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Hangzhou SF Intra-city Industrial Co., Ltd.

杭州順豐同城實業股份有限公司

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

(Stock code: 9699)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board of directors (the **“Board”**) of Hangzhou SF Intra-city Industrial Co., Ltd. (the **“Company”**) hereby announces the results of the Company and its subsidiaries (collectively, the **“Group”**) for the year ended December 31, 2024 (the **“Reporting Period”**), together with the comparative figures for the year ended December 31, 2023. Unless otherwise defined, capitalised terms used herein shall have the same meanings as given to them in the prospectus dated November 30, 2021 issued by the Company (the **“Prospectus”**).

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL HIGHLIGHTS

- Our revenue from continuing operations increased from RMB12,387.4 million for the year ended December 31, 2023 to RMB15,746.1 million for the year ended December 31, 2024, representing an increase of 27.1%.
- We reported gross profit and gross profit margin from continuing operations of RMB1,071.5 million and 6.8%, respectively, in the year ended December 31, 2024, compared with gross profit of RMB794.7 million and gross profit margin of 6.4% in the year ended December 31, 2023.
- Our net profit and net profit margin attributable to owners of the Company for the year ended December 31, 2024 were RMB132.5 million and 0.8%, respectively, compared with net profit of RMB50.6 million and net profit margin of 0.4% for the year ended December 31, 2023. The net profit doubled year-on-year with a growth rate of 161.8%.
- Our net cash generated from operating activities was RMB271.9 million for the year ended December 31, 2024, compared to a net cash generated from operating activities of RMB266.3 million for the year ended December 31, 2023, and our net cash generated from operating activities has continued to remain positive.
- The Board has resolved not to recommend the distribution of a final dividend for the year ended December 31, 2024 (2023: nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
	Notes	2024	2023
		RMB'000	RMB'000
Continuing operations			
Revenue	3	15,746,083	12,387,416
Cost of revenue	4	(14,674,587)	(11,592,676)
Gross profit		1,071,496	794,740
Selling and marketing expenses	4	(234,234)	(212,684)
Research and development expenses	4	(108,110)	(91,717)
Administrative expenses	4	(636,625)	(517,348)
Other income		12,495	43,487
Other gains, net		15,379	6,423
Net impairment losses of financial assets		(3,118)	(3,750)
Operating profit		117,283	19,151
Finance income		29,362	41,423
Finance costs		(783)	(1,296)
Finance income, net		28,579	40,127
Share of profit of a joint venture accounted for using the equity method		(899)	3,311
Profit before income tax		144,963	62,589
Income tax (expenses)/credits	5	(12,503)	2,268
Profit from continuing operations		132,460	64,857
Discontinued operation			
Loss from discontinued operation		–	(14,262)
Profit for the year		132,460	50,595
Profit attributable to			
– Owners of the Company		132,460	50,595

		Year ended December 31,	
	Notes	2024	2023
		RMB'000	RMB'000
Earnings per share for profit from continuing operations attributable to owners of the Company (expressed in RMB per share)			
– Basis earnings per share (in RMB)	6	<u>0.15</u>	<u>0.07</u>
– Diluted earnings per share (in RMB)	6	<u>0.15</u>	<u>0.07</u>
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basis earnings per share (in RMB)	6	<u>0.15</u>	<u>0.05</u>
– Diluted earnings per share (in RMB)	6	<u>0.15</u>	<u>0.05</u>
Profit for the year		<u>132,460</u>	<u>50,595</u>
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		7,249	3,876
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		<u>(29,415)</u>	<u>(5,134)</u>
Other comprehensive income for the year, net of tax		<u>(22,166)</u>	<u>(1,258)</u>
Total comprehensive income for the year		<u>110,294</u>	<u>49,337</u>
Total comprehensive income for the year attributable to:			
– Owners of the Company		<u>110,294</u>	<u>49,337</u>
Total comprehensive income for the year attributable to owners of the Company arises from:			
Continuing operations		110,294	63,599
Discontinued operation		<u>–</u>	<u>(14,262)</u>
		<u>110,294</u>	<u>49,337</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	Notes	2024	2023
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		22,145	12,193
Intangible assets		122,600	138,226
Right-of-use assets		19,203	23,208
Investments accounted for using the equity method		27,476	28,375
Financial assets at fair value through other comprehensive income		26,585	56,000
Financial assets at fair value through profit or loss		30,000	—
Deferred income tax assets		149,912	160,847
Other non-current assets		163	193
Total non-current assets		398,084	419,042
Current assets			
Inventories		7,513	6,854
Trade receivables	7	1,660,432	1,195,199
Other receivables and prepayments		118,252	160,192
Financial assets at fair value through profit or loss		1,115,859	516,753
Cash and cash equivalents		1,369,593	1,901,651
Total current assets		4,271,649	3,780,649
Total assets		4,669,733	4,199,691
EQUITY			
Equity attributable to owners of the Company			
Share capital		917,376	933,458
Share premium		4,021,702	4,161,560
Treasury shares		(33,555)	(39,279)
Shares held for employee incentive scheme		(46,406)	(52,370)
Other reserves		822,483	831,257
Accumulated losses		(2,721,072)	(2,853,532)
Total equity		2,960,528	2,981,094

		As at December 31,	
	Notes	2024	2023
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		<u>9,140</u>	<u>11,483</u>
Total non-current liabilities		<u>9,140</u>	<u>11,483</u>
Current liabilities			
Trade payables	8	1,029,639	703,044
Other payables and accruals		571,577	417,645
Contract liabilities		88,342	70,351
Income tax payables		170	3,667
Lease liabilities		<u>10,337</u>	<u>12,407</u>
Total current liabilities		<u>1,700,065</u>	<u>1,207,114</u>
Total liabilities		<u><u>1,709,205</u></u>	<u><u>1,218,597</u></u>
Total equity and liabilities		<u><u>4,669,733</u></u>	<u><u>4,199,691</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Hangzhou SF Intra-city Industrial Co., Ltd. (the “**Company**”) was a joint stock company incorporated in the People’s Republic of China (the “**PRC**”) on June 21, 2019 with limited liability. The address of the Company’s registered office and the principal place of business are respectively located at Room 1626, 16/F, Chengchuang Building, 198 Zhoushan East Road, Gongshu District, Hangzhou City, Zhejiang Province, PRC and Floor 21-22, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the intra-city on-demand delivery services in the PRC.

The ultimate holding company of the Company is Shenzhen Mingde Holding Development Co., Ltd. (the “**Mingde Holding**”), which is incorporated in the PRC with limited liability. The intermediate holding company of the Company is S.F. Holding Co., Ltd. (the “**SF Holding**”), which is incorporated in PRC with limited liability, and the shares of SF Holding have been listed on Shenzhen Stock Exchange and the Stock Exchange of Hong Kong Limited. The parent company of the Company is Shenzhen S.F. Taisen Holding (Group) Co., Ltd. (“**SF Taisen**”) and the ultimate controlling party of the Group is Mr. Wang Wei.

The Company completed its listing on Main Board of the Stock Exchange of Hong Kong Limited. (the “**Listing**”) on December 14, 2021.

The consolidated financial statements are presented in Renminbi (“**RMB**”) and rounded to nearest thousand yuan, unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICIES

The accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standards Board (“**IFRS Accounting Standards**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“**FVPL**”) and financial assets at fair value through other comprehensive income (“**FVOCI**”), which are carried at fair value.

2.2 New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 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 IFRS 16	Lease liability in sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 New standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		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
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

3 SEGMENT INFORMATION AND REVENUE

The chief operating decision-maker (CODM) identifies operating segments based on the internal organisation 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 CODM considers that the Group's operations are operated and managed as a single operating segment which is intra-city on-demand delivery service business under the requirements of IFRS 8 "Operating Segments" and therefore no segment information is presented.

(a) **Revenue by business line and nature**

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Continuing operations</u>		
Intra-city on-demand delivery service ⁽ⁱ⁾	15,746,083	12,387,416

⁽ⁱ⁾ Revenue is recognised upon the delivery of the above services which are normally completed within one day.

(b) **Unsatisfied performance obligations**

For Intra-city on-demand delivery service, it is rendered normally in a single day and there is no unsatisfied performance obligation at the end of financial years.

(c) **Geographical information**

Since the Group's revenue and operating profit/loss were substantially generated in PRC and the Group's identifiable assets and liabilities were substantially located in PRC, no geographical information is presented.

(d) **Information about major customers**

The major customers which individually contributed 10% or more of the Group's total revenue from continuing operations was as follows:

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Subsidiaries of SF Holding	6,735,562	5,029,395

4 EXPENSES BY NATURE

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Continuing operations</u>		
Labour outsourcing costs	14,564,682	11,497,026
Employee benefit expenses	662,436	512,301
Information service expenses	79,081	69,544
Marketing and promotion expenses	76,797	71,195
Costs of materials	71,063	53,921
Amortisation of intangible assets	42,220	37,615
Office and rental expenses	31,972	30,429
Call center service expenses	28,990	31,441
Professional service expenses	14,786	18,314
Depreciation of right-of-use assets	13,804	26,802
Travelling expenses	12,943	11,827
Other taxes and surcharges	7,922	2,726
Depreciation of property, plant and equipment	5,957	7,880
Auditor's remuneration		
– Audit and audit-related service	2,460	3,070
– Non-audit service	661	220
Insurance expenses	1,020	785
Transportation expenses	727	1,477
Others	36,035	37,852
	15,653,556	12,414,425

5 INCOME TAX EXPENSES/(CREDITS)

(a) Income tax expenses/(credits)

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Continuing operations</u>		
Mainland China corporate income tax		
Current income tax	1,568	12,545
Deferred income tax	10,935	(14,813)
Income tax expenses/(credits)	12,503	(2,268)

Income tax credits are recognised based on management's best knowledge of the income tax rates that would be applicable to the full financial year.

The Group's principal applicable taxes and tax rates are as follows:

(i) Mainland China corporate income tax (“CIT”)

CIT was made on the taxable profit of the entities within the Group incorporated in the Mainland China and was calculated in accordance with the relevant tax rules and regulations of the Mainland China after considering the available tax refunds and allowances. The general CIT rate is 25% for the years ended December 31, 2024 and 2023.

The Company's subsidiaries, Beijing Shunda Tongxing Technology Co., Ltd. is qualified as “high and new technology enterprises” and, accordingly, were eligible for a preferential income tax rate of 15% for the years ended December 31, 2024 and 2023.

The Company's subsidiaries, Suzhou Fengpai Technology Co., Ltd., Tianjin Fengpai Technology Co., Ltd. and Ningbo Shunxiang Fengyi Commerce and Trade Service Co., Ltd. are subject to “small and thin profit enterprises” under the CIT Law, whose preferential income tax rate was 20% for the years ended December 31, 2024 and 2023.

(ii) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the years ended December 31, 2024 and 2023.

(iii) Corporate income tax in other jurisdictions

Income tax on profit arising from other jurisdictions, including the United Kingdom, Netherlands, Germany and Singapore, had been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, which were typically around 19% but could be higher in certain jurisdictions.

(b) Reconciliation of income tax expenses/(credits)

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit from continuing operations before income tax expense	144,963	62,589
Loss from discontinued operation before income tax expense	–	(14,262)
Profit before income tax	144,963	48,327
Tax calculated at applicable statutory tax rate of 25%	36,241	12,082
Different tax rates available to different jurisdictions	83	(222)
Preferential income tax rates applicable to subsidiaries	3,528	5,473
Tax effect of unrecognised tax losses and temporary differences	27,381	19,009
Expenses not deductible for tax purposes	1,834	12,610
Income not subject to tax purpose	(804)	(1,258)
Utilization of previously unrecognised tax temporary differences and tax losses	(15,839)	(21,597)
Super deduction of research and development expense	(14,106)	(16,333)
Recognition of tax losses and temporary differences not recognised in prior years	(25,815)	(12,032)
	12,503	(2,268)

6 EARNINGS PER SHARE

(a) Basic earnings per share for profit attributable to owners of the Company

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of outstanding shares in issue excluding the shares repurchased during the year ended December 31, 2024 and 2023.

	Year ended December 31,	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	132,460	50,595
Weighted average number of shares in issue	911,698,325	931,349,092
Basic earnings per share (in RMB)	0.15	0.05

(b) Basic earnings per share from continuing operations

	Year ended December 31,	
	2024	2023
Profit from continuing operations attributable to owners of the Company (RMB'000)	132,460	64,857
Weighted average number of shares in issue	911,698,325	931,349,092
Basic earnings per share from continuing operations (in RMB)	0.15	0.07

(c) Diluted earnings per share for profit attributable to owners of the Company

The Employee Incentive Scheme 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 Employee Incentive Scheme (collectively forming the denominator for computing the diluted EPS).

	Year ended December 31,	
	2024	2023
Profit attributable to owners of the Company (RMB'000)	132,460	50,595
Weighted average number of shares in issue	911,698,325	931,349,092
Adjustments for Employee Incentive Scheme	1,745,171	224,971
Weighted average number of ordinary shares for the calculation of diluted EPS	913,443,496	931,574,063
Diluted earnings per share (in RMB)	0.15	0.05

(d) Diluted earnings per share from continuing operations

	Year ended December 31,	
	2024	2023
Profit from continuing operations attributable to owners of the Company (RMB'000)	132,460	64,857
Weighted average number of shares in issue	911,698,325	931,349,092
Adjustments for Employee Incentive Scheme	1,745,171	224,971
Weighted average number of ordinary shares for the calculation of diluted EPS	913,443,496	931,574,063
Diluted earnings per share from continuing operations (in RMB)	0.15	0.07

7 TRADE RECEIVABLES

	As at December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
– related parties	955,568	678,299
– third parties	708,413	519,702
	1,663,981	1,198,001
Impairment loss allowance	(3,549)	(2,802)
	1,660,432	1,195,199

(a) The following is an ageing analysis of trade receivables presented based on billing date:

	As at December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 30 days	1,421,149	993,120
30 to 180 days	242,832	204,881
	1,663,981	1,198,001

(b) Movements on the Group's impairment loss allowance of trade receivables are as follows:

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	(2,802)	(2,847)
Provision of impairment allowance		
– Continuing operations	(3,072)	(3,593)
– Discontinued operation	–	(4)
Written off as uncollectible	2,325	3,638
Disposal of subsidiaries	–	4
At the end of the year	(3,549)	(2,802)

(c) The majority of the Group's trade receivables were denominated in RMB.

8 TRADE PAYABLES

	As at December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables to third parties	1,009,595	685,809
Trade payables to related parties	20,044	17,235
	1,029,639	703,044

The aging analysis of the trade payables based on the recognition date are as follows:

	As at December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	984,253	677,804
3 months to 1 year	35,653	15,628
Over 1 year	9,733	9,612
	1,029,639	703,044

9 SHARE-BASED PAYMENTS

Employee Incentive Scheme

The Company adopted an employee incentive scheme (the “**Employee Incentive Scheme**”) on April 19, 2023. To implement the Employee Incentive Scheme, the Company has set up an employee incentive scheme trust (the “**Employee Incentive Scheme Trust**”) with an independent trustee appointed by the Company to administer and hold the Company’s shares acquired. The Employee Incentive Scheme Trust purchases the shares of the Company on the market out of the Company’s resources in accordance with the Employee Incentive Scheme Trust agreement and in accordance with the instructions of the Company and the relevant provisions of the Employee Incentive Scheme rules. Pursuant to the Employee Incentive Scheme, eligible participants are granted trust benefit units by the Company for no cash consideration, which correspond to a certain amount of the shares of the Company.

As the Employee Incentive Scheme Trust was set up for the employee incentive scheme which is designed by the Company, and the Company can derive benefits from the contributions of the eligible persons who are awarded with the trust benefit units by the scheme, the Employee Incentive Scheme Trust is controlled by the Group in accordance with *IFRS 10 – Consolidated financial statements*. The consideration paid by the Company for purchasing the Company’s shares through the Employee Incentive Scheme Trust from the market is presented as “Shares held for employee incentive scheme” and the amount is deducted from total equity.

Movement in the number of awarded trust benefit units for the year ended December 31, 2024 is as follows:

	Number of awarded trust benefit units
At the beginning of the year	26,142,480
Granted during the year	22,492,719
Vested during the year	(6,862,400)
Forfeited during the year	(3,984,264)
	<hr/>
At the end of the year	37,788,535
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The fair value of the granted trust benefit units was assessed based on the market price of the Company's shares at the grant date and the expected trustee administrative fee during the vesting period.

The vesting period of the Trust Benefit Units granted is as follows: 30% shall be vested on the first anniversary of the date of grant, 30% shall be vested on the second anniversary of the date of grant and 40% shall be vested on the third anniversary of the date of grant upon fulfilment of the assessment conditions including the Company's performance indicators and personal performance target.

The expenses arising from the Employee Incentive Scheme recognised during the year are RMB13,392,000.

10 DIVIDENDS

No dividend has been paid or declared by the Group during each of the financial years ended December 31, 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are the largest third-party on-demand delivery service provider in China¹. As a neutral and open infrastructure platform, we provide customers with high-quality, efficient, and comprehensive third-party on-demand delivery services.

In 2024, we remained committed to our business goal of achieving “high-quality and healthy growth” and forged ahead with determination. Leveraging our in-depth industry insights into local lifestyle services, we actively grasped the diversifying market demand arising from the evolving trends in consumption and services sectors. This enabled us to provide our customers with cost-effective products and high-quality services. Meanwhile, with the further unleashing of network economies of scale, we continuously enhanced efficiency and optimized operating costs through lean operations. Building on the first year of annual profitability recorded in 2023, we have once again achieved significant growth in both revenue and profit. This has further solidified our differentiated competitive advantages, which were rooted in our positioning as a neutral and open platform, and our core focus on providing high-quality comprehensive on-demand delivery services across various scenarios.

During the Reporting Period, the revenue from continuing operations achieved breakthrough growth, increasing from RMB12,387.4 million in 2023 to RMB15,746.1 million in 2024, representing a growth of 27.1%. The revenue from intra-city delivery services grew by 23.5% from RMB7,387.3 million in 2023 to RMB9,121.2 million in 2024. The revenue from last-mile delivery service increased by 32.5% from RMB5,000.2 million in 2023 to RMB6,624.9 million in 2024. The table below provides a breakdown of our revenue:

	Year ended December 31	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Continuing Operations		
Intra-city on-demand delivery service	15,746,083	12,387,416
Intra-city delivery service	9,121,157	7,387,265
(1) To Merchants (<i>i.e. to B</i>)	6,688,290	5,219,676
(2) To Consumers (<i>i.e. to C</i>)	2,432,867	2,167,589
Last-mile delivery service	6,624,926	5,000,151
Total	15,746,083	12,387,416

¹ Such ranking is based on the order volume of independent third-party on-demand delivery service in China in 2024 from Frost & Sullivan. The calculation of order volume takes into account the order volume generated by independent market participants, but excludes the order volume generated by connected parties.

During the Reporting Period, our financial performance showed remarkable growth, which was mainly attributable to: (i) our neutral and open market positioning, combined with our comprehensive service capabilities, which led to continuous growth in order volume, the order volume of intra-city delivery service grew by over 30% year-on-year, resulting in accelerating revenue growth; (ii) optimization of business structure, which led to increased contributions to revenue from premium customers; and (iii) technological advancements and lean management, which drove our operational quality and efficiency, expanded the benefits of network economies of scale, and continuously improved gross profit margins and expense ratios, thereby boosting profitability. In 2024, our gross profit from continuing operations reached RMB1,071.5 million with a gross profit margin of 6.8%, both recorded increase from the gross profit of RMB794.7 million and a gross profit margin of 6.4% of last year respectively. In 2024, our net profit attributable to owners of the Company and net profit margin were RMB132.5 million and 0.8%, respectively, net profit doubled year-on-year with an increase of 161.8%. In 2024, we also achieved a cash inflow from operating activities of RMB271.9 million. As of December 31, 2024, our cash and cash equivalents and short-term financial investments were RMB1,368.8 million and RMB1,115.9 million respectively, indicating a healthy cash flow and ample fund reserves.

Intra-city Delivery

Our revenue from intra-city delivery service increased by 23.5% from RMB7,387.3 million in 2023 to RMB9,121.2 million in 2024. The positive revenue growth was mainly attributable to: (i) the steady demand for food delivery services, the accelerated growth in on-demand delivery needs from retail consumption scenarios and the stable growth of non-food delivery scenarios², which achieved a year-on-year revenue increase of 26.2% to RMB3,695.2 million in 2024; (ii) our integrated capabilities in logistics infrastructure, which have not only enabled us to provide professional and high-quality on-demand delivery services to different types of customers that deepened our cooperation with key account (“KA”) customers and various traffic platforms, and enabled us to become one of the preferred third-party delivery service providers for top-tier customers, and provider of professional on-demand delivery service solutions to more vertical industries; (iii) the acceleration of penetration rate and expansion of the scale of annual active merchants and consumers; (iv) our dedicated expansion in lower-tier cities and counties³, especially our enhanced market penetration in county areas⁴, with county-level revenue grew by 121% year-on-year in 2024; (v) our hour-level delivery network which effectively met the accelerating timelines of intra-city express delivery; and (vi) the adoption of proactive pricing strategy to enhance product competitiveness.

Intra-city Delivery for Merchants

We empower merchants with an open and inclusive on-demand delivery network and professional, efficient and comprehensive delivery solutions to maintain extensive cooperation with merchants. Through the expansion of the base of cooperating merchants and the optimization of merchant structure, in 2024, the revenue from intra-city delivery service for merchants reached RMB6,688.3 million, representing a year-on-year growth of 28.1%.

² “non-food delivery scenarios” refer to on-demand retail delivery and fulfilment service unrelated to food delivery scenarios.

³ “lower-tier cities and counties” refer to cities, counties and towns in the third tier or below.

⁴ “county areas” refer to areas which are not municipal districts in lower-tier cities and counties, including county cities, counties, banners, autonomous banners, and forest areas.

In terms of merchant cooperation, we continuously increased the scale of our merchant cooperation with structural optimization. In 2024, we continued to consolidate and deepen our cooperation with KA customers, maintaining our leading market share while consistently increasing our market share in cooperation with top-tier customers. During the Reporting Period, we had over 7,500 new cooperating stores. By precisely understanding customer needs, we continuously optimized our product and service capabilities, improved customer satisfaction of multiple brands, and maintained industry-leading quality and fulfilment service stability. This helped our customers reduce costs and increase efficiency, resulting in enhanced market competitiveness. For small and medium-sized merchants, we expanded our merchant base and improved acquisition efficiency by continuously broadening access channels and optimizing collaboration processes. Additionally, we actively embraced the trend of decentralization of traffic, deepening our collaboration with major traffic platforms with a neutral and open market position, and created a logistics infrastructure characterized by an on-demand retail ecosystem. Specifically, our services were able to meet various on-demand delivery needs on the platforms, such as live-streaming e-commerce, supermarket delivery within an hour, food delivery etc. We also provided customized solutions on the operations and systems to offer high-quality fulfilment experience for platform users. During the Reporting Period, the scale of annual active merchants⁵ on the platform reached 650,000, with a year-on-year increase of 39%. Among them, KA customers showed robust growth momentum, both the number and proportion of chain customers continued to increase. The revenue from newly contracted customers achieved high double-digit growth, and the customer structure was further optimized. Throughout the year, we established collaborations with brand merchants across different industries, including Sam's Club (山姆會員商店), K Coffee (肯悦咖啡), Ah Ma Handmade (阿嬤手作) etc.

In terms of scenario coverage, leveraging our multi-scenario capabilities, we optimized products and services around key categories. For the food and beverage category sector, we capitalized on the rapid growth of the tea and beverage category by utilizing our strong delivery network capabilities and refined business district network operation capabilities. In addition to providing guaranteed fulfilment services during peak periods such as holidays and marketing campaigns, we also supported deeper penetration into city outskirts, which helped customers expand their stores and build up private domain traffic pool. In terms of the retail sector, as the online penetration rate of pharmaceutical retail continues to rise, the habit of having medications delivered to home has been gradually established. During the Reporting Period, we partnered with major pharmaceutical customers to explore innovative collaboration model. By delivering customized solutions, we empowered customers to centralize order management and improve delivery efficiency. We delved deeply into the whole chain of pharmaceutical delivery to create integrated logistics solutions and set industry standards. For supermarket delivery solutions, our integrated capabilities in one-hour-delivery from warehouses or stores to customers and long-distance urban connections across the city have led to significant breakthroughs in cooperation with both national leading and regional chain supermarkets. We also optimized fulfilment experience to cater to customers from industries such as convenience stores and distributed mini warehouses. In 2024, revenue from tea and beverage delivery increased by 73% year-on-year, and categories such as supermarkets and convenience stores, cosmetics, pharmaceuticals, and maternity and baby products achieved high double-digit year-on-year growth in revenue.

⁵ "active merchant(s)" refers to the number of unique merchant accounts that purchase a particular service at least once during the prescribed period.

In terms of geographical coverage, our city coverage rate continued to improve, and the scale of our coverage expanded at an accelerated pace. Our services covered more than 2,300 cities and counties nationwide. Among these, we further solidified our competitive advantages in lower-tier markets by refining our coverage down to the township level within counties, thereby densifying a flexible and efficient on-demand delivery network. For brand merchants, our network was able to promptly accommodate their new store layouts in lower-tier markets, providing guaranteed fulfilment services. For small and medium-sized merchants, we focused on developing merchants around key high-growth categories. By acting as a professional third-party delivery service provider, we empowered merchants to consolidate multi-channel traffic and achieve business growth. Additionally, we explored various new scenario-based businesses in lower-tier cities and counties, such as piloting campus delivery services in local universities and cooperating with third party local lifestyle service platforms. This allowed us to offer more convenient delivery services for students while effectively integrating fragmented local retail and logistics resources. During the Reporting Period, we covered more than 1,300 counties, and the revenue from counties increased by 121% year-on-year.

We rapidly expanded and densified our nationwide delivery network, driving the continuous increase in business district coverage and order density while the proportion of profitable business districts consistently increased. We continuously iterated and refined our differentiated operational strategies to ensure our flexible network was able to quickly accommodate various customer demands, such as expanding the number of stores, enlarging the delivery range of stores and extending operating hours, helping customers deliver more incremental orders and achieve steady business growth. Furthermore, the flexibility of our delivery network remained significantly advantageous, maintaining service quality and stability even during special circumstances such as e-commerce shopping festivals, peak holiday periods and adverse weather conditions. Fluctuations in the fulfilment in-time rate during holidays and poor weather conditions were less than 1 and 3 percentage points, respectively. In 2024, the fulfilment in-time rate was approximately 95%, with an average delivery time of 22 minutes for orders within 3 kilometers.

We also strategically partnered with participants in the SF Holding Group's ecosystem to offer an integrated supply chain solution for customers by combining "warehousing + transport + intra-city on-demand delivery". Customers were able to choose suitable logistics products more conveniently due to the integration of our resources and capabilities within the SF Holding Group, which helped both us and the SF Holding Group jointly expand the customer base and enhance customer loyalty. In 2024, the number of Credit Customers⁶ placing orders using the intra-city on-demand delivery service and their order frequency both increased significantly. The external incremental revenue brought by the Credit Customers, who we served together with the SF Holding Group, recorded a year-on-year growth of 45.5% to RMB366.6 million.

⁶ "Credit Customers" refer to certain existing customers who have entered into Master Service Agreements with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products provided by SF Holdings and/or its associates offers.

Intra-city Delivery for Consumers

For consumers, we are committed to creating an industry-leading and professional on-demand fulfilment service. Our “deliver for me, fetch for me, purchase for me, and solve for me” services cover personal life and work scenarios such as daily errands, medical healthcare, and business agency, reinforcing the brand image of “SF Intra-city, the first choice for urgent delivery of valuable items”. In 2024, the revenue from intra-city delivery for consumers grew by 12.2% year-on-year to RMB2,432.9 million, which was mainly attributable to: (i) the expansion of active consumer⁷ base and strong repurchases from existing customers; (ii) our good reputation driven by high-quality services, leading to an enhanced consumer mindshare and rapid growth in revenue from our proprietary intra-city business channels; and (iii) effective on-demand delivery met the accelerating timeliness for intra-city express delivery and accelerated the penetration of intra-city express delivery users.

During the Reporting Period, we further enhanced our understanding of consumers and proactively captured new market opportunities. We further explored the on-demand delivery needs of consumers in first-tier central business districts (CBDs) and solidified our brand image in high-end professional delivery services. During the Reporting Period, we upgraded our one-on-one “Exclusive Delivery” product to meet customers’ demands for the delivery of items with high-value, time-sensitive and high safety requirements. Since the upgrade, the order volume for the “Exclusive Delivery” product significantly increased, order volume has increased fourfold during the year, and the fulfilment in-time rate improved remarkably, enhancing the overall service experience. Through channel partnerships, we increased the reach to intra-city express delivery users, allowing consumers to choose “delivery within an hour” services on the user interface when placing orders to meet the need for accelerating timeliness. We also focused on building the capability for mid-to-long-distance “delivery within an hour” services. During the Reporting Period, the “delivery within an hour” services saw a notable increase in both revenue and order volume.

We proactively optimized our brand promotion and channel marketing strategies, resulting in a continuous increase in brand recognition and consumer mindshare. During the Reporting Period, the revenue and order volume of our proprietary intra-city business channel grew rapidly, which boosted the overall revenue growth. We also intensified our collaboration with external channels, particularly in terms of new customer acquisition and joint marketing initiatives, enhancing platform user engagement and steadily increasing the number of active consumers. As the scale of users expanded, we focused more on improving service quality and user satisfaction to drive repurchase through measures such as refining the operation and optimization of membership system. As of December 31, 2024, the scale of active consumers in the past 12 months exceeded 23.41 million.

⁷ “active consumer(s)” refers to the number of unique consumer accounts that purchase a particular service at least once during the prescribed period.

Last-Mile Delivery

Our last-mile delivery service acts as a flexible and elastic capacity provider, offering diverse services embedded in various logistics processes for logistics service enterprises. We have observed increasing synergies between intra-city on-demand delivery and intra-city express delivery, and our flexible logistics network is well-positioned to align with the growing demand for enhanced supply chain capabilities, driving the acceleration of intra-city logistics. In terms of timeliness, our flexible and elastic capacity network can provide hour-/minute-level services, helping traditional courier networks improve their delivery speed. These services also bring new business opportunities to our customers. In terms of services, our flexible network can help clients address challenges in-between unbalanced orders and delivery networks during peak order periods, ensuring smooth operations and stable fulfilment. This capability has simultaneously expedited various logistics processes and supported personalized services. In terms of efficiency, by deepening the integration of our network, we assist logistics service providers to improve their fulfilment efficiency while reducing operational costs.

The revenue from last-mile delivery service increased by 32.5% from RMB5,000.2 million in 2023 to RMB6,624.9 million, which mainly attributed to: (i) the scale and proportion of the services supporting the dispatch process have steadily increased and we have actively seized the trend of rising return rates on e-commerce platforms to develop logistics services for e-commerce returns, thereby doubling the order volume of parcels returned to warehouses; and (ii) the doubling of revenue from services related to acceleration of intra-city logistics and base of last mile delivery customers (other than the SF Holding Group), achieving rapid growth. In supporting the parcel collection process, we strengthened coordination with major customers during peak delivery periods such as holidays and e-commerce shopping festivals. In 2024, the average daily order volume for parcel collection support services exceeded 1.5 million orders. Additionally, by enhancing operational monitoring, we focused on ensuring the fulfilment of “delivery within half a day” scenarios, which recorded a rapid increase in revenue and order volume during the Reporting Period. Furthermore, we actively expanded our last-mile delivery customer base to meet the demand for intra-city logistics services in various scenarios, such as fruit and fresh produce, corporate group meals, and company gift deliveries. Revenue from those customers collaboration during the Reporting Period increased by 106% year-on-year.

Our Riders

Riders are our closest business partners, and we have a nationally flexible rider network. For the 12 months ended December 31, 2024, our platform’s annual active riders further expanded to approximately 1 million. Our diverse business scenarios provide riders with various income opportunities. During the Reporting Period, we focused on improving riders’ income, with the number of medium-to-high level income riders increasing by 29% year-on-year, and the number of riders with monthly income exceeding ten thousand also increased by 40% year-on-year. We continuously enhance our management capabilities, resulting in a noticeable improvement in rider efficiency during the Reporting Period. We also strictly implement our responsibilities as a platform by continuously expanding services to safeguard riders’ rights and interests and by providing our riders with professional empowerment and comprehensive support.

We attach great importance to our riders' platform experience, care & welfare, and rights protection. We value riders' feedback and collect their voices through various channels such as customer service platforms, feedback rewards, and offline heart-to-heart meetings to help solve their difficulties. We remain devoted to riders' welfare care and organized over 10,000 offline caring events during the Reporting Period, providing coolness in summer, warmth in winter and holiday blessings etc. We also established a penalty exemption mechanism for extreme weather to protect riders' rights. During the Reporting Period, we became the first in the industry to introduce "Grievance Care Allowance", and launched the "30 Million Public Charity Fund" program, which included scholarships for riders' children and summer support programs for university student riders, building a comprehensive and multi-layered welfare system for riders. We have successfully held the Rider Festival for six consecutive years, fostering a friendly platform culture for riders. Additionally, we created an extensive and complete rider honor system to cultivate an atmosphere of "stepping up and continuously rising," enhancing riders' sense of identity and belonging to the platform, further improving rider activity and retention rates.

We prioritize the safety and health of our riders, and we regularly improve our safety policies, providing daily safety training, equipping protective gear and setting up safety reminders, anti-fatigue alerts, special weather warnings, and safety incident reporting services for riders, striving to enhance their overall safety experience. We prioritize safeguarding riders' health rights, collaborating with local traffic police to promote traffic safety days and training, and organizing AED emergency aid trainings, traffic, and fire safety activities to enhance riders' emergency response capabilities and strengthen their safety awareness. During the Reporting Period, our safety accident rate decreased by 17% compared to the last year.

Our Technologies

Technology is at the core of our business and is key to efficiency improvement and cost reduction. We are committed to advancing digital operations and AI decision-making intelligence at various stages of our business. Our City Logistics System ("CLS") has achieved collaborative response in the three core processes, including intelligent business planning and marketing management, integrated rider dispatch and intelligent order distribution, and intelligent operational optimization. Based on big data analysis and AI algorithms, the system can effectively predict order fluctuations and comprehensively coordinate factors such as front-end sales and marketing strategy, rider distribution and dispatch, route planning, willingness to pick up and subsidies, waiting times at the store, and delivery times. The system optimally matches orders with riders in different industries, scenarios, and complex delivery networks. During the Reporting Period, we actively promoted the multi-scenario application of AI Foundation Models capabilities by collaborating with leading domestic model providers. This has enabled us to enhance user experience and improve efficiency across the entire process, including user preference analysis, merchant operation strategies, intelligent customer service, delivery procedures, riders scheduling and so on.

We strive to integrate innovative technology services with diverse scenarios. Based on front-end user needs and operational models, we optimize order recommendations and rider dispatching patterns. For KA merchants, we continue to refine our customized service capabilities to ensure fulfilment. For small and medium-sized merchants, we enhance order exposure to improve order pick-up responding speed and continuously boost the pick-up efficiency of medium-to-long distance orders. For individual consumers, we strengthen anomaly monitoring and dispatch supervision, optimize the fulfilment of high-value orders, ensure fair algorithms and safe delivery, and upgrade the dispatch and scheduling logic to ensure stable fulfilment.

For merchants, as a neutral and open third-party platform, we will continue to strengthen connections with various channels, platforms, and private domains for order sources, providing intelligent distribution and planning, delivery time prediction and real-time order monitoring to help merchants improve digital operational efficiency and generate revenue in the trend of decentralized traffic. In 2024, we focused on enhancing the dispatch and scheduling capabilities based on distance stratification, ensuring timely fulfilment for citywide deliveries while effectively reducing delivery costs.

For riders, we fully consider the availability and convenience of rider's time and routes. We optimized the rationality of rider dispatch and route planning to improve the efficiency of matching riders with orders, reduce delivery difficulty, and help riders effectively increase productivity and personal income. Our system also enhances rider experiences in combination with rider incentive systems, considering rider delivery experiences, adverse weather conditions, night shifts, and peak times, offering personalized dispatch support to enhance the platform's care with technological backing. Additionally, the system considers various factors related to riders, such as the duration of their delivery runs and their attendance, to offer support from a technical standpoint.

We also continued to explore the commercial potential of smart logistics and unmanned delivery technology. In 2024, we launched unmanned vehicle delivery operations in multiple cities, focusing on unmanned deliveries between transit hubs and local delivery outlets as part of our last-mile delivery service, and operated over one thousand active routes on average per month nationally. Meanwhile, we developed relevant technological capabilities to enhance functions such as vehicle dispatch, operational monitoring and route management. By analyzing actual fulfilment scenarios and leveraging data insights, we consistently refined operational strategies and strengthened real-time monitoring to enhance the efficiency and stability of unmanned vehicle deliveries and further reduce operational costs. We believe that unmanned delivery capabilities will become an effective supplement to the existing rider network, driving efficiency improvements and providing users with a unique interaction experience.

Outlook

Looking back at 2024, we have been firmly rooted ourselves in the local lifestyle services industry, proactively embracing the diverse demands arising from new consumption trends. Leveraging our neutral and open market positioning along with our service capabilities across scenarios, we continue to optimize our products and services. While consolidating our existing business advantages, we seek new growth opportunities. As part of the intra-city delivery infrastructure, we have remained steadfast in executing our strategic plans, committed to serving every customer and supporting our riders in delivering every order. These focused efforts have culminated in favorable business results for our company. In 2024, we delivered impressive performance, and achieved significant growth in both revenue and profit.

Looking ahead, we will remain committed to our operational goal of “high-quality and healthy growth.” We will embrace market opportunities in the diversified traffic, local retail development, accelerated intra-city logistics, and the ongoing expansion of third-party on-demand delivery services. We will keep expanding on a large-scale, covering a wide range of scenarios, providing excellent services, and establishing a robust network. As local lifestyle consumption scenarios and consumption patterns continue to evolve, we will remain focused on our core value contributions within the industry and urban operations. We will also strive to expand the boundaries of on-demand fulfilment services, enhance our technological capabilities, and collaborate with more business partners. Together, we will safeguard the prosperous development of new consumption trend and better fulfil our mission of “bringing enjoyable lifestyle to your fingertips”.

FINANCIAL REVIEW

The following table sets forth the comparative figures for the years ended December 31, 2023 and 2024.

Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Revenue	15,746,083	12,387,416
Cost of revenue	(14,674,587)	(11,592,676)
Gross profit	1,071,496	794,740
Selling and marketing expenses	(234,234)	(212,684)
Research and development expenses	(108,110)	(91,717)
Administrative expenses	(636,625)	(517,348)
Other income	12,495	43,487
Other gains, net	15,379	6,423
Net impairment losses of financial assets	(3,118)	(3,750)
Operating profit	117,283	19,151
Finance income	29,362	41,423
Finance costs	(783)	(1,296)
Finance income, net	28,579	40,127
Share of profit of a joint venture accounted for using the equity method	(899)	3,311
Profit before income tax	144,963	62,589
Income tax (expenses)/credits	(12,503)	2,268
Profit from continuing operations	132,460	64,857
Discontinued operation		
Loss from discontinued operation	–	(14,262)
Profit for the year	132,460	50,595
Profit attributable to		
– Owners of the Company	132,460	50,595

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Earnings per share for profit from continuing operations attributable to owners of the Company (expressed in RMB per share)		
– Basis earnings per share (in RMB)	<u>0.15</u>	<u>0.07</u>
– Diluted earnings per share (in RMB)	<u>0.15</u>	<u>0.07</u>
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)		
– Basis earnings per share (in RMB)	<u>0.15</u>	<u>0.05</u>
– Diluted earnings per share (in RMB)	<u>0.15</u>	<u>0.05</u>
Profit for the year	<u>132,460</u>	<u>50,595</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	7,249	3,876
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	<u>(29,415)</u>	<u>(5,134)</u>
Other comprehensive income for the year, net of tax	<u>(22,166)</u>	<u>(1,258)</u>
Total comprehensive income for the year	<u>110,294</u>	<u>49,337</u>
Total comprehensive income for the year attributable to:		
– Owners of the Company	<u>110,294</u>	<u>49,337</u>
Total comprehensive income for the year attributable to owners of the Company arises from:		
Continuing operations	110,294	63,599
Discontinued operation	<u>–</u>	<u>(14,262)</u>
	<u>110,294</u>	<u>49,337</u>

Key Balance Sheet Items

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
Total non-current assets	398,084	419,042
Total current assets	4,271,649	3,780,649
Total assets	4,669,733	4,199,691
Total non-current liabilities	9,140	11,483
Total current liabilities	1,700,065	1,207,114
Total liabilities	1,709,205	1,218,597
Total equity	2,960,528	2,981,094

Continuing Operations

The following discussions and analysis are in relation to our continuing operations unless otherwise indicated.

Revenue

The following table sets forth our revenue by line of business for the years ended December 31, 2023 and 2024 respectively.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Intra-city on-demand delivery service	15,746,083	12,387,416
Intra-city delivery service	9,121,157	7,387,265
(1) To Merchants (<i>i.e. to B</i>)	6,688,290	5,219,676
(2) To Consumers (<i>i.e. to C</i>)	2,432,867	2,167,589
Last-mile delivery service	6,624,926	5,000,151
Total	15,746,083	12,387,416

Revenue increased by 27.1% to RMB15,746.1 million for the year ended December 31, 2024, compared to RMB12,387.4 million for the year ended December 31, 2023, mainly due to (i) an increase in order volume and further leveraging the economies of scale and network effect; (ii) the steadfast execution of a healthy and high-quality development strategy, driving continuous deepening of strategic partnerships and improvement of the business structure; and (iii) increased efforts to tap into lower-tier markets and improved performance in niche markets to attract more high-quality customers.

Cost of Revenue

The following table sets forth our cost of revenue by category for the years ended December 31, 2023 and 2024 respectively.

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Labour outsourcing costs	14,460,953	11,408,686
Cost of material	70,016	52,992
Amortization of intangible assets	35,505	30,038
Employee benefit expenses	36,855	21,173
Depreciation of right-of-use assets	3,290	10,988
Depreciation of property, plant and equipment	1,906	1,606
Others	66,062	67,193
Total	<u>14,674,587</u>	<u>11,592,676</u>

Cost of revenue increased by 26.6% to RMB14,674.6 million for the year ended December 31, 2024, compared to RMB11,592.7 million for the year ended December 31, 2023, mainly due to an increase in business scale and order volume that led to an increase in costs for delivery by riders.

Gross Profit and Margin

As a result of the foregoing, our gross profit and gross profit margin for the year ended December 31, 2024, were RMB1,071.5 million and 6.8% respectively, compared to the gross profit and the gross profit margin of RMB794.7 million and 6.4% respectively for the year ended December 31, 2023. The change in gross profit is mainly due to (i) further improved economies of scale driven by revenue growth; and (ii) enhanced operating quality and efficiency driven by digital intelligence technology and lean management.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 10.1% to RMB234.2 million for the year ended December 31, 2024, compared to RMB212.7 million for the year ended December 31, 2023, mainly due to an increase in employee benefit expenses and promotion and advertising expenses with a view to raising our profile and brand image.

Research and Development Expenses

Our research and development expenses increased by 17.9% to RMB108.1 million for the year ended December 31, 2024, compared to RMB91.7 million for the year ended December 31, 2023, mainly due to an increase in research and development investment. See “Business Review – Our Technologies”.

Administrative Expenses

Our administrative expenses increased by 23.1% to RMB636.6 million for the year ended December 31, 2024, compared to RMB517.3 million for the year ended December 31, 2023, mainly due to an increase in employee benefit expenses.

Other Income

Our other income decreased by 71.3% to RMB12.5 million for the year ended December 31, 2024, compared to RMB43.5 million for the year ended December 31, 2023, mainly due to a change in the policy on additional deductions for value added tax.

Finance Income, Net

Our finance income, net decreased from RMB40.1 million for the year ended December 31, 2023 to RMB28.6 million for the year ended December 31, 2024, mainly due to decrease in interest rates, resulting in decrease in interest income.

Income Tax Expenses

Our income tax expenses were RMB12.5 million for the year ended December 31, 2024, mainly due to an increase of the profit for the year.

Profit for the Year and Net Profit Margin

As a result of the foregoing, we recorded a net profit and a net profit margin of RMB132.5 million and 0.8% respectively for the year ended December 31, 2024, compared to a net profit and a net profit margin of RMB50.6 million and 0.4% respectively in the year ended December 31, 2023.

Non-IFRS Accounting Standards Measure: Adjusted Net profit

To supplement our consolidated results which are prepared and presented in accordance with the International Financial Reporting Accounting Standards (“**IFRS Accounting Standards**”), we adopted the non-IFRS Accounting Standards of adjusted net profit as an additional financial measure. We believe that the presentation of non-IFRS Accounting Standards measures when shown in conjunction with the corresponding IFRS Accounting Standards measures provides useful information to investors and management.

We define adjusted profit for the year as profit for the year adjusted by adding back share-based compensation expenses. Share-based compensation expenses are non-operational expenses arising from granted trust benefit units, which correspond to a certain amount of the shares of the Company, to selected employees, the amount of which may not directly correlate with the underlying performance of our business operations. Thus, these expenses are neither related to our ordinary course of business nor indicative of our ongoing core operating performance. Therefore, we believe that these items should be adjusted for when calculating our adjusted net profit in order to provide investors and management with a complete and fair understanding of our core operating results and financial performance, so that they can assess our underlying core operating results and financial performance undistorted by items unrelated to our ordinary course of business operations, especially in (i) making period-to-period comparisons of and assessing the profile of, our operating and financial performance; and (ii) making comparisons with other comparable companies with similar business operations.

Nonetheless, our presentation of such non-IFRS Accounting Standards measure may not be comparable to similar titled measures presented by other companies. Furthermore, the use of this non-IFRS Accounting Standards measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS Accounting Standards.

The following table sets forth reconciliations of our adjusted net profit (non-IFRS Accounting Standards measure) for the years to profit for the years with its most directly comparable financial measure calculated and year presented in accordance with IFRS Accounting Standards:

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Reconciliation of adjusted net profit (non-IFRS Accounting Standards measure)		
Net profit for the year	132,460	50,595
Add:		
Share-based compensation expenses	13,392	6,805
Adjusted net profit (non-IFRS Accounting Standards measure) (unaudited)	<u>145,852</u>	<u>57,400</u>

Liquidity and Financial Resources

Other than the funds raised through our Global Offering in December 2021, we have historically funded our cash requirements principally from capital contribution from shareholders/financing through borrowings from related party. We had cash and cash equivalents of RMB1,368.8 million as of December 31, 2024, compared to the balance of RMB1,898.7 million as of December 31, 2023. The following table sets forth our cash flows for the years indicated:

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Operating cash flows before changes in working capital	175,577	78,163
Changes in working capital	72,050	155,560
Interest received	29,362	41,446
Income tax paid	(5,065)	(8,878)
Net cash generated from operating activities	271,924	266,291
Net cash (used in)/generated from investing activities	(643,821)	294,630
Net cash used in financing activities	(158,590)	(120,054)
Net (decrease)/increase in cash and cash equivalents	(530,487)	440,867
Cash and cash equivalents at the beginning of the year	1,898,743	1,458,024
Effects of exchange rate changes on cash and cash equivalents	579	(148)
Cash and cash equivalents at the end of the year	<u>1,368,835</u>	<u>1,898,743</u>

Net Cash Generated from Operating Activities

Cash generated from our operations primarily comprises our profit before income tax adjusted by non-cash items and changes in working capital.

For the year ended December 31, 2024, net cash generated from operating activities was RMB271.9 million, which was mainly attributable to our profit before income tax of approximately RMB145.0 million, as adjusted by: (i) non-cash and non-operating items, primarily comprising share-based compensation expenses, amortization and depreciation of assets and gain from fair value adjustments of financial assets of approximately RMB60.0 million; (ii) changes in working capital of approximately RMB72.1 million; and (iii) payment of income tax of approximately RMB5.1 million.

Net Cash Used in Investing Activities

For the year ended December 31, 2024, net cash used in investing activities was RMB643.8 million, which was mainly attributable to our purchase of structured deposit products.

Net Cash Used in Financing Activities

For the year ended December 31, 2024, net cash used in financing activities was RMB158.6 million, which was mainly attributable to our repurchase of the Company's shares.

Gearing Ratio

Our gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. As at December 31, 2024, given that the cash and cash equivalents exceed the aggregation of total borrowings and lease liabilities, gearing ratio is no longer calculated.

Financial Assets Measured at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss increased from RMB516.8 million as of December 31, 2023 to RMB1,145.9 million as of December 31, 2024, mainly due to an increase in our purchased structured deposit products.

Borrowings

As of December 31, 2024, we did not have outstanding borrowing.

Capital Commitments

The following table sets forth our capital commitments as of the dates indicated.

	As of December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Investment accounted for using the equity method	<u>25,000</u>	<u>25,000</u>
Total	<u>25,000</u>	<u>25,000</u>

Capital Expenditure

The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	Year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Payment for intangible assets	32,309	61,178
Payment for property, plant and equipment	<u>15,422</u>	<u>7,814</u>
Total	<u>47,731</u>	<u>68,992</u>

Lease Commitments and Arrangements

Leases not yet commenced to which the Group is committed are as follows:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Within 1 year	909	739
	<u>909</u>	<u>739</u>

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the financial year ended December 31, 2024, we did not conduct any material acquisitions or disposals of subsidiaries and affiliated companies.

Financial Risks

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks, which arise from foreign exchange rates, price risk and cash flow and fair value interest rate respectively.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective group entities' functional currency.

As of December 31, 2024, the Group had HK\$7 million cash in bank (as at December 31, 2023: HK\$9 million cash in bank) which is different from the functional currency of RMB and is exposed to foreign exchange risk. If the RMB strengthened/weakened by 1% against the HK\$ with all other variables held constant, net profit before tax for the year would have been RMB73,000 lower/higher (as at December 31, 2023: if the RMB strengthened/weakened by 1% against the HK\$ with all other variables held constant, net profit before tax would have been RMB93,000 lower/higher).

The Group does not hedge against any fluctuation in foreign currencies during the year.

Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position either as at financial assets at FVOCI or at FVPL. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by management on a case by case basis.

Cash Flow and Fair Value Interest Rate Risk

As of December 31, 2024, we had no significant interest rate risk as we did not hold any long-term interest-bearing debt.

Pledge of Assets

As of December 31, 2024, we did not have any pledge of assets.

Contingent Liabilities

The Group is subject to a number of legal proceedings that generally arise in the ordinary course of its business. The Group is of view that any currently pending legal proceeding to which the Group is a party will not have a material adverse effect on the consolidated financial statements.

Future Plans for Material Investments and Capital Assets

As of December 31, 2024, we did not have other plans for material investments and capital assets.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

The Group had no material events during the period from January 1, 2025 to the approval date of the consolidated financial statements by the Board of Directors on March 28, 2025.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2024, the Group had a total of 2,048 full-time employees.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer competitive remuneration packages for our employees, which generally include salary and bonuses. We also provide benefits, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and other national statutory insurances, housing provident fund schemes to our employees.

Furthermore, we have labour unions that protect employees' rights, help fulfil economic objectives and encourage employee participation in management decisions.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at December 31, 2024, the Company had not entered into any off-balance sheet arrangements.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2024.

USE OF PROCEEDS FROM THE LISTING

During the Reporting Period, the Group has gradually used the proceeds from the initial public offering for the intended purposes set out in the Prospectus as well as in accordance with the change of allocation in use of proceeds (the “**Amendment**”) set out in the interim results announcement of the Company dated August 28, 2024 (“**2024 Interim Results Announcement**”).

On August 28, 2024, the Board resolved to change the use of the unutilised net proceeds partially from funding potential strategic acquisitions and investments in upstream and downstream businesses to expanding the Company’s service coverage, so as to provide better flexibility for the Group to manage its assets and liabilities, in favour of the Group’s long term business development, as well as to result in better utilisation of the unutilised net proceeds. For further details, including the reasons for the change of use of proceeds, please refer to the 2024 Interim Results Announcement.

The unused net proceeds from the Global Offering as of December 31, 2023 and June 30, 2024 were approximately HK\$625.6 million and HK\$410.3 million, respectively, after deducting underwriting commissions and offering expenses paid or payable. See the table below for details regarding the amount of net proceeds that the Company has utilised up until December 31, 2024:

Purpose	Net proceeds from the Listing available after the Amendment (HK\$ million)	Actual net amount utilised up to December 31, 2024 (HK\$ million)	Unused net proceeds up to December 31, 2024 (HK\$ million)	Expected timeline for utilising unutilised net amount
Research and development and technology infrastructure	718.0	718.0	–	N/A
Expand the Company’s service coverage	793.7	410.3	383.4	by end of 2026
Funding the potential strategic acquisition of and investment in upstream and downstream businesses along the industry value chain	26.9	–	26.9	by end of 2026
Marketing and branding	307.7	307.7	–	N/A
Working capital and general corporate use	205.2	205.2	–	N/A
Total	2,051.5	1,641.2	410.3	

As of December 31, 2024, the Group has utilised approximately HK\$1,641.2 million of the proceeds for the intended purposes set out in the Prospectus, accounting for 80.0% of all raised funds, and the remaining unutilised proceeds is approximately HK\$410.3 million. The unutilised net proceeds are expected to be utilised for expanding the Company's service coverage (including scenario coverage and geographical coverage), and for funding potential acquisitions and investments, and the timing for utilizing such net proceeds is extended to the end of 2026. For further details, please refer to the 2024 Interim Results Announcement.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Group is committed to maintaining and promoting stringent corporate governance to safeguard the interests of the Shareholders and to enhance our corporate value. The principle of the Group's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strength accountability to all shareholders. The Group's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules.

During the Reporting Period and up to the date of this announcement, the Company has complied with all applicable principles of good corporate governance and code provisions of the CG Code, save and except the following in respect of code provision C.2.1 of the CG Code: during the Reporting Period, both the chairman of the Board and the Chief Executive Officer ("**CEO**") of the Company were held by Mr. Sun Haijin. Notwithstanding the deviation from code provision C.2.1, the Board believes that with the support of the management, vesting the roles of both Chairman and CEO by the same person can facilitate execution of the Group's business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which currently consists of three executive Directors, four non-executive Directors and four independent non-executive Directors, the interest of the Shareholders will be adequately and fairly represented.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors of the Group, all the Directors confirmed that they have strictly complied with the Model Code throughout the Reporting Period and up to the date of this announcement.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period and up to the date of this announcement, the Company repurchased certain H Shares on the Stock Exchange. Details of the shares repurchased are as follows:

Month of repurchase	No. of H Shares repurchased	Purchase consideration per share		Aggregate consideration paid (HK\$)
		Highest price paid (HK\$)	Lowest price paid (HK\$)	
2024				
January 2024	6,530,600	11.20	8.92	66,600,984
February 2024	—	—	—	—
March 2024	114,000	9.47	9.27	1,061,986
April 2024	2,879,800	10.56	9.79	29,313,940
May 2024	2,046,000	11.08	9.94	21,221,648
June 2024	1,919,000 ⁽¹⁾	12.68	10.96	22,886,136
July 2024	1,061,800 ⁽²⁾	11.66	10.06	11,644,100
August 2024	—	—	—	—
September 2024	298,800 ⁽³⁾	11.58	10.70	3,375,240
October 2024	—	—	—	—
November 2024	—	—	—	—
December 2024	—	—	—	—
Total	14,850,000			156,104,034

Notes :

(1) Among the H Shares repurchased in June 2024, 1,760,200 H Shares were held as treasury shares.

(2) All the 1,061,800 H Shares repurchased in July 2024 were held as treasury shares.

(3) All the 298,800 H Shares repurchased in September 2024 were held as treasury shares.

From January 1, 2024 to the date of this announcement, (1) the Company had repurchased an aggregate of 14,850,000 H Shares at an aggregate consideration of HK\$156,104,034 (exclusive of transaction costs); (2) 16,082,200 H Shares repurchased by the Company were cancelled on August 6, 2024; (3) as of December 31, 2024 and to the date of this announcement, 3,120,800 H Shares repurchased by the Company continued to be held by the Company as treasury shares; (4) the Company had issued 745,610,609 H Shares (including treasury shares) and 171,764,898 domestic Shares in issue; and (5) subject to compliance with the Listing Rules, the Company might consider using treasury shares for future resale or cancellation. Except as disclosed in this announcement, during the Reporting Period and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold, or redeemed any of the Company's securities listed on the Stock Exchange (including the sale of treasury shares).

Sufficiency of public float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the minimum public float required by the Stock Exchange throughout the Reporting Period.

Audit Committee and Review of Financial Information

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and the CG Code to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee comprises three members, namely Mr. Wong Hak Kun, Mr. Chan Kok Chung, Johnny and Mr. Li Qiuyu, with Mr. Wong Hak Kun (being our independent non-executive Director with the appropriate professional qualifications) as the chairman of the Audit Committee.

The Audit Committee has reviewed annual results and the consolidated financial statements of the Group for the year ended December 31, 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and PricewaterhouseCoopers, the auditor of the Company (the “**Auditor**”).

Scope of Work of PricewaterhouseCoopers

The financial figures in respect of the Group’s results for the year ended December 31, 2024 as set out in the announcement have been agreed by the Auditor to the amounts set out in the Group’s audited consolidated financial statements. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on the announcement.

Annual General Meeting

The annual general meeting is scheduled to be held on June 20, 2025 (the “**AGM**”). A notice convening the AGM will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <https://www.sf-cityrush.com/> in the manner required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed from June 17, 2025 to June 20, 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents of H Shares accompanied by the relevant shares certificates must be lodged with the Company’s H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on June 16, 2025.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <https://www.sf-cityrush.com/>. The annual report of the Group for the year ended December 31, 2024 will be published on the aforesaid websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its gratitude to all of our customers, suppliers, riders and partners, and all shareholders for their understanding, support and trust, with which all employees of the Group, will continue to work diligently as one in the long run.

By order of the Board
Hangzhou SF Intra-city Industrial Co., Ltd.
SUN Haijin
Chairman of the Board and Chief Executive Officer

PRC, March 28, 2025

As at the date of this announcement, the board of directors of the Company comprises Mr. Sun Haijin, Mr. Chan Hey Man and Mr. Chen Lin, as executive Directors; Mr. Geng Yankun, Ms. Li Juhua, Mr. Li Qiuyu and Mr. Han Liu, as non-executive Directors; and Mr. Chan Kok Chung, Johnny, Mr. Wong Hak Kun, Mr. Zhou Xiang and Ms. Huang Jing, as independent non-executive Directors.