 20, 2028
15. . . .	SF EXPRESS 顺丰速运	PRC	7165332	SF Taisen	12	April 13, 2031
16. . . .	SF EXPRESS 顺丰速运	PRC	7165331	SF Taisen	16	January 6, 2034

No.	Trademark	Place of registration	Registration No.	Registered Owner	Class	Expiry Date
17. . . .	SF EXPRESS 顺丰速运	PRC	7165329	SF Taisen	25	April 13, 2031
18. . . .	SF EXPRESS 顺丰速运	PRC	7165328	SF Taisen	35	January 6, 2031
19. . . .	SF EXPRESS 顺丰速运	PRC	7165325	SF Taisen	42	April 27, 2031
20. . . .	SF EXPRESS 顺丰速运	PRC	7165326	SF Taisen	39	December 6, 2033
21. . . .	S.F. EXPRESS	PRC	7351536	SF Taisen	16	September 27, 2030
22. . . .	S.F. EXPRESS	PRC	7351563	SF Taisen	25	September 20, 2030
23. . . .	S.F. EXPRESS	PRC	7351574	SF Taisen	35	January 6, 2031
24. . . .	S.F. EXPRESS	PRC	7351615	SF Taisen	39	January 20, 2034
25. . . .	SF	PRC	7165262	SF Taisen	12	July 20, 2030
26. . . .	SF	PRC	7165258	SF Taisen	16	July 20, 2030
27. . . .	SF	PRC	7165279	SF Taisen	25	April 27, 2031
28. . . .	SF	PRC	7165576	SF Taisen	35	February 20, 2031
29. . . .	SF	PRC	7165572	SF Taisen	39	November 20, 2030
30. . . .	SF	PRC	7165589	SF Taisen	42	November 13, 2030
31. . . .	顺丰	PRC	29570182	SF Taisen	39	January 27, 2029
32. . . .	SF	PRC	29567370	SF Taisen	39	January 27, 2029
33. . . .	SF FREIGHT 顺丰快运	PRC	38465556	SF Taisen	39	January 13, 2030
34 . . .	SF AIRLINES 顺丰航空	PRC	64677352	SF Taisen	25	August 20, 2033
35. . . .	SF Intra-city	PRC	67880840	SF Taisen	35	September 13, 2034
36. . . .	SF	India	1841023	SF (IP) LIMITED	39	July 17, 2029

No.	Trademark	Place of registration	Registration No.	Registered Owner	Class	Expiry Date
37. . . .	SF	Canada	TMA857265	SF (IP) LIMITED	39	August 7, 2028
38. . . .	SF EXPRESS 顺丰速运	Canada	TMA857267	SF (IP) LIMITED	16, 39	August 7, 2028
39. . . .	SF EXPRESS 順豐速運	Taiwan	01386913	SF (IP) LIMITED	16, 39	November 15, 2029
40. . . .	SF	Taiwan	01386912	SF (IP) LIMITED	16, 39	November 15, 2029
41. . . .	S. F. EXPRESS	Taiwan	01296703	SF (IP) LIMITED	16, 39	December 31, 2027
42. . . .	SF EXPRESS 順豐速運	Hong Kong	301302380	SF (IP) LIMITED	16, 39	March 11, 2029
43. . . .	SF	Hong Kong	301302399	SF (IP) LIMITED	16, 39	March 11, 2029
44. . . .	SF EXPRESS 順豐速運 SF EXPRESS 順豐速運	Hong Kong	302057193	SF (IP) LIMITED	35, 36, 38	October 13, 2031
45. . . .	SF HOLDING 顺丰控股	Hong Kong	305791078	SF (IP) LIMITED	35, 36, 39	November 2, 2031
46. . . .	SF HOLDING 順豐控股	Hong Kong	305791087	SF (IP) LIMITED	35, 36, 39	November 2, 2031
47. . . .	SF EXPRESS 順豐速運	Macau	N/41893	SF (IP) LIMITED	16	July 24, 2030
48. . . .	SF EXPRESS 順豐速運	Macau	N/41894	SF (IP) LIMITED	39	July 24, 2030
49. . . .	SF EXPRESS 順豐速運	Macau	N/60649	SF (IP) LIMITED	35	May 28, 2026
50. . . .	S. F. EXPRESS	Japan	5085481	SF (IP) LIMITED	16, 39	October 19, 2027
51. . . .	SF EXPRESS 顺丰速运	European Union	017984899	SF (IP) LIMITED	16, 39	November 15, 2028
52. . . .	SF AIRLINES 顺丰航空	South Korea	4020220092224	SF (IP) LIMITED	12, 16, 18, 20, 25, 35, 39, 42	March 27, 2034
53. . . .	SF AIRLINES 顺丰航空	United States	97417418	SF (IP) LIMITED	39	February 20, 2034
54. . . .	G	Indonesia	IDM000950737	SF (IP) LIMITED	9, 16, 35, 39, 42	February 1, 2031

No.	Trademark	Place of registration	Registration No.	Registered Owner	Class	Expiry Date
55. . . .	G	Thailand	210105430	SF (IP) LIMITED	39	February 9, 2031
56. . . .	KEX	European Union	018715515	Kerry Logistics Network Limited	35, 39	June 10, 2032
57. . . .	KEX	Hong Kong	305902263	Kerry Logistics Network Limited	35, 39	March 9, 2032
58. . . .	KEX EXPRESS	European Union	018715519	Kerry Logistics Network Limited	35, 39	June 10, 2032
59. . . .	KEX EXPRESS	Hong Kong	305902272	Kerry Logistics Network Limited	35, 39	March 9, 2032
60. . . .	KEX EXPRESS	Thailand	220128229	Kerry Logistics Network Limited	35, 39	August 18, 2032

(ii) Trademarks under application

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Application No.	Applicant	Class	Application Date
1	驿加易选	PRC	80310990	SF Taisen	35	August 12, 2024
2	丰配云	PRC	80654513	SF Taisen	9	August 30, 2024
3	丰知	PRC	80209872	SF Taisen	42	August 6, 2024
4	SF AIRLINES 顺丰航空	Vietnam	4-2022-18109	SF (IP) LIMITED	39	May 17, 2022
5	顺丰同城急送	Malaysia	TM2021000264	SF (IP) LIMITED	39	January 6, 2021
6	SF AIRLINES 顺丰航空	Bangladesh	276625	SF (IP) LIMITED	39	May 19, 2022
7	SF AIRLINES 顺丰航空	Nepal	7422	SF Taisen	39	May 20, 2022
8	SF	Myanmar	T/2020/001739	SF (IP) LIMITED	16, 39	October 13, 2020
9	KEX	United States	97343237	Kerry Logistics Network Limited	35, 39	April 1, 2022
10 . . .	KEX EXPRESS	United States	97343232	Kerry Logistics Network Limited	35, 39	April 1, 2022

(b) Patents

(i) Registered Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
1	Crossbelt control method, system, computer equipment and storage medium (交叉帶控制方法、系統、計算機設備和存儲介質)	SF Technology	PRC	202010138957.8	March 3, 2020	March 2, 2040
2	Crossbelt control method, system, computer equipment and storage medium (交叉帶控制方法、系統、計算機設備和存儲介質)	SF Technology	PRC	202010139177.5	March 3, 2020	March 2, 2040
3	A method and device for predicting the transportation time of logistics items on a conveyor belt (一種物流件在分揀線上的運輸時長的預測方法以及裝置)	SF Technology	PRC	202010119110.5	February 26, 2020	February 25, 2040
4	Business processing method, system, device and readable storage medium based on block chain (基於區塊鏈的業務處理方法、裝置、設備和可讀存儲介質)	SF Technology	PRC	201911239763.0	December 6, 2019	December 5, 2039
5	Item delivery time analysis method, system, computer equipment and storage medium (物品派送耗時分析方法、裝置、計算機設備和存儲介質)	SF Technology	PRC	201911311798.0	December 18, 2019	December 17, 2039

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
6	Conveying strategy generation method, system, equipment and storage medium (分揀策略的生成方法、裝置、設備及存儲介質)	SF Technology	PRC	201911253729.9	December 9, 2019	December 8, 2039
7	Bulk items conveying method, system and storage medium (集散貨分揀方法、裝置及存儲介質)	SF Technology	PRC	201911185434.2	November 27, 2019	November 26, 2039
8	Item conveying method, system, control equipment and storage medium (物品分揀方法、裝置、控制設備及存儲介質)	SF Technology	PRC	201911137474.X	November 19, 2019	November 18, 2039
9	A method, equipment and storage medium for conveying items (一種分揀物品的方法、設備及存儲介質)	SF Technology	PRC	201910984086.9	October 16, 2019	October 15, 2039
10 . . .	Resources allocation method, system, computer equipment and storage medium (資源分配方法、裝置、計算機設備和存儲介質)	SF Technology	PRC	201911380451.1	December 27, 2019	December 26, 2039
11. . . .	A method and system for processing express delivery (一種快件信息的處理方法和系統)	SF Express	PRC	201510155769.5	April 2, 2015	April 1, 2035
12 . . .	A conveying method and conveying system for express delivery (一種用於快遞的分揀方法及其分揀裝置)	SF Express	PRC	201510179370.0	April 16, 2015	April 15, 2035

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
13 . . .	A method and device for searching express items in the track of an automatic conveying belt (一種自動化分揀機軌道內查找快件的方法及裝置)	SF Express	PRC	201510204204.1	April 27, 2015	April 26, 2035
14 . . .	A method, equipment and system for processing abnormal delivery (一種橫向異常件處理方法、裝置及系統)	SF Express	PRC	201510266615.3	May 22, 2015	May 21, 2035
15 . . .	A method and equipment for detecting abnormal express mail between carriers of express mail (一種檢測傳輸快件的載體間異常快件的方法及裝置)	SF Express	PRC	201510270352.3	May 25, 2015	May 24, 2035
16 . . .	Auto switch cells (自動開關存儲格)	SF Technology	PRC	201510510509.5	August 19, 2015	August 18, 2035
17 . . .	Wrapping device and one-stop self-service mailing system and method thereof (物品纏繞裝置和一站式自助寄件系統及其方法)	SF Technology	PRC	201510510510.8	August 19, 2015	August 18, 2035
18 . . .	A control method of electromagnetic lock, electromagnetic lock and express cabinet (一種電磁鎖的控制方法、電磁鎖及快遞櫃)	SF Technology	PRC	201510547990.5	August 31, 2015	August 30, 2035
19 . . .	A delivery control method, pick-up control method, and control device of an express cabinet (一種快遞櫃寄件控制方法、取件控制方法及控制裝置)	SF Technology	PRC	201510567494.6	September 8, 2015	September 7, 2035

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
20 . . .	Locking device embedded in the shaft (內嵌於轉軸的鎖控裝置)	SF Technology	PRC	201510579694.3	September 11, 2015	September 10, 2035
21 . . .	Method for opening intelligent express cabinet and intelligent express cabinet system (基於搖一搖打開智能快遞櫃的方法及智能快遞櫃系統)	SF Technology	PRC	201510951767.7	December 17, 2015	December 16, 2035
22 . . .	Wireless data converter (無線數據轉換裝置)	Fengyi Technology	PRC	201510991158.4	December 25, 2015	December 24, 2035
23 . . .	Unattended wireless data forwarding workstation (無人值守型無線數據轉發工作站)	Fengyi Technology	PRC	201510991159.9	December 25, 2015	December 24, 2035
24 . . .	A data forwarding method, device and equipment (一種數據轉發方法、裝置及設備)	Fengyi Technology	PRC	201510991252.X	December 25, 2015	December 24, 2035
25 . . .	A method and device for bi-directional data forwarding (一種數據雙向轉發的方法及裝置)	Fengyi Technology	PRC	201510998571.3	December 25, 2015	December 24, 2035
26 . . .	Assist system for item transfer (物品傳送輔助系統)	SF Technology	PRC	201610132772.X	March 9, 2016	March 8, 2036
27 . . .	A type of bag rack (一種掛包架)	SF Express	PRC	201610446951.0	June 21, 2016	June 20, 2036
28 . . .	Conveyor control system and method (輸送機控制系統及方法)	SF Express	PRC	201610539008.4	July 8, 2016	July 7, 2036
29 . . .	Express conveying method and conveying system (快件分揀方法及分揀系統)	SF Express	PRC	201610539513.9	July 8, 2016	July 7, 2036
30 . . .	Mounting bracket and conveyor containing it (安裝支架及包含其的分揀機)	SF Express	PRC	201610586715.9	July 25, 2016	July 24, 2036
31 . . .	Display device stand (顯示裝置用支架)	SF Express	PRC	201610588880.8	July 25, 2016	July 24, 2036

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
32 . . .	A self-locking mechanism (一種自鎖機構)	SF Technology	PRC	201610607167.3	July 28, 2016	July 27, 2036
33 . . .	Insulated box, ice box and insulated box components used with it (保溫箱、與其配套使用的冰盒及保溫箱組件)	SF Express	PRC	201610624110.4	August 2, 2016	August 1, 2036
34 . . .	Automatic conveying system and method (自動分揀系統及方法)	SF Technology	PRC	201610870452.4	September 29, 2016	September 28, 2036
35 . . .	Conveying method and conveying system (分揀方法及分揀系統)	SF Technology	PRC	201610870453.9	September 29, 2016	September 28, 2036
36 . . .	Configuration method of wireless conveying equipment (無線分揀設備的配置方法)	SF Technology	PRC	201610882550.X	October 10, 2016	October 9, 2036
37 . . .	A method and device for detecting bag blockage in a conveying belt (一種輸送線堵包檢測方法和裝置)	SF Express	PRC	201610912016.9	October 19, 2016	October 18, 2036
38 . . .	Smart locker, smart door lock and control method thereof (智能儲物櫃、智能門鎖及其控制方法)	SF Technology	PRC	201610913692.8	October 20, 2016	October 19, 2036
39 . . .	Automatic conveying equipment (自動分揀設備)	SF Technology	PRC	201610941978.7	November 1, 2016	October 31, 2036
40 . . .	A peony porcelain packaging structure, packaging box and packaging method (一種牡丹瓷包裝結構、包裝盒及包裝方法)	SF Express	PRC	201610988928.4	November 10, 2016	November 9, 2036
41 . . .	Automatic letter conveying mechanism (信件自動分揀機構)	SF Technology	PRC	201611130744.0	December 9, 2016	December 8, 2036

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
42 . . .	A carton with adjustable inner space structure (一種可調節內部空間結構的紙箱)	SF Express	PRC	201710020112.7	January 11, 2017	January 10, 2037
43 . . .	A tray device (一種托盤裝置)	Shenzhen SF Cold Chain	PRC	201710208618.0	March 31, 2017	March 30, 2037
44 . . .	Conveying method, conveying server, conveying device and conveying system (分揀方法、分揀服務端、分揀裝置及分揀系統)	SF Technology	PRC	201710306712.X	May 4, 2017	May 3, 2037
45 . . .	A packaging device, packaging component and packaging method for fragile goods (一種易碎品包裝裝置、包裝組件及包裝方法)	SF Express	PRC	201710339169.3	May 15, 2017	May 14, 2037
46 . . .	Electronic tie (電子紮帶)	SF Technology	PRC	201710359388.8	May 19, 2017	May 18, 2037
47 . . .	A method, system and device for detecting abnormality of outsourced order (一種外包輸單異常檢測方法、系統及設備)	SF Technology	PRC	201710373179.9	May 24, 2017	May 23, 2037
48 . . .	An express grabbing method applied to express delivery robots (一種應用於快遞件機器人供件的快件抓取方法)	SF Express	PRC	201710514027.6	June 29, 2017	June 28, 2037
49 . . .	A speed control method applied to the robots of small express delivery (一種應用於小件快遞件機器人抓手的平移速度控制方法)	SF Express	PRC	201710514030.8	June 29, 2017	June 28, 2037
50 . . .	A method, system, and device for detecting abnormalities in delivery orders (一種查單異常檢測方法、系統及設備)	SF Technology	PRC	201710579191.5	July 17, 2017	July 16, 2037

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
51 . . .	A method, device and system for acquiring abnormal index based on time nodes (一種基於時間節點的異常指數的獲取方法、設備及系統)	SF Technology	PRC	201710579192.X	July 17, 2017	July 16, 2037
52 . . .	A login abnormal detection method, system and device (一種登錄異常檢測方法、系統及設備)	SF Technology	PRC	201710579217.6	July 17, 2017	July 16, 2037
53 . . .	Method, system and device for acquiring network device information and automatic segmentation of IP address (網絡設備信息獲取及IP地址自動分割方法、系統及設備)	SF Technology	PRC	201710725068.X	August 22, 2017	August 21, 2037
54 . . .	A flow control method, device, equipment, and storage medium (一種流量控制方法、裝置、設備、存儲介質)	SF Technology	PRC	201710845770.X	September 19, 2017	September 18, 2037
55 . . .	A method and storage medium for enabling qemu/kvm virtual machine to execute arbitrary commands (一種使qemu/kvm虛擬機執行任意命令的方法及存儲介質)	SF Technology	PRC	201710969898.7	October 18, 2017	October 17, 2037
56 . . .	An address allocation method and system (一種地址分配方法及系統)	SF Technology	PRC	201710991130.X	October 23, 2017	October 22, 2037
57 . . .	A communication control system and control method for indoor positioning (一種室內定位的通信控制系統及控制方法)	SF Technology	PRC	201711088811.1	November 8, 2017	November 7, 2037

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
58 . . .	MySQL partition automatic management method, system, equipment and storage medium (MySQL分區自動管理方法、系統、設備、存儲介質)	SF Technology	PRC	201711088812.6	November 8, 2017	November 7, 2037
59 . . .	A volume measurement method and system (一種體積測量方法及系統)	SF Technology	PRC	201811141066.7	September 28, 2018	September 27, 2038
60 . . .	A conveying mechanism vector and conveying method thereof (一種矢量分揀機構及其分揀方法)	SF Technology	PRC	201811207365.6	October 17, 2018	October 16, 2038
61 . . .	Wristwatch, earphones and scanning ring and delivery system, method and medium (手錶、耳機和掃描指環以及收派系統、方法和介質)	SF Technology	PRC	201910164548.2	March 5, 2019	March 4, 2039
62 . . .	A vehicle control system and control method (一種車輛控制系統及控制方法)	SF Technology	PRC	201910875036.7	September 17, 2019	September 16, 2039
63 . . .	Hybrid robot positioning method, device, equipment and computer readable medium (機器人混合定位方法、裝置、設備及計算機可讀介質)	SF Technology	PRC	201910424233.7	May 21, 2019	May 20, 2039
64 . . .	A crossbelt conveying system and its grid flow control method and device (一種交叉帶分揀系統及其格口流量控制方法和裝置)	SF Technology	PRC	201910935673.9	September 29, 2019	September 28, 2039

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
65 . . .	Conveying item system, method and storage medium (物件分揀系統、方法及存儲介質)	SF Technology	PRC	201910966644.9	October 12, 2019	October 11, 2039
66 . . .	Conveying mechanism and conveying equipment (分揀機構及分揀設備)	SF Technology	PRC	201910916554.9	September 26, 2019	September 25, 2039
67 . . .	Calculation method of sprocket, assembled sprocket, conveying equipment and length of chain tension (鏈輪、組裝式鏈輪、分揀設備及鏈條張緊長度的計算方法)	SF Technology	PRC	201910161525.6	March 4, 2019	March 3, 2039
68 . . .	Conveying item method, robotic arm conveying system and storage medium (物品分揀方法、機械臂分揀系統及存儲介質)	SF Technology	PRC	201910966635.X	October 12, 2019	October 11, 2039
69 . . .	Conveying item method, device, industrial control equipment and storage medium (物品分揀方法、裝置、工控設備及存儲介質)	SF Technology	PRC	201910966647.2	October 12, 2019	October 11, 2039
70 . . .	Chassis control method, device and storage medium (車輛底盤控制方法、裝置以及存儲介質)	SF Technology	PRC	201910734280.1	August 9, 2019	August 8, 2039
71 . . .	Clock synchronization method, device, system and storage medium (時鐘同步方法、裝置、系統及存儲介質)	SF Technology	PRC	201910741045.7	August 12, 2019	August 11, 2039
72 . . .	Robotic arm path planning method, device, industrial control equipment and storage medium (機械臂路徑規劃方法、裝置、工控設備及存儲介質)	SF Technology	PRC	201910652685.0	July 19, 2019	July 18, 2039

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
73 . . .	Logistics transportation management method and device, logistics device and logistics system (物流運輸管理方法及裝置、物流裝置及物流系統)	SF Technology	PRC	201910318455.0	April 19, 2019	April 18, 2039
74 . . .	A method, system, terminal and storage medium for conveying slot distribution (一種分揀格口分配方法、系統、終端及存儲介質)	SF Technology	PRC	201910605016.8	July 5, 2019	July 4, 2039
75 . . .	System status prediction method, device, server and storage medium (系統狀態的預測方法、裝置、服務器及存儲介質)	SF Technology	PRC	201910923181.8	September 27, 2019	September 26, 2039
76 . . .	Method and device for data transmission (數據傳輸方法和裝置)	SF Technology	PRC	201910042578.6	January 16, 2019	January 15, 2039
77 . . .	Method and device for measuring volume (測量體積的方法和裝置)	SF Technology	PRC	201910031293.2	January 14, 2019	January 13, 2039
78 . . .	Data loading method and system (數據加載方法和系統)	Shenzhen Fengchi	PRC	201610323245.7	May 16, 2016	May 15, 2036
79 . . .	Intelligent storage and withdraw system (智能存取系統)	SF Technology	Hong Kong	HK1256436	February 28, 2019	February 28, 2027
80 . . .	Volumetric method, system, device and computer readable storage medium (容積法、系統、設備和計算機可讀存儲介質)	SF Technology	South Korea	KR1020210080368A	June 6, 2019	June 6, 2039
81 . . .	Volume measurement method and system, device and computer readable storage medium (體積測量方法和系統、裝置和計算機可讀存儲介質)	SF Technology	US	US11436748B2	June 6, 2019	June 6, 2039

No.	Patent	Patentee	Place of Registration	Patent Number	Application Date	Expiry Date
82 . . .	Transmission device, sorting device, sorting device control method, and storage medium (傳輸裝置、分揀設備、分揀設備控制方法及存儲介質)	SF Technology	PRC	201911135628.1	November 19, 2019	November 18, 2039
83 . . .	A transmission mechanism, transmission device and sorting transmission line (一種傳輸機構、傳輸裝置及分揀傳輸線)	SF Taisen	PRC	202011215348.4	November 4, 2020	November 3, 2040

(ii) Pending Patents

As of the Latest Practicable Date, we had filed applications for the following patents which we consider to be or may be material to our business:

No.	Patent Title	Applicant	Place of Registration	Application Number	Application Date
1	Distributed task processing system and method (分佈式任務處理系統及方法)	SF Technology	PRC	CN115904640A	August 6, 2021
2	Internet of things data processing method, device, device and computer-readable storage medium (物聯網數據處理方法、裝置、設備和計算機可讀存儲介質)	SF Technology	PRC	CN115914376A	September 29, 2021
3	Distributed cluster load control method and device (分佈式集群負載的控制方法及裝置)	SF Technology	PRC	CN116107731A	November 9, 2021
4	Logistics route planning method, device, computer equipment and storage medium (物流線路規劃方法、裝置、計算機設備及存儲介質)	SF Technology	PRC	CN117010787A	April 25, 2022
5	Volume measurement method and system, apparatus and computer-readable storage medium (體積測量方法和系統、裝置及計算機可讀存儲介質)	SF Technology	Canada	CA3114457A1	June 6, 2019

No.	Patent Title	Applicant	Place of Registration	Application Number	Application Date
6	Method and system for measuring volume, instrument and computer readable storage medium (用於測量體積、儀器和計算機可讀存儲介質的方法和系統)	SF Technology	Thailand	TH2101001848A	June 6, 2019

(c) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1	sf-treasury.com	S.F. Holding Group Finance Co., Limited* (順豐控股集團財務有限公司)	August 31, 2025
2	sf-financial.com	Shenzhen Shunheng Rongfeng Supply Chain Technology Co., Ltd.* (深圳市順恒融豐供應鏈科技有限公司)	March 11, 2025
3	sffix.cn	Shenzhen Fengxiu Technology Co., Ltd.* (深圳市豐修科技有限公司)	July 27, 2025
4	sf-express.com	SF Express	May 15, 2033
5	sf-tech.com.cn	SF Technology	August 27, 2025
6	sfbest.us	SF Express	May 22, 2025
7	sfvip.us	SF Express	September 19, 2025
8	sfexpress.us	SF Express	August 26, 2025
9	sf-express.com.hk	S.F. EXPRESS (HONG KONG) LIMITED	July 1, 2032
10 . . .	sf-express.hk	S.F. EXPRESS (HONG KONG) LIMITED	November 28, 2032
11 . . .	chinaexpress.com.hk	S.F. EXPRESS (HONG KONG) LIMITED	November 28, 2032
12 . . .	china-express.com.hk	S.F. EXPRESS (HONG KONG) LIMITED	November 28, 2032
13 . . .	china-express.hk	S.F. EXPRESS (HONG KONG) LIMITED	November 28, 2032
14 . . .	sfexpress.hk	S.F. EXPRESS (HONG KONG) LIMITED	November 28, 2032
15 . . .	spay.com.hk	SF (IP) LIMITED	March 5, 2025
16 . . .	kln.com	Kerry Logistics Network Limited	January 13, 2030

(d) Software copyrights

As of the Latest Practicable Date, we had registered the following software copyrights which we consider to be material to our business:

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of First Publication
1	Niepan Report Management System V4.5 (涅槃報表管理系統V4.5)	PRC	2018SR678429	SF Technology	November 23, 2017
2	Warehousing Operation Platform V3.5 (倉儲運營平台V3.5)	PRC	2018SR675273	SF Technology	November 14, 2017
3	Niepan Integration Plug-In Version User Authentication Plug-in System V1.0.0 (涅槃融合插件化版本用戶鑒權插件系統V1.0.0)	PRC	2018SR677654	SF Technology	November 10, 2017
4	Niepan Integration of Scanning Plug-in Interface and Single Product Realization System V1.0.0 (涅槃融合掃描插件接口與單品實現系統V1.0.0)	PRC	2018SR677782	SF Technology	November 10, 2017
5	CI Integrated Management System V1.0 (CI集成管理系統V1.0)	PRC	2018SR658797	SF Technology	November 1, 2017
6	The 5th Generation Overseas Call Centre System V1.2 (第5代海外呼叫中心系統V1.2)	PRC	2018SR608819	SF Technology	October 10, 2017
7	DDS Route Scheduling-MongoDb Management Service System V1.0 (DDS路線調度––MongoDb管理服務系統V1.0)	PRC	2018SR673794	SF Technology	September 15, 2017
8	PDA Delivery System V1.2.181 (巴槍派件系統V1.2.181)	PRC	2018SR672359	SF Technology	September 1, 2017
9	PDA Receiving System V1.2.181 (巴槍收件系統V1.2.181)	PRC	2018SR675839	SF Technology	September 1, 2017
10 . . .	Niepan Integration of Receiving and Delivering Template System V1.0.0 (涅槃融合收派打印模板系統V1.0.0)	PRC	2018SR678243	SF Technology	August 8, 2017
11 . . .	Warehouse Housekeeper Receiving Delivery/Receiving Package WEB Application Software V1.0 (倉管員收件/收包WEB應用軟件V1.0)	PRC	2018SR621723	SF Technology	July 27, 2017
12 . . .	Warehouse Housekeeper Receiving Delivery/Receiving Package System V1.0 (倉管員收件/收包系統V1.0)	PRC	2018SR622007	SF Technology	July 27, 2017
13 . . .	Warehousing Order Management System V4.9 (倉儲訂單管理系統V4.9)	PRC	2018SR120355	SF Technology	July 22, 2017

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of First Publication
14 . . .	Express Handover WEB Application Software V1.0 (快遞交接WEB應用軟件V1.0)	PRC	2018SR618565	SF Technology	May 23, 2017
15 . . .	Express Handover System V1.0 (快遞交接系統V1.0)	PRC	2018SR622000	SF Technology	May 23, 2017
16 . . .	DDS Route Scheduling-Redis Management Service System V1.0 (DDS路線調度—Redis管理服務系統V1.0)	PRC	2018SR677643	SF Technology	April 20, 2017
17 . . .	HHT Integration Server System V9.5 (HHT集成服務器系統V9.5)	PRC	2018SR190508	SF Technology	April 20, 2017
18 . . .	HHT Interface Platform V7.0 (HHT接口平台V7.0)	PRC	2018SR202799	SF Technology	April 20, 2017
19 . . .	HHT Gateway Proxy System V3.0 (HHT網關代理系統V3.0)	PRC	2018SR202808	SF Technology	April 20, 2017
20 . . .	HHT Gateway System V9.0 (HHT網關系統V9.0)	PRC	2018SR202939	SF Technology	April 20, 2017
21 . . .	Niepan APP Configuration Information Management System V1.9 (涅槃APP配置信息管理系統V1.9)	PRC	2018SR179422	SF Technology	March 15, 2017
22 . . .	Niepan Personnel Information Management System V1.9 (涅槃人員信息管理系統V1.9)	PRC	2018SR178715	SF Technology	March 15, 2017
23 . . .	Customer Contact Service Platform – Back-end Membership Module V1.0 (客戶接觸服務平台—後端會員模塊V1.0)	PRC	2018SR041777	SF Technology	March 2, 2017
24 . . .	Customer Contact Service Platform – Back-end Basic Module V1.0 (客戶接觸服務平台—後端基礎模塊V1.0)	PRC	2018SR042313	SF Technology	March 2, 2017
25 . . .	Customer Contact Service Platform – Back-end Wallet Module V1.0 (客戶接觸服務平台—後端錢包模塊V1.0)	PRC	2018SR039631	SF Technology	March 2, 2017
26 . . .	Customer Contact Service Platform – Push Message Module V1.0 (客戶接觸服務平台—消息推送模塊V1.0)	PRC	2018SR129749	SF Technology	March 2, 2017
27 . . .	Customer Contact Service Platform – Inquiry Module V1.0 (客戶接觸服務平台—查單模塊V1.0)	PRC	2018SR042299	SF Technology	March 1, 2017
28 . . .	Customer Contact Service Platform – Back-end Order Checking Module System V1.0 (客戶接觸服務平台—後端查單模塊系統V1.0)	PRC	2018SR130474	SF Technology	March 1, 2017

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of First Publication
29 . . .	Customer Contact Service Platform – Back-end Order Module V1.0 (客戶接觸服務平台––後端下單模塊V1.0)	PRC	2018SR129378	SF Technology	March 1, 2017
30 . . .	Customer Contact Service Platform – Membership Module V1.0 (客戶接觸服務平台––會員模塊V1.0)	PRC	2018SR127998	SF Technology	March 1, 2017
31 . . .	Customer Contact Service Platform – Front Desk Shipping Module V1.0 (客戶接觸服務平台––前台寄件模塊V1.0)	PRC	2018SR043499	SF Technology	March 1, 2017
32 . . .	Customer Contact Service Platform – Order Module V1.0 (客戶接觸服務平台––下單模塊V1.0)	PRC	2018SR042910	SF Technology	March 1, 2017
33 . . .	Customer Contact Service Platform – Consumption kafka V1.0 (客戶接觸服務平台––消費kafka V1.0)	PRC	2018SR040759	SF Technology	March 1, 2017
34 . . .	The 5th Generation Call Centre System-CCS-CONFIG V2.3 (第5代呼叫中心系統––CCS-CONFIG V2.3)	PRC	2017SR579500	SF Technology	February 21, 2017
35 . . .	The 5th Generation Call Centre System-CCS-CORE V2.3 (第5代呼叫中心系統––CCS-CORE V2.3)	PRC	2017SR579495	SF Technology	February 21, 2017
36 . . .	The 5th Generation Call Centre System-CCS-INTERFACE V2.3 (第5代呼叫中心系統––CCS-INTERFACE V2.3)	PRC	2017SR579461	SF Technology	February 21, 2017
37 . . .	The 5th Generation Call Centre System-CCS-MONITOR V2.3 (第5代呼叫中心系統––CCS-MONITOR V2.3)	PRC	2017SR579463	SF Technology	February 21, 2017
38 . . .	The 5th Generation Call Centre System-CCS-SYNCDATA V2.3 (第5代呼叫中心系統––CCS-SYNCDATA V2.3)	PRC	2017SR579496	SF Technology	February 21, 2017
39 . . .	The 5th Generation Call Centre System-CCS-CLIENT V2.3 (第5代呼叫中心系統––CCS-CLIENT V2.3)	PRC	2017SR572615	SF Technology	February 15, 2017
40 . . .	Customer Master Data Platform System V2.4 (客戶主數據平台系統V2.4)	PRC	2017SR572620	SF Technology	February 15, 2017
41 . . .	ASURA-BAR Information Maintenance System V12.0 (ASURA-BAR信息維護系統V12.0)	PRC	2018SR204456	SF Technology	January 13, 2017
42 . . .	HHT Information Maintenance System V5.8 (HHT信息維護系統V5.8)	PRC	2018SR202816	SF Technology	January 12, 2017
43 . . .	Niepan Basic Communication Platform V1.9 (涅槃基礎通信平台V1.9)	PRC	2017SR018424	SF Technology	September 15, 2016

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of First Publication
44 . . .	Asura General Management System V11.1 (阿修羅通用管理系統V11.1)	PRC	2017SR019646	SF Technology	September 8, 2016
45 . . .	Niepan Task Status System V1.0 (涅槃任務狀態系統V1.0)	PRC	2018SR041227	SF Technology	August 23, 2016
46 . . .	Niepan Test Self-Service System V0.3.5 (涅槃測試自助服務系統V0.3.5)	PRC	2018SR039617	SF Technology	April 20, 2016
47 . . .	Niepan 020 Order Management System V1.0 (涅槃020訂單管理系統V1.0)	PRC	2017SR018110	SF Technology	April 15, 2016
48 . . .	Niepan Merchant Settlement System V2.9 (涅槃商家結算系統V2.9)	PRC	2017SR620190	SF Technology	April 15, 2016
49 . . .	Customer Information Management System V1.0 (客戶信息管理系統V1.0)	PRC	2017SR573205	SF Technology	December 16, 2015
50 . . .	Warehouse Allocation and Withdrawal System V1.0 (倉配計提系統V1.0)	PRC	2017SR022401	SF Technology	August 17, 2015
51 . . .	HTS Handheld Terminal Server System V1.0 (HTS手持終端接口系統V1.0)	PRC	2017SR026202	SF Technology	July 1, 2015
52 . . .	Warehouse Distribution Logistics Settlement System V1.3 (倉配物流結算系統V1.3)	PRC	2017SR030409	SF Technology	June 30, 2015
53 . . .	Dry Port Order Management System V1.0 (陸地港訂單管理系統V1.0)	PRC	2019SR0474014	SF Technology	December 9, 2018
54 . . .	Integrated Service Platform Configuration System V6.3 (集成服務平台配置系統V6.3)	PRC	2019SR0500542	SF Technology	June 20, 2018
55 . . .	SF Express Hong Kong APP (Android) V1.9.1 (順豐速運香港版APP (Android)V1.9.1)	PRC	2019SR0500574	SF Technology	January 28, 2019
56 . . .	SF Express Hong Kong APP (iOS) V1.9.1 (順豐速運香港版APP (iOS)V1.9.1)	PRC	2019SR0500633	SF Technology	January 28, 2019
57 . . .	Huabei – Collection and Delivery System V1.0 (華北—集貨專送系統V1.0)	PRC	2019SR0661109	SF Technology	December 25, 2018
58 . . .	Merchant Export System V6.2 (商家出口系統V6.2)	PRC	2019SR0244903	SF Technology	Not published
59 . . .	Fengsheng iOS Client Platform V3.2 (豐聲iOS客戶端平台V3.2)	PRC	2019SR0353961	SF Technology	May 5, 2017
60 . . .	Fengsheng Android Client Platform V3.2 (豐聲安卓客戶端平台V3.2)	PRC	2019SR0354805	SF Technology	May 5, 2017
61 . . .	Customer Service Quality Management System V2.0 (客服質量管理系統V2.0)	PRC	2019SR0474131	SF Technology	March 31, 2018
62 . . .	Customer Contact Service Platform V4.9 (客戶接觸服務平台V4.9)	PRC	2019SR0504720	SF Technology	June 7, 2018
63 . . .	SF Medical Link System V1.0 (順豐醫藥通系統V1.0)	PRC	2019SR0779641	SF Technology	April 22, 2019

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of First Publication
64 . . .	Transport Hub Fixed Scanner System V4.6 (中轉場固定掃描器系統V4.6)	PRC	2019SR0794900	SF Technology	April 26, 2018
65 . . .	FLUX Warehouse Management System (E-commerce Environment) V5.5 (富勒倉儲管理系統(電商環境)V5.5)	PRC	2019SR0906695	SF Technology	December 1, 2018
66 . . .	FLUX Warehouse Management System (Refrigerated Transport Environment) V5.5 (富勒倉儲管理系統(冷運環境)V5.5)	PRC	2019SR0892120	SF Technology	November 30, 2018
67 . . .	FLUX Warehouse Management System (East China Environment) V4.8 (富勒倉儲管理系統(華東環境)V4.8)	PRC	2019SR0906798	SF Technology	December 28, 2018
68 . . .	Refrigerated Transport Control Equipment Monitoring System V3.0 (冷運溫控設備監控系統V3.0)	PRC	2019SR0817855	SF Technology	December 6, 2018
69 . . .	Refrigerated Transport Control Equipment Management System V2.8 (冷運溫控設備管理系統V2.8)	PRC	2019SR0817844	SF Technology	December 6, 2018
70 . . .	Refrigerated Chain Basic Data System V4.3 (冷鏈基礎數據系統V4.3)	PRC	2019SR0817835	SF Technology	December 17, 2018
71 . . .	Warehousing Order Management System V6.8 (倉儲訂單管理系統V6.8)	PRC	2019SR0821623	SF Technology	August 20, 2018
72 . . .	DDS Central Control System V5.0 (DDS中控系統V5.0)	PRC	2019SR0892357	SF Technology	June 6, 2017
73 . . .	Real-name Authentication System V5.5 (實名認證系統V5.5)	PRC	2019SR0956907	SF Technology	February 20, 2019
74 . . .	Resources Master Data System V7.2 (資源主數據系統V7.2)	PRC	2019SR0892555	SF Technology	February 18, 2019
75 . . .	DDS Real-time Business Analysis Service Background System V5.1 (DDS實時業務分析服務後台系統V5.1)	PRC	2019SR0957289	SF Technology	March 1, 2019
76 . . .	Real-time Computing Platform V5.7 (實時計算平台V5.7)	PRC	2019SR0991237	SF Technology	July 25, 2018
77 . . .	SF Express APP Mainland China version (Android) V9.1.2 (順豐速運APP大陸版(Android)V9.1.2)	PRC	2019SR0990656	SF Technology	March 15, 2019
78 . . .	SF Express APP Mainland China version (iOS) V9.1.0 (順豐速運APP大陸版(iOS)V9.1.0)	PRC	2019SR0990328	SF Technology	March 14, 2019
79 . . .	SF Express APP International version (Android) V6.9.14 (順豐速運APP國際版(Android)V6.9.14)	PRC	2019SR0992500	SF Technology	January 11, 2019

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of First Publication
80 . . .	SF Express APP International version (iOS) V6.9.14 (順豐速運APP國際版(iOS)V6.9.14)	PRC	2019SR0990628	SF Technology	January 11, 2019
81 . . .	Process Centre System V5.13 (流程中心系統V5.13)	PRC	2019SR1054508	SF Technology	July 2, 2019
82 . . .	Timing Distribution System V5.2 (計時配系統V5.2)	PRC	2020SR0233478	SF Technology	July 15, 2019
83 . . .	inc-sgs-if Niepan Interface Microservice Platform V8.5 (inc-sgs-if涅槃接口微服務平台V8.5)	PRC	2020SR0450476	SF Technology	July 24, 2019
84 . . .	Contract Master Data Software V5.2 (合同主數據軟件V5.2)	PRC	2020SR0449640	SF Technology	May 15, 2016
85 . . .	Integrated Service Platform Configuration System V9.4 (集成服務平台配置系統V9.4)	PRC	2020SR0465720	SF Technology	October 25, 2019
86 . . .	Customer Service Complaint System V12.3 (客服投訴系統V12.3)	PRC	2020SR0500158	SF Technology	January 6, 2011
87 . . .	After-sales Operation Monitoring Platform V6.9 (售後運營監控平台V6.9)	PRC	2020SR0499163	SF Technology	October 29, 2019
88 . . .	SF Coupon Management System V7.1 (順豐券管理系統V7.1)	PRC	2020SR0502037	SF Technology	April 20, 2018
89 . . .	Problem Management Platform V8.8 (問題件管理平台V8.8)	PRC	2020SR0500630	SF Technology	August 12, 2019
90 . . .	Operational Quality Control Department – Operational Quality System V5.2 (營運質量控制部-營運質量系統V5.2)	PRC	2020SR0499600	SF Technology	July 23, 2019
91 . . .	Over-limit Items Management System V4.9 (逾限件管理系統V4.9)	PRC	2020SR0498522	SF Technology	October 10, 2019
92 . . .	Resources Master Data System V10.3 (資源主數據系統V10.3)	PRC	2020SR0682432	SF Technology	April 9, 2020
93 . . .	PDA Application Management Platform V3.4 (巴槍應用管理平台V3.4)	PRC	2020SR0817098	SF Technology	April 3, 2018
94 . . .	Niepan Basic Information Management System V8.0 (涅槃基礎信息管理系統V8.0)	PRC	2020SR0815892	SF Technology	April 23, 2020
95 . . .	Enterprise Service Platform V16.4 (企業服務平台V16.4)	PRC	2020SR0905577	SF Technology	May 9, 2020

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

3. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

A. Particulars of Directors' and Supervisors' Contracts and Appointment Letters

We have entered into a service contract or appointment letter with each of the Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

B. Remuneration of Directors and Supervisors

The aggregate remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses, but excluding share-based compensation expenses) for our Directors, former Directors, Supervisors and former Supervisors for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, were approximately RMB19.7 million, RMB19.8 million, RMB19.9 million and RMB11.1 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors, former Directors, Supervisors, former Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, Supervisors, former Supervisors or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of the Directors, former Directors, Supervisors or former Supervisors had waived or agreed to waive any emoluments during the same periods.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 by any member of our Group to any of our Directors, former Directors, Supervisors, former Supervisors or the five highest paid individuals.

C. Disclosure of Interests

(a) Interests in the Shares of our Company

For information on the persons (other than our Directors, Supervisors and chief executive of our Company) who will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company, see "Substantial Shareholders" in this prospectus.

(b) Interests in our Company's subsidiaries

So far as the Directors are aware, the persons (other than our Directors, the chief executive of our Company, and any member of our Group) will, immediately following the completion of the Global Offering, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the members of our Group (other than our Company):

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
		(%)
Shenzhen Yijiayi Technology Co., Ltd.* (深圳驛加易科技有限公司)	Ningbo Ruijiayi Enterprise Management Partnership (Limited Partnership)* (寧波睿加易企業管理合夥企業(有限合夥))	38.8%
Shenzhen Shunlian Technology Co., Ltd.* (深圳順鏈科技有限公司)	Shenzhen Yueshi Internet Technology Co., Ltd.* (深圳粵十互聯網科技有限公司)	49%
Hubei Fengxinling Supply Chain Management Co., Ltd.* (湖北豐鑫嶺供應鏈管理有限公司)	Hubei Three Gorges Yinling Cold Chain Logistics Co., Ltd.* (湖北三峽銀嶺冷鏈物流股份有限公司)	30%
	Huanggang Huixin Asset Operation Co., Ltd.* (黃岡惠鑫資產經營有限公司)	19%
Beijing S.F. Intra-city Technology Co., Ltd.* (北京順豐同城科技有限公司)	Ningbo Meishan Bonded Port Area Danwu Investment Management Partnership (Limited Partnership)* (寧波梅山保税港區丹武投資管理合夥企業(有限合夥))	19.05%
Ningbo Meishan Bonded Port Area Danwu Investment Management Partnership (Limited Partnership)* (寧波梅山保税港區丹武投資管理合夥企業(有限合夥))	Zhao Xiaoyan* (趙曉燕)	39.99%

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
		(%)
Sichuan Tianfu Aviation Co., Ltd.* (四川添富航空有限公司)	Chengdu Communication Investment Aviation Investment Group Co., Ltd.* (成都交投航空投資集團有限公司)	30%
Hubei Churongfeng Supply Chain Co., Ltd.* (湖北楚融豐供應鏈有限公司)	Beijing Wangxian Supply Chain Technology Co., Ltd.* (北京網鮮供應鏈科技有限公司)	30%
Henan SF Pharmaceutical Supply Chain Co., Ltd.* (河南順豐醫藥供應鏈有限公司)	CHEN Shiquan (陳世全)	10.71%
Suzhou Industrial Park Customs Broker Co., Ltd.* (蘇州工業園區報關有限公司)	Suzhou Logistics Center Co., Ltd.* (蘇州物流中心有限公司)	34%
Guangdong Shunxin Express Co., Ltd.* (廣東順心快運有限公司)	Shanghai Shangguang Enterprise Management Consulting Co., Ltd.* (上海尚廣企業管理諮詢有限公司)	37.23%
Shunfeng (Chengdu) International Logistics Co., Ltd.* (順豐(成都)國際物流有限公司)	Chengdu International Railway Port Economic and Technological Development Zone Construction and Development Co., Ltd.* (成都國際鐵路港經濟技術開發區建設發展有限公司)	40%
Fengniao WRJ Technology Co., Ltd.* (豐鳥無人機科技有限公司)	Chongqing Liangjiang Aerospace Industry Investment Group Co., Ltd.* (重慶兩江航空航天產業投資集團有限公司)	18.52%
	Ningbo Meishan Bonded Port Area Fengniaoxingkong Investment Management Partnership (Limited Partnership)* (寧波梅山保税港區豐鳥星空投資管理合夥企業(有限合夥))	14.81%
Beijing Fengjietai Enterprise Management Co., Ltd.* (北京豐捷泰企業管理有限公司)	Beijing Daxing Airport Economic Zone Development Fund (Limited Partnership)* (北京大興臨空經濟區發展基金(有限合夥))	15%
	Beijing Xinghang Phase I Industrial Equity Investment Fund (Limited Partnership)* (北京興航一期產業股權投資基金(有限合夥))	10%
Shanghai Taigenrun Enterprise Management Co., Ltd.* (上海泰亘潤企業管理有限公司)	Shanghai Hesheng Enterprise Management Partnership (Limited Partnership)* (上海和昇企業管理合夥企業(有限合夥))	20%

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
		(%)
Chengdu Fengcheng Logistics Co., Ltd.* (成都市豐程物流有限公司)	Chengdu Shu Language Culture Communication Co., Ltd.* (成都蜀語文化傳播有限公司)	40%
Tiancheng Fengyi Technology (Nanjing) Co., Ltd.* (天城豐翼科技(南京)有限公司)	Nanjing Tiancheng Transportation Academy Co., Ltd.* (南京天城交通研究院有限公司)	49%
Chongqing Xuefeng Refrigeration Logistics Co., Ltd.* (重慶雪峰冷藏物流有限公司)	SONG Ru (宋茹)	30%
Changsha Xueyuan Cold Chain Logistics Co., Ltd.* (長沙雪原冷鏈物流有限公司)	HUANG Juanjuan (黃娟娟)	10%
Shenzhen Xuefeng Cold Chain Logistics Co., Ltd.* (深圳雪峰冷鏈物流有限公司)	HUANG Juanjuan (黃娟娟)	10%
New Joy Japanese Food (Beijing) Supply Chain Management Co., Group Ltd.* (新歡樂和食(北京)供應鏈管理集團有限公司)	SONG Fugang (宋福剛)	49%
Bon Way Logistics (H.K.) Company Limited (邦威物流(香港)有限公司)	BEST ASSETS LIMITED (置良有限公司)	49%
KEX Express (Thailand) Public Company Limited	Kerry Properties Limited	10.85%
Kerry Logistics Network Limited	Kerry Properties Limited	20.84%
Kerry Logistics Cold Chain (Australia) Pty. Ltd.	Hadi Investments Pty Ltd.	17%
Kerry Far East Logistics (Bangladesh) Limited	Alamgir Hossain	15%
	Anowara Begum	15%
Beijing Tengchang International Transportation Service Co., Ltd.* (北京騰昌國際物流有限公司)	Beijing Zhi'en Commerce Co., Ltd.* (北京致恩商貿有限公司)	11.7%
	Beijing Jialiduo Commerce Co., Ltd.* (北京嘉立多商貿有限公司)	11.7%
	Beijing Youtu Zhongcheng Commerce Co., Ltd.* (北京優途眾誠商貿有限公司)	11.7%
Jia Hui Logistics (Zhangjiagang) Co., Ltd.* (嘉會物流(張家港)有限公司)	Longyi Supply Chain Management (Zhangjiagang) Co., Ltd.* (龍億供應鏈管理(張家港)有限公司)	15%
JST Logistics Corporation Limited (捷時特物流有限公司) (formerly known as Pacific Logistics Corporation Limited (捷時特物流有限公司))	China Railway Container Transport Corp., Ltd.* (中鐵集裝箱運輸有限責任公司)	50%

Our subsidiaries	Parties with 10% or more equity interest	Approximate percentage of shareholding
		(%)
Kerry Cold Chain Solution Co., Ltd.* (嘉里志甄物流(上海)有限公司)	HU Zhigang (胡志剛)	49%
Kerry EAS Logistics Co., Ltd.* (嘉里大通物流有限公司)	Huatong Industrial Development Co., Ltd.* (華通實業發展有限責任公司)	30%
Kerry Lanhai (Tianjin) Logistics Co., Ltd.* (嘉里藍海(天津)物流有限公司)	ZHAO Jinning (趙金凝)	49%
Shanghai TCI Freight Forwarding Co., Ltd.* (上海騰隆國際貨運代理有限公司)	Shanghai Puyun Enterprise Management Consulting Co., Ltd. (上海普運企業管理諮詢有限公司)	49%
Shenzhen Kerry Yantian Port Logistics Company Limited* 深圳嘉里鹽田港物流有限公司	Shenzhen Shenzhen Port Logistics Group Co., Ltd.* (深圳市深圳港物流集團有限公司)	45%
Kerry eCommerce Limited (嘉里電子商務有限公司)	TIMES GLOBAL LOGISTICS LIMITED (時豐物流(環球)有限公司)	40%
Kerry Logistics Engineering Limited (嘉里物流工程有限公司)	Chung Hau Lim	19.5%
	Yiu Chun Yip	19.5%
	Lee Kin Ming	13%
POWER HUB LIMITED (力泓有限公司)	Chan King Che Stephen	10%
PRO-MED TECHNOLOGY LIMITED (普康醫學儀器有限公司)	Yu Tak Kwong	36.5%
	Chum Yu Pei	12.5%
KERRY INDEV LOGISTICS PRIVATE LIMITED	Mr. Swamikannu Xavier Britto	37.7%
	Mrs. Vimala Rani Britto	12.3%
PT. KERRY LOGISTICS INDONESIA	Zenith Indonesia Co., Limited	24.5%
KERRY FREIGHT (SINGAPORE) PTE. LTD.	Ong Boon Chong	10%
TRANSPEED CARGO (S) PTE. LTD.	Ong Boon Chong	10%
KERRY LOGISTICS LANKA (PRIVATE) LIMITED	IAS HOLDINGS (PRIVATE) LIMITED	49%
Kerry Siam Seaport Limited	Kledchai Benjaathonsirikul	17.04%
F.D.I CO., LTD	Tran Huu Nghia	20%
	Tran Thi Phuong Lien	10%

(c) Disclosure of Interests of Directors, Supervisors and Chief Executive

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan), so far as our Directors are aware, the interest or short position of our Directors, Supervisors or Chief Executives in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Hong Kong Stock Exchange, will be as follows:

(i) Interests in our Company

		As of the Latest Practicable Date			Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and no Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan)		
Name of Shareholder	Nature of Interest	Description of Shares[(1)]	Number of Shares[(2)]	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares[(2)]	Approximate percentage of shareholding in our A Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Wang.	Interest in controlled corporations	A Shares	2,661,927,139[(3)]	55.27%	2,661,927,139[(3)]	55.27%	53.39%
Mr. HO Chit	Beneficial Owner	A Shares	488,000[(4)]	0.01%	488,000[(4)]	0.01%	0.01%
Ms. WANG Xin	Beneficial Owner	A Shares	477,000[(5)]	0.01%	477,000[(5)]	0.01%	0.01%
Mr. XU Bensong. . . .	Beneficial Owner	A Shares	258,200[(6)]	0.005%	258,200[(6)]	0.005%	0.005%
Mr. LEE Carmelo Ka Sze	Beneficial Owner	A Shares	38,000	0.001%	38,000	0.001%	0.001%
Mr. LI Sheng.	Beneficial Owner	A Shares	488,000[(6)]	0.01%	488,000[(6)]	0.01%	0.01%
Mr. ZHOU Haiqiang	Beneficial Owner	A Shares	366,000[(7)]	0.008%	366,000[(7)]	0.008%	0.007%

Name of Shareholder	Nature of Interest	As of the Latest Practicable Date			Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and no Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan)		
		Description of Shares(1)	Number of Shares(2)	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares(2)	Approximate percentage of shareholding in our A Shares	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. GENG Yankun . .	Beneficial Owner	A Shares	427,000(8)	0.009%	427,000(8)	0.009%	0.01%
Ms. GAN Ling.	Beneficial Owner	A Shares	170,000(9)	0.004%	170,000(9)	0.004%	0.003%
Mr. LIU Jilu	Beneficial Owner	A Shares	35,793,780	0.74%	35,793,780	0.74%	0.72%

Notes:

(1) For the avoidance of doubt, both A Shares and H Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

(2) All interests stated are long positions.

(3) The 2,661,927,139 A Shares comprise (1) 2,561,927,139 A Shares held by Mingde Holding (among which an aggregate of 737,400,000 A Shares had been pledged to certain PRC financial institutions regulated by NAFR and/or CSRC, and a total of 382,430,000 A Shares held had been pledged to the EB Pledge Agent under the EB Security Account, as security in respect of the 2021 Mingde Exchangeable Bonds and 2024 Mingde Exchangeable Bonds), and (2) 100,000,000 A Shares held by Shenzhen Weishun, a wholly-owned subsidiary of Mingde Holding. As of the Latest Practicable Date, Mr. Wang holds 99.90% of the equity interests in Mingde Holding. Therefore, Mr. Wang is deemed to be interested in the A Shares held by Mingde Holding under the SFO. For details, see "Substantial Shareholders" in this prospectus.

(4) Includes (1) 122,000 Shares held by Mr. HO Chit, (2) Mr. HO Chit's entitlement to receive up to 366,000 Shares pursuant to the exercise of options granted to him under the 2022 Stock Option Incentive Plan, subject to the conditions (including exercise conditions) of those options.

(5) Includes (1) 172,000 Shares held by Ms. WANG Xin, (2) Ms. WANG Xin's entitlement to receive up to 305,000 Shares pursuant to the exercise of options granted to her under the 2022 Stock Option Incentive Plan, subject to the conditions (including exercise conditions) of those options.

(6) Includes (1) 54,200 Shares held by Mr. XU Bensong, (2) Mr. XU Bensong's entitlement to receive up to 204,000 Shares pursuant to the exercise of options granted to him under the 2022 Stock Option Incentive Plan, subject to the conditions (including exercise conditions) of those options.

(7) Includes (1) 122,000 Shares held by Mr. LI Sheng, (2) Mr. LI Sheng's entitlement to receive up to 366,000 Shares pursuant to the exercise of options granted to him under the 2022 Stock Option Incentive Plan, subject to the conditions (including exercise conditions) of those options.

(8) Includes (1) 61,000 Shares held by Mr. ZHOU Haiqiang, (2) Mr. ZHOU Haiqiang's entitlement to receive up to 305,000 Shares pursuant to the exercise of options granted to him under the 2022 Stock Option Incentive Plan, subject to the conditions (including exercise conditions) of those options.

(9) Includes (1) 122,000 Shares held by Mr. GENG Yankun, (2) Mr. GENG Yankun's entitlement to receive up to 305,000 Shares pursuant to the exercise of options granted to him under the 2022 Stock Option Incentive Plan, subject to the conditions (including exercise conditions) of those options.

(10) Represents Ms. GAN Ling's entitlement to receive up to 170,000 Shares pursuant to the exercise of options granted to her under the 2022 Stock Option Incentive Plan, subject to the conditions (including exercise conditions) of those options.

(ii) Interests in Associated Corporations of our Company

Name of Director/ Chief Executive	Capacity/ nature of interest	Number and description of securities[1]	Total number of securities of the associated corporation	Approximate percentage of shareholding in the total share capital of the associated corporation
Mingde Holding				
Mr. Wang	Beneficial Owner	113,286,600	113,400,000	99.90%
SF Intra-city				
Mr. Wang	Interest in a controlled corporation and others[2]	364,738,662 H shares 171,764,898 domestic shares	917,375,507	58.48%
Kerry Logistics				
Mr. Wang	Interest in a controlled corporation and others[3]	972,698,478	1,807,429,342	53.82%

Notes:

(1) All interests stated are long positions.

(2) Includes 171,764,898 H Shares and 171,764,898 domestic shares held by SF Taisen, 75,000,000 H shares held by Beijing SF Intra-city Technology Co., Ltd. (北京順豐同城科技有限公司), 117,076,764 H shares held by SF Holding (HK), and 897,000 H shares held by Celestial Ocean Investment Limited. Beijing SF Intra-city Technology Co., Ltd. is a non-wholly owned subsidiary of SF Technology, Celestial Ocean Investment Limited is a wholly-owned subsidiary of SF Holding (HK), and both SF Technology and SF Holding (HK) are wholly-owned subsidiaries of SF Taisen. SF Taisen is a wholly-owned subsidiary of our Company and therefore a non-wholly owned subsidiary of Mingde Holding, which is held by Mr. Wang as to approximately 99.90%. As such, Mr. Wang is deemed to be interested in the shares of SF Intra-city which SF Taisen is deemed to be interested in.

(3) Includes 931,209,117 shares of Kerry Logistics held by Flourish Harmony, which is an indirect wholly-owned subsidiary of the Company through Advance Harmony Holdings Company Limited and SF Holding (HK). In addition, SF Holding (HK) is interested in the perpetual convertible bonds issued by Kerry Logistics convertible for 41,489,361 shares of Kerry Logistics. SF Holding (HK) is a wholly-owned subsidiary of SF Taisen. SF Taisen is a wholly-owned subsidiary of our Company and therefore a non-wholly owned subsidiary of Mingde Holding, which is held by Mr. Wang as to approximately 99.90%. As such, Mr. Wang is deemed to be interested in the shares of Kerry Logistics which SF Holding (HK) is deemed to be interested in.

D. Disclaimers

Save as disclosed herein:

(a) none of our Directors, Supervisors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed;

(b) none of our Directors, Supervisors or any of the experts referred to under the paragraph headed "—5. Other Information — G. Qualification of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors or Supervisors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) so far as is known to our Directors, no person (not being a Director, Supervisor or chief executive of our Company or any member of our Group) will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(f) none of our Directors, Supervisors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

4. OUR INCENTIVE SCHEMES AND PARTICULARS OF OUR CAPITAL UNDER OPTION

A. 2022 Stock Option Incentive Plan

The following is a summary of the principal terms of the 2022 Stock Option Incentive Plan as approved by the second extraordinary Shareholders' meeting on May 17, 2022 and amended by the Board on May 30, 2022, October 28, 2022 and August 1, 2023. Given no further share options will be granted under the 2022 Stock Option Incentive Plan after the Listing, the terms of the 2022 Stock Option Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose and administration of the 2022 Stock Option Incentive Plan

The purpose of the 2022 Stock Option Incentive Plan is to establish and improve the corporate governance structure and operation mechanism of the Company, to establish and improve the incentive mechanism of the Company, to connect the interests of Shareholders and the Company together with the individual interests of the core talents of the Company and to promote all parties to focus on the long-term development of the Company, and to attract and retain outstanding core talents. The 2022 Stock Option Incentive Plan shall be subject to the administration of the Board and the supervision of the Board of Supervisors.

(ii) Selected participants

Selected participants under the 2022 Stock Option Incentive Plan are core talents who are important for the Company's future operation and development, including Directors and members of senior management team, key management members and key staff, excluding independent directors, supervisors and shareholders or actual controller who individually or collectively hold 5% or more of the share equity of the Company and their spouse, parents, children and any person prohibited by article 8 of the Measures for the Administration of Equity Incentives of Listed Companies to be eligible participants.

The selected participants shall be employed by the Company or its subsidiaries at the time the relevant options are granted and during the assessment period of the 2022 Stock Option Incentive Plan and have not participated in any other share related incentive scheme currently in force.

(iii) A Shares involved in the incentive plan

The shares subject to the options to be granted under the 2022 Stock Option Incentive Plan shall be A Shares in the repurchase account of the Company or A Shares to be issued by the Company to the selected participants. Each option granted represent the right to purchase one Share within the exercise period at the exercise price.

We have granted 49,500,100 share options to 1,493 participants under the 2022 Stock Option Incentive Plan in two tranches, with the first tranche granted on May 30, 2022 ("**First Tranche**"), and the second tranche granted on October 28, 2022 ("**Reserved Tranche**"). On August 1, 2023, as (i) 99 grantees under the First Tranche were no longer eligible to hold share options under the 2022 Stock Option Incentive Plan and (ii) 257 grantees under the First Tranche whose share options reached the first period of exercise were not eligible to exercise their granted options in full based on their performance appraisal results in 2022, 6,676,212 options granted under the First Tranche were therefore approved by the Board to be canceled. For the options under the First Tranche exercisable under the first period of exercise, 1,252 grantees have exercised an aggregate of 8,420,193 granted options, representing 8,420,193 A Shares. On October 10, 2024, as (i) 116 grantees under the First Tranche were no longer eligible to hold share options under the 2022 Stock Option Incentive Plan, (ii) 64 grantees under the First Tranche voluntarily gave up their right of exercise under the first period of exercise, (iii) 281 grantees under the First Tranche whose share options reached the second period of exercise were not eligible to exercise their granted options in full based on their performance appraisal results in 2023, (iv) 12 grantees under the Reserved Tranche were no longer eligible to hold share options under the 2022 Stock Option Incentive Plan, and (v) 4 grantees under the Reserved Tranche whose share options reached the first period of exercise were not eligible to exercise their granted options in full based on their performance appraisal results in 2022, an aggregate of 6,691,167 options granted were therefore approved by the Board to be canceled. On October 29, 2024, as 16 grantees under the Reserved Tranche whose share options reached the first period of exercise did not exercise their granted options, an aggregate of 115,058 options granted were therefore approved by the Board to be canceled. On November 14, 2024, as four grantees under the Reserved Tranche whose share options reached the second period of exercise were not eligible to exercise their granted options in full based on their performance appraisal results in 2023, an aggregate of 26,312 options granted were approved by the Board to be canceled. As of November 14, 2024, 57 grantees have exercised an aggregate of 275,763 options since October 2024, and the number of underlying A Shares pursuant to the outstanding options granted under the 2022 Stock Option Incentive Plan exercisable by an aggregate of 1,266 grantees amounts to 27,295,395, representing approximately 0.55% of the total issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan). The impact on earnings per Share for the year ended December 31, 2023 upon full exercise of the outstanding options granted under the 2022 Stock Option Incentive Plan (assuming A Shares will be issued for the exercise of the outstanding options and A Shares in the repurchase account of the Company will not be utilised) is minimal, as the diluted weighted average outstanding shares only increased from 4,850,497,640 to 4,854,981,954 for the year ended December 31, 2023, which brought minimal dilutive effect as compared to the total Shares in issue.

(iv) Duration of the incentive plan

The 2022 Stock Option Incentive Plan will be valid from the first grant of options till all the options granted are exercised or canceled and shall in any event not exceeding 67 months.

(v) Grant Conditions

The selected participants are entitled to be granted options under the 2022 Stock Option Incentive Plan only if the following conditions were met:

(a) With respect to the Company, none of the following circumstances having occurred:

(1) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accounts with respect to the Company's accountant's report for the most recent fiscal year;

(2) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the Company's accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(3) The Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the most recent 36 months after its listing;

(4) Applicable laws and regulations prohibits the implementation of any share incentive scheme; or

(5) Any other circumstances recognized by the CSRC.

(b) With respect to the grantee, none of the following circumstances having occurred:

(1) The grantee has been regarded as an inappropriate person by the SZSE within the most recent 12 months;

(2) The grantee has been regarded as an inappropriate person by the CSRC or its dispatched office within the most recent 12 months;

(3) The grantee has been punished or prohibited from entering into the securities market by the CSRC or its dispatched office within the most recent 12 months;

(4) The grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) The grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations;

(6) The grantee has been recognized by the 2022 Stock Option Incentive Plan as not being eligible or is no longer eligible; or

(7) Any other circumstances recognized by the CSRC.

*(vi) **Exercise conditions***

(a) Company's performance target

The annual performance assessment target of the Company are as follows:

Period of exercise	Performance assessment target
The first period of exercise	The revenue income of 2022 is not less than RMB270 billion or the net profit margin attributable to parent company in 2022 is not less than 2.1%
The second period of exercise	The revenue income of 2023 is not less than RMB315 billion or the net profit margin attributable to parent company in 2023 is not less than 2.6%
The third period of exercise	The revenue income of 2024 is not less than RMB370 billion or the net profit margin attributable to parent company in 2024 is not less than 2.9%
The fourth period of exercise	The revenue income of 2025 is not less than RMB435 billion or the net profit margin attributable to parent company in 2025 is not less than 3.3%

If the performance assessment target is not achieved, the granted options exercisable in that year cannot be exercised and shall be canceled by the Company.

(b) Grantee's performance appraisal requirements

The performance appraisal requirements for the Directors, members of the senior management team and key management members are as follows:

Appraisal results	A1	A2	B1	B2	B3	C1	C2 and below
Percentage of exercise		100%		50%		0%	

The performance appraisal requirements for the key staff are as follows:

Appraisal results	A1	A2	B1	B2	B3	C1	C2 and below
Percentage of exercise		100%			50%	0%	

When Company's performance target is achieved, the actual exercisable options of the selected participants shall be determined by the following formula:

*Individual's exercisable options pursuant to the exercise schedule * individual's percentage of exercise*

The selected participants shall exercise options granted based on the actual exercisable options. The non-exercisable options in each year shall be canceled by the Company.

(vii) Grant and exercise of the options

The grant date shall be a trading day under the SZSE as determined by the Board. Our Company shall grant, register and announce the options to be granted to certain selected participants within 60 days after the approval date of the 2022 Stock Option Incentive Plan by the Shareholders' meeting. Failure to complete the procedures within such time will result in termination of the 2022 Stock Option Incentive Plan. The grant date for the reserved options shall be determined by the Board within seven months after the approval date of the 2022 Stock Option Incentive Plan by the Shareholders' meeting.

The grant of options under the 2022 Stock Option Incentive Plan is at nil consideration. The exercise price shall be RMB40.199 as amended by the Board on October 28, 2022, August 1, 2023, October 10, 2024, and November 14, 2024.

The exercise schedule of the options granted are as follows:

Exercise schedule	Exercise period	Exercise percentage
The first period of exercise	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 24-month anniversary of the date of grant	25%
The second period of exercise	From the first trading day after the 24 months anniversary from the date of grant to the last trading day before the 36-month anniversary of the date of grant	25%
The third period of exercise	From the first trading day after the 36 months anniversary from the date of grant to the last trading day before the 48-month anniversary of the date of grant	25%
The fourth period of exercise	From the first trading day after the 48 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	25%

The exercise of the options granted shall be on a trading day, which shall not fall in the following periods, (i) 30 days before the publication of annual report and interim report, (ii) 10 days before the publication of quarterly report, earnings forecast and preliminary earnings estimate, (iii) the period starting from the date of any significant price-sensitive incident till the date of its publication; and (iv) any other period prohibited by the CSRC and SZSE.

Options granted shall not be transferred or used for debt guarantee or payment.

(viii) Lock-up for Directors and the senior management team

The annual transferable shares during his or her employment shall not exceed 25% of the total Shares he or she holds. No share can be transferred within six months after termination of his or her employment. Income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to the Company and will be forfeited by the Board. Any sale of Shares is also subject to the relevant requirements under applicable laws.

(ix) Grantees

The table below set forth the details of the grantees under the 2022 Stock Option Incentive Plan who are Directors, members of senior management team or connected persons of the Company:

Name of the grantee	Position in the Company/ rank in the Group	Address	Exercise Price	Number of options granted	Number of A Shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering[(1)]
Mr. HO Chit	Executive Director, deputy general manager and head of finance	Flat G, 20/F, Tower 7, Park Avenue, 18 Hoi Ting Road, Kowloon, Hong Kong	RMB40.199	488,000	366,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.007%

Name of the grantee	Position in the Company/ rank in the Group	Address	Exercise Price	Number of options granted	Number of A Shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering[(1)]
Ms. WANG Xin . . .	Executive Director	Flat 1805, Tower A, Shuangxi Garden Phase II, No. 1099 Wanghai Road, Shekou, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	488,000	305,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.006%
Mr. XU Bensong . .	Executive Director	Flat 21B, Tower D, Huifangyuan, North Xuefu Road, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.005%
Mr. LI Sheng	Deputy general manager	Flat 17D, Tower 2 Zhongtai Art Mingting, No. 4076 Dongbin Road, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	488,000	366,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.007%
Mr. ZHOU Haiqiang .	Deputy general manager	Flat 722, Tower C, No. 555 Huanan Road, Qingpu District, Shanghai, PRC	RMB40.199	488,000	305,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.006%

Name of the grantee	Position in the Company/ rank in the Group	Address	Exercise Price	Number of options granted	Number of A Shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering[(1)]
Mr. GENG Yankun. .	Deputy general manager	No. 1502, Floor 12, Building 6, No. 7 Anli Road, Chaoyang District, Beijing, PRC	RMB40.199	488,000	305,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.006%
Ms. GAN Ling . . .	Deputy general manager, Board secretary and joint company secretary	Flat 301, Building 46, Lianhua Yicun, Sungang West Road, Futian District, Shenzhen, Guangdong Province, PRC	RMB40.199	272,000	170,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.003%
Ms. OOI BEE TI[(2)] .	Person in charge of Shunfeng Shuke (Shenzhen) Technology Service Co., Ltd.* (順豐數科(深圳)技術服務有限公司), an indirect wholly-owned subsidiary of our Company	9A, Unit 5, Building 3, Mangrove West Bank, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%

Name of the grantee	Position in the Company/ rank in the Group	Address	Exercise Price	Number of options granted	Number of A Shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering(1)
Mr. WANG Shuhuai(2)	Person in charge of the express business in Shenzhen	1304, Block B, Building 1, Shanhai Meiyu Garden, Intersection of Qianhai Road and Mianshan Road, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	76,000	57,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.001%
Mr. GUAN Li(2). . .	Person in charge of the express business operation mode academy	8B, Unit 2, Building C, Xiangge Mingyuan, Mianshan Road, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	76,000	47,500	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.001%
Mr. CHEN Bin(2) . .	Person in charge of the operation and management of department	21C, Block 2, Zhonghai Huating Huajingfeng, No. 89 Mintian Road, Futian District, Shenzhen, Guangdong Province, PRC	RMB40.199	65,000	48,750	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.001%

Name of the grantee	Position in the Company/ rank in the Group	Address	Exercise Price	Number of options granted	Number of A Shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering[(1)]
Ms. LIU Yahong[(2)] .	Person in charge of the logistics business for the financial industry	5C, North Block, Jingyuan Building, Airong Road, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	60,000	45,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.0009%
Ms. SONG Yajie[(2)] .	Person in charge of the fundamental finance department	10H, Building 2, No. 75 Songyuan Road, Guiyuan Street, Luohu District, Shenzhen, Guangdong Province, PRC	RMB40.199	46,000	34,500	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.0007%
Mr. HUANG Yuquan[(2)].	Person in charge of the resolution department	Room 06, 16th Floor, Building 7, Mid-Levels Garden, 1606 Zhongkai High-tech Zone, Huizhou City, Guangdong Province, PRC	RMB40.199	20,000	15,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.0003%

Notes:

(1) The calculation is based on the assumption that no new Shares are issued under the Over-allotment Option and our 2022 Stock Option Incentive Plan, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(2) Connected persons of the Company who are director(s) or supervisor(s) of the Company's subsidiaries.

The table below sets forth details of the grantees under the 2022 Stock Option Incentive Plan with 200,000 or more outstanding options granted as of the Latest Practicable Date, who are not a Director, members of senior management team or connected person of the Company, and are still eligible grantees under the 2022 Stock Option Incentive Plan:(note)

Name of grantee	Position in the Company/ rank in the Group	Address	Exercise price	Number of options granted	Number of A shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering[(1)]
Mr. HUANG Sihai	Chief operating officer	Flat 3803, Building 2G, Yangguangyuehai Garden, Keji South First Road, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	488,000	366,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.007%
Mr. FENG Xiaoping	Person in charge of the operation center of the industrial park	Flat 4, Building 19, Dongfang Taiyangcheng Qingboyuan, Renhe Sub-district, Shunyi District, Beijing, PRC	RMB40.199	488,000	305,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.006%
Mr. Fu Jie	Person in charge of the express business in Beijing	Flat 1801, Unit 3, Building 6, Baoli Heguang Yijing, No. 83 West Fourth Ring Middle Road, Lugouqiao Street, Fengtai District, Beijing, PRC	RMB40.199	400,000	200,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%

Name of grantee	Position in the Company/ rank in the Group	Address	Exercise price	Number of options granted	Number of A shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering(1)
Mr. LI Jia	Assistant chief operating officer and person in charge of Asia operation center	Flat 107, Building 13, Biguiyuan Yuyuan, Jinshanhu Road, Heping Street, Runzhou District, Zhenjiang, Jiangsu Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%
Ms. HUO Qiaoqiao	Head of procurement supply chain centre	Flat 12212, Unit 1, Building 6, Yongning International (Dahua South Gate), No. 113 Chang'an North Road, Beilin District, Xi'an, Shaanxi Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%
Mr. LIU Guohua. . .	Chief audit officer	Flat 107, Building 3, Tianhai Garden, Nanshan District, Shenzhen, Guangdong Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%

Name of grantee	Position in the Company/ rank in the Group	Address	Exercise price	Number of options granted	Number of A shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering[(1)]
Mr. JIA Yongjian . .	Assistant chief human resources officer	No. 21 Furong Road East, Xiasha, Futian District, Shenzhen, Guangdong Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%
Mr. DENG Shangxin	Head of the distribution department of Ezhou cargo hub	No. 77, Tiyu East Road, Linkong Economic Zone, Ezhou City, Hubei Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%
Mr. LI Qiuyu	Head of investment department	Flat 11E, Building 6, Donghai Garden, Agricultural Science Center, Shennan West Road, Futian District, Shenzhen, Guangdong Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%

Name of grantee	Position in the Company/ rank in the Group	Address	Exercise price	Number of options granted	Number of A shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering(1)
Mr. WANG Chao . .	Senior Director	Room 101, No. 12, Lane 1398, Jinmei Road, Minhang District, Shanghai, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%
Mr. HUANG Zhenyu.	Automation technology expert	Room 1705, Block A, Building 3, Xixiang Shanhaishang Park Phase II, Xixiang Street, Bao'an District, Shenzhen, Guangdong Province, PRC	RMB40.199	272,000	204,000	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.004%

Note:

(1) The calculation is based on the assumption that no new Shares are issued under the Over-allotment Option and our 2022 Stock Option Incentive Plan, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

As of November 14, 2024, other than the three Directors, four senior management members of the Company (who are not Directors), and seven connected persons of the Company who are director(s) or supervisor(s) of the Company's subsidiaries, as disclosed above, no options were granted to any Directors, senior management or other connected persons of the Company under the 2022 Stock Option Incentive Plan. As of November 14, 2024, other than (i) three Directors, (ii) four senior management members of the Company, (iii) seven connected persons of the Company who are director(s) or supervisor(s) of the Company's subsidiaries, and (iv) 11 grantees with 200,000 or more outstanding options granted and who are not a Director, member of senior management team or connected person of the Company as set out above, the other 1,241 grantees have been granted in aggregate 22,319,645 share options which were outstanding under the 2022 Stock Option Incentive Plan, for which a total of 22,319,645 A Shares may be issued or transferred to the grantees from the Company's A share repurchase account under the outstanding options, representing approximately 0.45% of the total issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan), with the number of Shares to be issued upon exercise of the relevant options ranging from 5,000 Shares to 170,000 Shares (assuming the actual exercisable options of the selected participants equals to the options respectively granted to them). We granted options to the other individuals as part payment for their services rendered to the Group.

The table below shows the details of options granted to other grantees under the 2022 Stock Option Incentive Plan which were outstanding as of November 14, 2024:

Range of number of A Shares under the outstanding options granted	Number of grantees	Exercise price	Aggregate number of A Shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering(1)
1 to 25,000	1,043	RMB40.199	13,844,245	Between May 30, 2022 to October 28, 2022 (both days inclusive)	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.28%
25,001 to 75,000	192	RMB40.199	7,689,150	Between May 30, 2022 to October 28, 2022 (both days inclusive)	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.15%

Range of number of A Shares under the outstanding options granted	Number of grantees	Exercise price	Aggregate number of A Shares under the outstanding options granted	Date of grant	Option period	Underlying A Shares of granted options outstanding as a percentage of issued Shares immediately after completion of the Global Offering(1)
75,001 to 199,999	6	RMB40.199	786,250	May 30, 2022	From the first trading day after the 12 months anniversary from the date of grant to the last trading day before the 60-month anniversary of the date of grant	0.02%

Notes:

The above table assumes the Over-allotment Option is not exercised and no Shares are issued pursuant to the share options granted under the 2022 Stock Option Incentive Plan.

B. Kerry Logistics Perpetual Convertible Securities

On May 18, 2023, Kerry Logistics completed the issuance of perpetual convertible securities in the principal amount of HK$780,000,000 (the "**Kerry Logistics Perpetual Convertible Securities**") to SF Holding (HK) (our wholly-owned subsidiary). The distribution rate of the Kerry Logistics Perpetual Convertible Securities is 3.30% per annum payable semi-annually, which is subject to an increase of 3% per annum upon occurrence of the delisting or a suspending in trading for 45 consecutive trading days of the shares of Kerry Logistics on the Stock Exchange.

Subject to compliance with relevant Listing Rules requirements applicable to Kerry Logistics, the Kerry Logistics Perpetual Convertible Securities are convertible at the option of SF Holding (HK) into new shares to be allotted and issued by Kerry Logistics at any time on or after June 5, 2023 (i.e. 14 days after the closing date, which was May 18, 2023) to the close of business on the date falling seven days prior to the date fixed for redemption of the relevant convertible securities. The initial conversion price is at HK$18.80 per share of Kerry Logistics, which is subject to adjustment upon occurrence of specified events. On the basis of the initial conversion price of HK$18.80, the number of new shares of Kerry Logistics subject to such conversion right would be 41,489,361 shares, representing (i) approximately 2.30% of the total number of issued shares of Kerry Logistics as at the Latest Practicable Date; and (ii) approximately 2.24% of the total number of issued shares of Kerry Logistics as enlarged by the allotment and issue of the conversion shares, assuming that there is no other change to the total number of shares of Kerry Logistics. Upon full exercise of the conversion rights pursuant to the Kerry Logistics Perpetual Convertible Securities and taking into account the shareholding we held in Kerry Logistics through Flourish Harmony, our aggregate shareholding interests in Kerry Logistics would increase to 52.61%, assuming that there is no other change to the total number of shares of Kerry Logistics.

5. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon the Group.

B. Litigation

During the Track Record Period and up to the Latest Practicable Date, so far as our Directors are aware, no litigation or claim of material importance (to our Group's financial condition or results of operation) is pending or threatened against any member of our Group.

C. Joint Sponsors

The Joint Sponsors has made an application on our behalf to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsors in connection with the Listing payable by our Company is HK$9.6 million in aggregate.

D. Compliance Advisor

Our Company has appointed Caitong International Capital Co., Limited as our compliance advisor in compliance with Rules 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expense.

F. Promoters

The promoters of our Company are LIU Jilu, LIU Lingyun, GONG Weiping, HUANG Xuechun, TANG Chengkuan, WU Cuihua, YUAN Fuxiang and ZHAO Ming.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoters in connection with the Global Offering or related transactions in this prospectus within the two years immediately preceding the date of this prospectus.

G. Qualification of Experts

The qualifications of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this prospectus, are as follows:

Name	Qualifications
Goldman Sachs (Asia) L.L.C.	A licensed corporation under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities as defined under the SFO
J.P. Morgan Securities (Far East) Limited	A licensed corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
CM Law Firm	Legal adviser to our Company as to PRC law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Grandall Law Firm (Beijing)	Legal adviser to our Company as to PRC data compliance laws

H. Consents of Experts

Each of the experts as referred to in "— 5. Other Information — G. Qualification of Experts" in this Appendix has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

I. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

J. No Material Change

Our Directors confirm that, there has been no material change in our business, financial condition and results of operations since June 30, 2024, being the latest balance sheet date of our consolidated financial statements as set out in the Accountant's Report in Appendix I to this prospectus, and up to the date of this prospectus.

K. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.13% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

L. Restriction on Share Repurchases

For details of the restrictions on share repurchases by the Company, see "Summary of Articles of Association — Increase, Decrease, Repurchase and Transfer of Shares" in Appendix III to this prospectus.

M. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus. See Note 38 to the Accountant's Report in Appendix I to this prospectus.

N. Miscellaneous

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;

(c) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(e) our Company has no outstanding convertible debt securities or debentures;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) save for the A Shares of our Company that are listed on the SZSE, and save for the H Shares to be issued in connection with the Global Offering, none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(h) all necessary arrangements have been made to enable the H Shares to be admitted into CCASS for clearing and settlement.

O. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of each of the material contracts referred to in "Statutory and General Information — 2. Further Information about our Business — A. Summary of Material Contracts" in Appendix IV to this prospectus; and

(ii) the written consents referred to in "Statutory and General Information — 5. Other Information — H. Consents of Experts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and **www.sf-express.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the accountant's report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024;

(d) the report on review of the unaudited interim condensed consolidated financial information of our Group for the nine months ended September 30, 2024 from PricewaterhouseCoopers, the text of which is set out in the section headed "Unaudited Interim Condensed Consolidated Financial Information" in Appendix IA to this prospectus;

(e) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(f) the industry report issued by Frost & Sullivan referred to in "Industry Overview" in this prospectus;

(g) the PRC legal opinion issued by CM Law Firm, our PRC Legal Adviser, in respect of, among other things, certain general corporate matters and property interests matters of our Group;

(h) the legal opinion issued by Grandall Law Firm (Beijing), our PRC Data Compliance Legal Adviser, in respect of, among other things, certain data protection, data compliance and cybersecurity matters of our Group;

(i) the material contracts referred to in "Statutory and General Information — 2. Further Information about our Business — A. Summary of Material Contracts" in Appendix IV to this prospectus;

(j) the written consents referred to in "Statutory and General Information — 5. Other Information — H. Consents of Experts" in Appendix IV to this prospectus;

(k) the contracts and appointment letters referred to in the section headed "3. Further Information About Our Directors, Supervisors and Substantial Shareholders" — A. Particulars of Directors' and Supervisors' Contracts and Appointment Letters" in Appendix VI to this prospectus;

(l) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and

(m) the terms of the 2022 Stock Option Incentive Plan.

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