THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **J&T Global Express Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of the Company.

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J&T Global Express Limited

極兔速遞環球有限公司

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

(Stock Code: 1519)

(1) MAJOR TRANSACTION IN RELATION TO THE PROPOSED SUBSCRIPTION OF H SHARES OF S.F. HOLDING AND THE PROPOSED ISSUANCE OF CLASS B SHARES TO S.F. HOLDING UNDER GENERAL MANDATE; (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE EIGHTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

The notice convening the Extraordinary General Meeting of J&T Global Express Limited to be held by way of a virtual meeting through the e-Meeting System on Tuesday, April 21, 2026 at 9:30 a.m. is set out in this circular.

A letter from the Board is set out on pages 9 to 26 of this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 9:30 a.m. on Sunday, April 19, 2026) or the adjourned meeting (as the case may be). For the avoidance of doubt and for the purposes of the Listing Rules, holders of treasury shares (if any) shall abstain from voting at the Company's general meetings. Completion and return of the form of proxy will not preclude shareholders from attending and voting through the e-Meeting System at the Extraordinary General Meeting if they so wish. If you attend and vote at the Extraordinary General Meeting, the authority of your proxy will be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

March 27, 2026

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Notice of Extraordinary General Meeting EGM-1

VIRTUAL EXTRAORDINARY GENERAL MEETING

A virtual Extraordinary General Meeting enables the Shareholders to attend the meeting via the e-Meeting System and allows them to attend, participate, submit questions and vote and to view live streaming of the Extraordinary General Meeting.

Shareholders participating in the Extraordinary General Meeting via the e-Meeting System will also be counted towards the quorum. The inability of any Shareholder or his proxy or (in the case of a Shareholder being a corporation) its duly authorised representative to access, or continue to access, such online platform despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the Extraordinary General Meeting or the resolutions passed, or any business conducted at the meeting or any action taken pursuant to such business provided that a quorum is present throughout the meeting.

HOW TO ATTEND AND VOTE

Shareholders who wish to attend the EGM and exercise their voting rights can be achieved in one of the following ways:

(1) attend the Extraordinary General Meeting via the e-Meeting System, which enables live streaming and interactive platform for questions and answers and submission of their votes online; and

(2) appoint the chairman of the Extraordinary General Meeting or other persons as their proxies to vote on their behalf via the e-Meeting System.

Registered Shareholders can refer to the notice of the Extraordinary General Meeting and the online meeting user guide (by scanning the QR code provided on the notification letter, which is expected to be despatched to the registered Shareholders on Monday, March 30, 2026 by post) in relation to attending the Extraordinary General Meeting by electronic means.

Non-registered Shareholders whose Shares are held in the CCASS through bank, stockbroker, custodians or HKSCC (collectively the "**Intermediary**") should:

(1) contact and instruct their Intermediary that they want to attend the EGM, vote and submit questions online; and

(2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

Shareholders should note that only one device is allowed per login. Please keep the login details in safe custody for the EGM and do not disclose them to anyone else. Neither the Company nor its share registrar assumes any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for

attendance, voting or otherwise. The submission of votes through the e-Meeting System using your login details will be conclusive evidence for the votes cast by you as a Shareholder. The Company, its agents and its share registrar take no responsibility for all or any losses or other consequences caused by or resulting from any unauthorized use of the login details.

If your proxy (except when the chairman of the Extraordinary General Meeting is appointed as proxy) wishes to attend the Extraordinary General Meeting and vote online, you must provide a valid email address of your proxy to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, If no email address is provided, your proxy cannot attend the Extraordinary General Meeting and vote online. The email address so provided will be used by the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, for providing the login details for attending and voting at the Extraordinary General Meeting via the e-Meeting System. If your proxy has not received the login details by email by 5:00 p.m. (Hong Kong time) on Monday, April 20, 2026, you should contact the Company's branch share registrar as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2810 8185
Email: 1519-ecom@vistra.com

For the beneficial owners whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited who would like to attend the Extraordinary General Meeting, they should consult directly with their banks or brokers or custodians (as the case may be) for the necessary arrangements. You will be asked to provide your email address which will be used by the Company's branch share registrar, Tricor Investor Services Limited, for providing the login details for attending the Extraordinary General Meeting electronically in the e-Meeting System.

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"AGM" or "Annual General Meeting"	annual general meeting of the Company held on June 18, 2025
"Announcement(s)"	the announcement(s) each dated January 15, 2026 in relation to each of (i) the Proposed Subscription of H Shares of S.F. Holding and the proposed issuance of Class B Shares to S.F. Holding under the General Mandate; and (ii) the Proposed Amendments to the Articles of Association
"Articles of Association"	the seventh amended and restated articles of association of the Company adopted on October 11, 2023, which became effective on the Listing Date, as amended from time to time
"Auditor"	PricewaterhouseCoopers, the auditor for the time being of the Company
"Board"	the board of Directors
"Business Day"	any day (excluding Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing securities
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Class A Shares"	class A share(s) of the Company with a par value of US$0.000002 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to 10 votes per share on any resolution subject to a vote at the Company's general meeting on a poll, save for resolutions with respect to any reserved matters specified in the Articles of Association, in which case each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting

"Class B Shares"	class B share(s) of the Company with a par value of US$0.000002 each, conferring a holder of a Class B Share one vote per share on any resolution subject to a vote at the Company's general meeting on a poll
"close associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Companies Act"	the Companies Act (as revised) of the Cayman Islands
"Company"	J&T Global Express Limited (極兔速遞環球有限公司), an exempted company incorporated in the Cayman Islands with limited liability on October 24, 2019, the Shares of which are listed on the Main Board of the Stock Exchange
"Competition Authorities"	any national, supra-national or regional, state, municipal, government or governmental, quasi-governmental, statutory, regulatory or investigative body, administrative agency, court or tribunal, in any jurisdiction, responsible for the investigation, prosecution or determination of any matters relating to antitrust, competition, mergers, unfair competition, consumer protection, anti-competitive agreements, practices or behaviour or any similar matter
"Completion"	the completion of the Proposed Transactions pursuant to the terms and conditions of the Share Subscription Agreement
"Completion Date"	the fifteenth (15th) Business Day after the date upon which the last of the Conditions have been satisfied (or waived in accordance with the terms of the Share Subscription Agreement), or at such other time and/or date as the Company and S.F. Holding may agree in writing and in compliance with the Listing Rules
"Consideration Shares"	an aggregate of 821,657,973 Class B Shares to be issued by the Company at the Issue Price of HKD10.10 per Class B Share and with an aggregate nominal value of approximately USD1,643.32 for the sole purpose of settling the total consideration for the Proposed Subscription

"Consolidated Affiliated Entities"	the entities the financials of which are consolidated into the Company by virtue of contractual arrangements
"Controlling Shareholder(s)"	has the same meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Jet Jie Li, Jumping Summit Limited, Topping Summit Limited and Exceeding Summit Holding Limited, which are a group of controlling shareholders of the Company
"core connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM" or "Extraordinary General Meeting"	extraordinary general meeting of the Company to be held on Tuesday, April 21, 2026 to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages EGM-1 to EGM-3 of this circular, or any adjournment thereof
"e-Meeting System"	the Vistra eVoting Portal at https://evoting.vistra.com/#/519, which is an electronic platform for the Shareholders, proxies and corporate representatives attending the Extraordinary General Meeting via internet
"General Mandate"	the general mandate granted by the Shareholders at the AGM
"Group"	the Company and its subsidiaries
"H Shares of S.F. Holding"	the overseas listed foreign ordinary shares in share capital of S.F. Holding with a nominal value of RMB1.00 each, which are listed and traded on the Stock Exchange under the stock code 6936
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"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
"Intermediary"	the bank, stockbroker, custodian, or HKSCC that holds shares in the CCASS on behalf of non-registered Shareholders
"Issue Price"	HKD10.10 per Consideration Shares for the Proposed Subscription
"Latest Practicable Date"	March 25, 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Date"	October 27, 2023, on which the issued Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time
"Long Stop Date"	the date falling on nine months from the date of the Share Subscription Agreement, or such later date as may be agreed between the Company and S.F. Holding in writing
"Model Code"	Model Code for Securities Transactions by Directors of Listed Companies in Appendix C3 to the Listing Rules
"Memorandum of Association"	the seventh amended and restated memorandum of association of the Company adopted on October 11, 2023, which became effective on the Listing Date, as amended from time to time
"PRC"	the People's Republic of China, but for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

"Proposed Amendments" or the "Proposed Amendments to the Articles of Association"	the proposed amendments to the Articles of Association as detailed in Appendix V to this circular
"Proposed Subscription"	the proposed subscription by the Company of 225,877,669 H Shares of S.F. Holding pursuant to the terms and conditions of the Share Subscription Agreement
"Proposed Transactions"	the proposed subscription of 225,877,669 H Shares of S.F. Holding by the Company at the Subscription Price of HK36.74 per H Share of S.F. Holding and the proposed issuance of 821,657,973 Class B Shares at the Issue Price of HKD10.10 per Class B Share to S.F. Holding pursuant to the terms and conditions of the Share Subscription Agreement
"Prospectus"	the prospectus dated October 16, 2023 issued by the Company in connection with the global offering and listing of its Class B Shares on the Stock Exchange
"Reserved Matters"	those matters with respect to which each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum of Association or the Articles of Association, however framed, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of the Company's auditor, or (iv) the voluntary liquidation or winding-up of the Company
"S.F. Holding" or "Target Company"	S.F. Holding Co., Ltd. (順豐控股股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose A shares are listed on Shenzhen Stock Exchange under the stock code 002352 and H Shares are listed on the Stock Exchange under the stock code 6936
"S.F. Holding Group"	S.F. Holding and its subsidiaries
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time

"Share(s)"	the Class A Shares and/or Class B Shares in the share capital of our Company, as the context so requires
"Shareholder(s)"	holder(s) of Share(s)
"Share Subscription Agreement"	a share subscription agreement entered into between the Company and S.F. Holding on January 15, 2026 in respect of the Proposed Transactions
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	HKD36.74 per H Share of S.F. Holding in connection with the Proposed Subscription
"Subscription Shares"	an aggregate of 225,877,669 H Shares to be issued by S.F. Holding pursuant to the terms and conditions of the Share Subscription Agreement
"Subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"Undertaking Conditions"	the conditions upon which Mr. Jet Jie Li's undertakings under the Deed of Undertaking are given, being (a) the S.F. Holding remaining in compliance with its lock-up undertaking under the Share Subscription Agreement; (b) S.F. Holding continuing to hold 8% or more of the issued shares of the Company; and (c) S.F. Holding and Company not having a material conflict in developing their business synergies, and making constructive progress on their strategic partnership
"US$" or "USD"	United States Dollars, the lawful currency of the United States
"WVR" or "weighted voting rights"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

J&T Global Express Limited
極兔速遞環球有限公司

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

(Stock Code: 1519)

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

Non-executive Directors:
Ms. Alice Yu-fen Cheng
Ms. Qinghua Liao
Mr. Yuan Zhang

Independent Non-executive Directors:
Mr. Erh Fei Liu
Mr. Peng Shen
Mr. Peter Lai Hock Meng

Registered Office:
4th floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

Principal Place of Business in PRC:
Room 1001, Block A, Tower 5
1777 Hualong Road, Huaxinzhen
Qingpu District, Shanghai
PRC

Principal Place of Business in Hong Kong:
40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

March 27, 2026

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION IN RELATION TO THE PROPOSED SUBSCRIPTION OF H SHARES OF S.F. HOLDING AND THE PROPOSED ISSUANCE OF CLASS B SHARES TO S.F. HOLDING UNDER GENERAL MANDATE; (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND THE ADOPTION OF THE EIGHTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the Announcements dated January 15, 2026 in relation to each of (i) the Proposed Subscription of H Shares of S.F. Holding and the proposed issuance of Class B Shares to S.F. Holding under the General Mandate; and (ii) the Proposed Amendments to the Articles of Association. The purpose of this circular is to provide you with further information regarding resolutions to be proposed at the Extraordinary General Meeting relating to (i) the Proposed Subscription of H Shares of S.F. Holding and the proposed issuance of Class B Shares to S.F. Holding under the General Mandate; and (ii) the Proposed Amendments to the Articles of Association.

2. PROPOSED SUBSCRIPTION OF H SHARES OF S.F. HOLDING AND THE PROPOSED ISSUANCE OF CLASS B SHARES TO S.F. HOLDING UNDER GENERAL MANDATE

Reference is made to the Announcement of the Company dated January 15, 2026 in relation to, among others, the Proposed Subscription of H Shares of S.F. Holding and the proposed issuance of Class B Shares to S.F. Holding under the General Mandate.

On January 15, 2026, the Company and S.F. Holding entered into the Share Subscription Agreement, pursuant to which (i) the Company has conditionally agreed to subscribe for, and S.F. Holding has conditionally agreed to issue, 225,877,669 H Shares of S.F. Holding at the Subscription Price of HKD36.74 per H Share of S.F. Holding; and (ii) the Company has conditionally agreed to issue, and S.F. Holding has conditionally agreed to subscribe for 821,657,973 Class B Shares at the Issue Price of HKD10.10 per Class B Share, in each case subject to the terms and conditions set out in the Share Subscription Agreement.

Upon Completion, the Company will hold approximately 4.29% of the issued shares of S.F. Holding as enlarged by the allotment and issue of Subscription Shares, and accordingly, S.F. Holding will not become a subsidiary of the Company and the financial results of S.F. Holding will not be consolidated into the consolidated financial statements of the Company.

The Share Subscription Agreement

Date January 15, 2026

Parties

- The Company; and
- S.F. Holding

To the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, as of the Latest Practicable Date, S.F. Holding and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Subject matter

Subject to the terms and conditions set out in the Share Subscription Agreement, (i) the Company has conditionally agreed to subscribe for, and S.F. Holding has conditionally agreed to issue, 225,877,669 H Shares of S.F. Holding at the Subscription Price of HKD36.74 per H Share of S.F. Holding; and (ii) the Company has conditionally agreed to issue, and S.F. Holding has conditionally agreed to subscribe for 821,657,973 Class B Shares at the Issue Price of HKD10.10 per Class B Share.

Consideration and its basis and the settlement arrangement

The total amount of the consideration payable by the Company for the Proposed Subscription shall be approximately HKD8,298.75 million, representing a Subscription Price of HKD36.74 per H Share of S.F. Holding. The Company will settle the consideration for the Proposed Subscription by using the proceeds from issue of the Consideration Shares under the General Mandate.

The Consideration Shares of a total of 821,657,973 Class B Shares represent approximately 9.15% of the issued share capital of the Company as of the date of the Announcement, approximately 9.23% of the issued share capital of the Company as of the date of the Latest Practicable Date, and 8.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there will be no change in the total number of issued Shares between the Latest Practicable Date and the allotment and issue of the Consideration Shares). Upon Completion, S.F. Holding will hold approximately 10.03% of the issued share capital of the Company, representing approximately 5.28% voting power in the Company. The allotment and issue of the Consideration Shares will not result in a change of control of the Company.

The Issue Price of HKD10.10 per Consideration Share represents:

(a) a discount of 13.97% to the closing price of HKD11.740 per Class B Share of the Company as quoted on the Stock Exchange on January 14, 2026, being the last trading day prior to the Share Subscription Agreement; and

(b) a discount of 14.83% to the average closing price of HKD11.858 per Class B Share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Share Subscription Agreement.

The total amount of funds raised from the issuance of the Consideration Shares will be approximately HKD8,298.75 million, which shall be used entirely to settle the consideration for the Proposed Subscription pursuant to the terms and conditions of the Share Subscription Agreement.

Each of the number of Subscription Shares and Subscription Price and the number of Consideration Shares and Issue Price was determined with reference to (i) the prevailing market value of the H Shares of S.F. Holding and the corresponding value of the equity interest in S.F. Holding to be acquired by the Company in the Proposed Subscription; (ii) each of the volume weighted average price per Class B Share and H Shares of S.F. Holding as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including January 14, 2026, being the last trading day prior to the Share Subscription Agreement; (iii) the prevailing market price of the Consideration Shares; and (iv) the potential strategic value expected to be brought about from the collaboration between the parties as a result of the transactions contemplated under the Share Subscription Agreement.

The Issue Price was arrived at after arm's length negotiation between the Company and S.F. Holding. While the parties take into account the prevailing market value of the H Shares of S.F. Holding and the market price of the Consideration Shares, the Issue Price is equivalent to the volume weighted average price per Class B Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including January 14, 2026, being the last trading day prior to the date of the Share Subscription Agreement (the "**90-day VWAP**"). It is believed that such 90-day VWAP appropriately reflects the relatively stable value of both parties over the given period, and this mechanism can serve to mitigate the potential risks of short-term price volatility during the period immediately prior to the execution of the Share Subscription Agreement and to protect the interests of both parties by ensuring the Issue Price for the Consideration Shares better reflects the prevailing market prices for the Class B Shares over the course of a reasonable period of time. The Issue Price represented a discount to the benchmarked prices as defined in Rule 13.36(5) of the Listing Rules primarily due to the Company's trading price movement shortly before the signing of the Share Subscription Agreement, which was above its 90-day VWAP. Based on the above and taking into account the foregoing factors of consideration in determining the Issue Price, the Board is of the view that the Issue Price is fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Company will bear its own fees and expenses in connection with its proposed issuance of the Consideration Shares separately, and will not use the proceeds from the issuance of Consideration Shares. Therefore, the net issue price per Consideration Share is equivalent to the Issue Price.

The number of Consideration Shares and the Issue Price were negotiated on an arm's length basis between the Company and S.F. Holding. The Directors consider that the number of Consideration Shares and the Issue Price are in the interests of the Company and the Shareholders as a whole.

The Board considers that the settlement of the consideration of the Proposed Subscription by way of utilizing cash proceeds generated from the issuance of Consideration Shares is fair and reasonable having considered that: (i) this can broaden our Shareholder base. S.F. Holding is the largest integrated logistics service provider in Asia and the fourth largest globally, whose strengths are highly complementary to the Group's core advantages. S.F. Holding becoming a Shareholder signifies strategic collaboration and positive outlook of both parties on the future business and industry development of the Group; (ii) the Company has thorough cash and capital management and planning. The settlement by way of utilizing cash proceeds generated from the issuance of Consideration Shares allows the Group to preserve cash for its working capital and other expenditure needs. It is believed that, despite the dilutive impact caused by the issuance of the Consideration Shares, the Shareholders may continue to benefit from the strong foundation of trust and potential collaboration between the Group and S.F. Holding Group that enables in-depth cooperation as a result of the mutual equity investment contemplated under the Proposed Transactions.

In determining the proposed settlement of the Consideration by way of utilizing cash proceeds generated from the issue of the Consideration Shares, the Board has considered and evaluated alternative settlement methods, including settlement in cash by internal resources and/or through external financing. Having considered its cash and capital management, it is believed that settling the consideration in cash by internal resources and/or through external financing would reduce the Group's cash resources and/or increase its debt level, which may in turn hinder its financial flexibility when opportunities arise. The Board also considered that, in accordance with its medium- to long-term strategic planning, the settlement of the consideration for the Proposed Subscription by way of utilizing cash proceeds generated from the issuance of the Consideration Shares represents a more efficient approach to optimising resource allocation and facilitating deeper collaboration between the Group and S.F. Holding Group. In addition, such arrangement helps to mitigate any adverse impact on the Company's existing free cash flow and demonstrates a prudent and disciplined approach to financial management.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) S.F. Holding, any of their directors and legal representatives and/or any ultimate beneficial owner(s) of S.F. Holding who can exert influence on the Proposed Transactions; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Proposed Transactions).

Completion

Completion of the Proposed Transactions is conditional upon the following conditions (the "**Condition(s)**") having been fulfilled or waived on or before the Long Stop Date, among others:

(a) the Listing Committee granting to S.F. Holding listing of and permission to deal in the Subscription Shares and such listing and permission not being subsequently revoked prior to the delivery or deposit of the definitive certificates in respect of the Subscription Shares subject to the terms of the Share Subscription Agreement;

(b) the Listing Committee granting to the Company listing of and permission to deal in the Consideration Shares and such listing and permission not being subsequently revoked prior to the delivery or deposit of the definitive certificates in respect of the Consideration Shares subject to the terms of the Share Subscription Agreement;

(c) all necessary approvals, consents and authorisations from the Shareholders for the Share Subscription Agreement and the transactions contemplated thereunder, including the Subscription, having been obtained and remaining in full force and effect;

(d) where necessary under the relevant laws and regulations of the PRC, the PRC outbound investment filing with the competent development and reform commission of the PRC and the competent commerce department of the PRC, and the foreign exchange registration, foreign exchange conversion and cross-border remittance with and by the competent bank authorized by the State Administration of Foreign Exchange of the PRC, in respect of the Consideration Shares, being completed;

(e) merger control clearance in respect of the Subscription Shares and the Consideration Shares having been obtained from the relevant Competition Authorities;

(f) the representations and warranties made by each of the Company and S.F. Holding pursuant to the Share Subscription Agreement being true and accurate and not misleading as of the date of the Share Subscription Agreement and the Completion Date.

The completion of the issuance of the Subscription Shares by S.F. Holding and the completion of issuance of the Consideration Shares by the Company shall be inter-conditional. Subject to the terms of the Share Subscription Agreement, neither issuance of the Subscription Shares by S.F. Holding nor the issuance of the Consideration Shares by the Company shall be completed unless they are completed simultaneously and in accordance with the terms of the Share Subscription Agreement on the Completion Date.

As of the Latest Practicable Date, save for Condition (f), none of the Conditions had been satisfied. The Company does not currently have any intention to waive any of the Conditions.

It is currently expected that the Proposed Transactions will be completed by June 30, 2026.

Upon Completion, the Company will hold approximately 4.29% of the issued shares of S.F. Holding as enlarged by the allotment and issue of Subscription Shares, and accordingly, S.F. Holding will not become a subsidiary of the Company and the financial results of S.F. Holding will not be consolidated into the consolidated financial statements of the Company.

Lock-up arrangement

Pursuant to the terms of the Share Subscription Agreement, and save for (i) any charge, pledge or creation of encumbrances over the Subscription Shares (in the case of the Company) or Consideration Shares and existing Class B Shares held by S.F. Holding as at the date of the Share Subscription Agreement (collectively, "**Aggregate S.F. Holding Shares**") (in the case of S.F. Holding); or (ii) any deposit or withdrawal of the Subscription Shares (in the case of the Company) or Aggregate S.F. Holding Shares (in the case of S.F. Holding) with CCASS without resulting in a change in beneficial ownership, each of the Company and S.F. Holding irrevocably and unconditionally undertakes that, for a period of five years after the Completion Date, without the prior written consent of the other party, each of the Company and S.F. Holding shall not directly or indirectly (i) offer, sell, contract to sell, grant any option over, make any short sale or otherwise dispose of any of the Subscription Shares (in the case of the Company) or the Aggregate S.F. Holding Shares (in the case of S.F. Holding); (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Subscription Shares (in the case of the Company) or the Aggregate S.F. Holding Shares (in the case of S.F. Holding); or (iii) publicly announce an intention to effect any such transaction described in (i) or (ii) above.

Application for Listing

The Company will make an application to the Stock Exchange for the grant of the listing of, and permission to deal in, the Consideration Shares. All necessary arrangements will be made for the Consideration Shares to be admitted into CCASS.

Ranking of Consideration Shares

The Consideration Shares, when fully paid, allotted, and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Consideration Shares.

General Mandate

The Consideration Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the total number of issued Shares as at the date of the AGM. Under the General Mandate, the Company was authorised to issue up to 1,779,302,573 new Shares. References are made to the announcements dated January 23, 2026 and February 5, 2026 (the "**CB Announcements**"). Bolt Innovation Limited, a wholly owned subsidiary of the Company, issued the zero coupon guaranteed convertible bonds due 2033 (the "**2026 Convertible Bonds**") in an aggregate principal amount of HK$4,650 million. Assuming full conversion of the 2026 Convertible Bonds at its initial conversion price, the 2026 Convertible Bonds will be convertible into a maximum of 319,587,629 new Class B Shares, which will be issued under the General Mandate. As at the Latest Practicable Date, no 2026 Convertible Bond has been converted into new Class B Shares under the General Mandate.

Accordingly, as at the Latest Practicable Date, the remaining number of Shares available for issue under the General Mandate is 1,459,714,944, being the initial 1,779,302,573 Shares granted under the General Mandate less the 319,587,629 Class B Shares reserved for the 2026 Convertible Bonds. Accordingly, the allotment and issue of the Consideration Shares is not subject to separate Shareholders' approval.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purposes only, assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the Completion Date, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon Completion are set out below:

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately upon Completion**	
	Number of Shares	*%*	*Number of Shares*	*%*
Mr. Jet Jie Li and his associates	979,333,410	11.01%	979,333,410	10.08%
Ms. Alice Yu-fen Cheng and her associates	40,008,020	0.45%	40,008,020	0.41%
Mr. Yuan Zhang and his associates	349,702,854	3.93%	349,702,854	3.60%
S.F. Holding Group	153,534,190	1.73%	975,192,163	10.03%
Treasury shares	3,826,000	0.04%	3,826,000	0.04%
Other public Shareholders	7,371,520,831	82.85%	7,371,520,831	75.84%
Total	**8,897,925,305**	**100.00%**	**9,719,583,278**	**100.00%**

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

On February 5, 2026, Bolt Innovation Limited, a wholly owned subsidiary of the Company, issued the zero coupon guaranteed convertible bonds due 2033 (the "**2026 Convertible Bonds**"). The 2026 Convertible Bonds are in an aggregate principal amount of HK$4,650 million and have been offered and sold by the managers to no less than six (6) independent placees (who are independent individual, corporate and/or institutional investors). The gross proceeds from the issue of the 2026 Convertible Bonds are HK$4,650 million, and the net proceeds to the Company from the Bond Issue are approximately HK$4,596 million (the "**Net Proceeds**"). In the next three to five years, the Company intends to use the Net Proceeds from the Bond Issue to further develop the Group's overseas business and technology advancement, optimize the Group's capital structure including share repurchase, and for general corporate purposes. The Net Proceeds are expected to be fully utilized by the end of 2031. For details of the use of the Net Proceeds, please refer to the announcement dated February 5, 2026. As at the Latest Practicable Date, the Company has not use any of the Net Proceeds.

The Company has not carried out any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

INFORMATION OF THE PARTIES

The Company

The Company is an exempted company with limited liability incorporated in Cayman Islands. As at the Latest Practicable Date, Mr. Jet Jie Li (who is the controlling shareholder, executive Director, chairman of the Board and the chief executive officer of the Company) controls approximately 55.12% of the total voting rights in the Company through Shares beneficially owned by him. Upon the Completion and assuming that there is no other change in the issued share capital of the Company from the the Latest Practicable Date up to the Completion Date, Mr. Jet Jie Li will control approximately 52.66% of the total voting rights in the Company through Shares beneficially owned by him. The Group is a global logistics service provider with leading express delivery business in Southeast Asia and other emerging markets.

S.F. Holding

S.F. Holding is a joint stock company incorporated in the PRC with limited liability, whose A shares and H Shares of which are listed on the Shenzhen Stock Exchange (stock code: 002352) and the Stock Exchange (stock code: 6936), respectively. S.F. Holding Group is the largest integrated logistics service provider in China and Asia and the fourth largest globally. S.F. Holding Group is principally engaged in the development of logistics ecosystem including express delivery, freight delivery, cold chain and pharmaceutical logistics, intra-city on demand delivery, as well as supply chain and international services (including international express services, international cargo and freight forwarding services, and supply chain services).

Financial Information of S.F. Holding

Set out below is the extract of the audited consolidated financial information of S.F. Holding for the two years ended December 31, 2023 and 2024 and the unaudited consolidated financial information of S.F. Holding for the six months ended June 30, 2025:

	For the year ended December 31,		For the six months ended June 30,
	2023	**2024**	**2025**
	RMB (million)	*RMB (million)*	*RMB (million)*
	(Audited)		*(Unaudited)*
Profit before income tax	10,486.51	13,607.26	7,639.73
Profit after income tax	7,911.61	10,218.85	6,012.40

As at June 30, 2025, according to the interim report of S.F. Holding, the total assets and net assets of S.F. Holding Group were approximately RMB218,236.50 million and RMB106,165.24 million, respectively.

Further financial information of S.F. Holding is set forth in Appendix II to this circular.

DEED OF UNDERTAKING

In connection with the proposed issuance of the Consideration Shares, on January 15, 2026 (being the date of the Share Subscription Agreement), S.F. Holding and Mr. Jet Jie Li (being a Director and the controlling shareholder of the Company) entered into a deed of undertaking (the "**Deed of Undertaking**"), pursuant to which, among other things, Mr. Jet Jie Li has undertaken to S.F. Holding that, subject to the Completion, the Undertaking Conditions and subject to his fiduciary duties pursuant to applicable laws and regulations, he shall nominate and exercise his voting rights (at the Board level and/or the Shareholder level, as may be applicable) in favour of the appointment and ongoing re-election of any person nominated by S.F. Holding.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS

The Group is a global logistics service provider that has achieved rapid growth across multiple countries. In addition to having established scale in the China market, the Group has accumulated deep localised operational experience and a solid network foundation in Southeast Asia, one of the world's fastest-growing regions. Furthermore, the Group has actively expanded its express delivery business into emerging markets by replicating its successful experience in

multiple countries. These markets are precisely where the demand for outbound supply chain and cross-border e-commerce logistics from China is experiencing rapid growth.

S.F. Holding is the largest integrated logistics service provider in Asia and the fourth largest globally, ranking 393rd on the Fortune Global 500 list. S.F. Holding offers customers comprehensive, end-to-end domestic and international logistics solutions. S.F. Holding boasts an extensive global service network, with its business covering approximately 200 countries and regions, holding industry-leading positions in multiple logistics segments. S.F. Holding harnesses technology to empower customers in building secure and efficient smart supply chains, with the vision of becoming the well-respected and the world's leading digital intelligence logistics solution provider.

The Proposed Transactions are of significant strategic importance to the Group. Through the mutual equity investment, the Group and S.F. Holding Group will establish a strong foundation of trust that enables in-depth cooperation, expanding the Group's service and network coverage to the benefit of the Group's customers. With regard to international business, the Group has established a strong last-mile delivery network and accumulated localised operational experience in the overseas markets. Leveraging S.F. Holding Group's core resources and mature operational capability in first-mile and cross-border line haul, the Group is well positioned to further expand the network coverage and promote the expansion of service stations and parcel lockers into the overseas market, thereby providing customers with more reliable and one-stop services and enhancing the overall competitiveness of its end to-end cross-border logistics solutions. In addition, the parties may further collaborate to leverage on their respective distribution networks and warehousing resources to better improve inventory efficiency and delivery timeliness. With regard to China domestic business, the Group and S.F. Holding Group have highly complementary strengths in network resources, differentiated product offerings, and customer bases, which will help both sides expand service boundaries, enhance network coverage and raise operational efficiency. The Company believes that the mutual equity investment contemplated under the Proposed Transactions, founded upon mutual trust, represents a long-term strategic commitment by both parties, through which it is expected the Group and S.F. Holding Group will be able to have deeper collaboration and complement each other's capabilities. Overall, this collaboration is highly aligned with the Group's strategic direction, and will provide strong support for the Group's effort to enhance its comprehensive competitiveness in the global logistics markets.

As of the Latest Practicable Date, the Company did not have any plan or intention or has entered into any formal or informal agreement, arrangement, understanding or negotiation (whether express or implied) in relation to the acquisition of new businesses or downsizing or disposal of its existing businesses.

The terms of the Share Subscription Agreement are negotiated on an arm's length basis, are on normal commercial terms, and are fair and reasonable. Accordingly, the Board considers that entering into the Share Subscription

Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Subscription exceeds 25% but less than 100%, the Proposed Subscription constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

FINANCIAL IMPACTS OF THE PROPOSED TRANSACTIONS ON THE GROUP

Upon Completion of the Proposed Transaction, S.F. Holding will not become a subsidiary of the Company and the financial results of S.F. Holding will not be consolidated into the consolidated financial statements of the Group. It is assumed that the H Shares of S.F. Holding to be subscribed by the Company pursuant to the Share Subscription Agreement would be recognised by the Group as financial assets at fair value through other comprehensive income.

As for assets and liabilities of the Group, the financial assets at fair value through other comprehensive income will increase by approximately USD 1,057.26 million while share capital at nominal by approximately USD1,643.32 and share premium by approximately USD 1,057.29 million , assuming the issue of 821,657,973 Class B Shares of the Company at the Issue Price of HKD10.10 (equivalent to approximately USD1.28674) per Class B Share of the Company as the Consideration Shares for the Proposed Subscription as of June 30, 2025.

FINANCIAL INFORMATION OF S.F. HOLDING

The Company has included the following information in Appendix II to this circular to provide the financial information of S.F Holding:

(1) the annual audited consolidated financial statements of the S.F. Holding for the three years ended December 31, 2023 and the related management discussion and analysis as disclosed in the prospectus of S.F. Holding (pages 362 to 427 and I-4 to I-116 in Appendix I to the prospectus of S.F. Holding);

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1119/2024111900011.pdf

(2) the annual audited consolidated financial statements of S.F. Holding for the year ended December 31, 2024 and the related management discussion and analysis as disclosed in the 2024 annual report of S.F. Holding for the same year (pages 16 to 52 and 84 to 184 in the 2024 annual report of S.F. Holding);

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0407/2025040701400.pdf

(3) the unaudited consolidated financial information of S.F. Holding for the nine months ended September 30, 2025 and the related management discussion and analysis as extracted from the third quarterly report of S.F. Holding for 2025 (pages 6 to 11 and 22 to 30 in 2025 third quarterly report of S.F. Holding.

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/1030/2025103001661.pdf

3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the Announcement of the Company dated January 15, 2026 in relation to, among others, the Proposed Amendments to the Articles of Association.

The Board is pleased to propose (a) to make certain amendments to the seventh amended and restated memorandum and articles of association of the Company for the purpose of, among others, (i) reflect and align with the latest regulatory requirements, including the relevant requirements of the Listing Rules in connection with hybrid meetings, electronic voting requirements and duties and composition of nomination committee; (ii) approval procedures on the issuance of shares without voting rights; (iii) power to repurchase shares; (iv) approval procedures for making provision for the allotment and issue of shares, changing denomination of share capital and reduction of share premium account by the Company; and (v) make certain other housekeeping changes; and (b) to adopt the eighth amended and restated memorandum and articles of association of the Company incorporating and consolidating all the Proposed Amendments.

Details of the Proposed Amendments are set out in Appendix V to this circular. The Proposed Amendments to the Articles of Association and the adoption of the new Articles of Association are subject to approval by the Shareholders by way of a special resolution at the EGM and will be effective upon the approval by the Shareholders at the EGM.

The Company has been respectively advised by its Hong Kong legal advisers that the Proposed Amendments conform to the requirements of Appendix A1 to the Listing Rules, and by its Cayman Islands legal advisers that the Proposed Amendments do not contravene the laws of the Cayman Islands. The Company also confirms that there is nothing unusual about the proposed amendments to the Articles of Association for a company listed on the Stock Exchange.

4. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The Company will convene the Extraordinary General Meeting by way of a virtual meeting through the e-Meeting System on Tuesday, April 21, 2026 at 9:30 a.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving the resolution proposed in the notice of the Extraordinary General Meeting as set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jtexpress.com). Whether or not you intend to attend and vote at the Extraordinary General Meeting through the e-Meeting System, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the Extraordinary General Meeting (i.e. not later than 9:30 a.m. on Sunday, April 19, 2026). Completion and return of the form of proxy will not preclude you from attending and voting through the e-Meeting System at the Extraordinary General Meeting or any adjournment thereof. If you attend and vote at the Extraordinary General Meeting, the authority of your proxy will be revoked.

The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he or she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

The Board confirms that to the best of their knowledge, information and belief of the Directors, as at the Latest Practicable Date, there was no discrepancy between any beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in the Company in respect of which each of them will control or will be entitled to exercise control over the voting right at the Extraordinary General Meeting.

5. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Article 82 of the Articles of Association, all the resolutions set out in the notice of Extraordinary General Meeting will be voted by poll except where the chairman of the Extraordinary General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each of the resolutions put to vote at the Extraordinary General Meeting will be taken by way of poll. An announcement on the poll results will be published by the Company after the Extraordinary General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The Company is controlled through weighted voting rights. On each resolution subject to a vote at general meetings on a poll, holders of Class B Shares present in person through the e-Meeting System (in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote per Share, and holders of Class A Shares present in person through the e-Meeting System (in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have ten votes per Share (i.e. resolution item 1 in the notice of the EGM), save for resolutions with respect to any Reserved Matters, in which case each Class A Share and each Class B Share shall entitle its holder Proposed Amendments to one vote on a poll at a general meeting (i.e.

resolution item 2 regarding the which is the Reserved Matters, in the notice of the EGM). Holders of Class B Shares and Class A Shares shall at all times vote together as one class on all resolutions submitted to a vote by the Shareholders. For the avoidance of doubt and for the purposes of the Listing Rules, holders of treasury shares (if any) shall abstain from voting on matters that require Shareholders' approval at the Company's general meetings. As at the Latest Practicable Date, there were 3,826,000 Class B treasury Shares. Holders of Class B treasury Shares shall abstain from voting on matters that require shareholders' approval at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries as at the Latest Practicable Date, no Shareholder had a material interest and had to abstain from voting on the resolutions in relation to the Share Subscription Agreement and the Proposed Transactions contemplated thereunder at the Extraordinary General Meeting.

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there is no omission of other matters the omission of which would make any statement herein or this document misleading.

7. RECOMMENDATION

The Directors consider that the ordinary resolution for the Proposed Transactions and the special resolution for the Proposed Amendments to the Articles of Association are fair and reasonable and in the best interests of the Company as well as its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Extraordinary General Meeting as set out in the notice of the Extraordinary General Meeting as set out on pages EGM-1 to EGM-3 of this circular.

8. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Thursday, April 16, 2026 to Tuesday, April 21, 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date for the Extraordinary General Meeting will be April 21, 2026. In order to be eligible to attend and vote at the Extraordinary General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, April 15, 2026.

Shareholders of the Company whose names appear on the register of members on Tuesday, April 21, 2026 are entitled to attend and vote at the Extraordinary General Meeting or any adjourned meetings.

9. GENERAL

Your attention is also drawn to the additional information set out in the appendices to this circular. The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

I. INTRODUCTION

The EGM will be held by way of a virtual meeting, whereby shareholders of the Company can attend the EGM through online access by visiting the e-Meeting System.

II. ATTENDING THE EGM BY MEANS OF ELECTRONIC FACILITIES

The Company will conduct a virtual Extraordinary General Meeting using the e-Meeting System which allows the shareholders of the Company to participate the Extraordinary General Meeting online in a convenient and efficient way from anywhere with an internet connection. Shareholders will be able to view the live video broadcast of the Extraordinary General Meeting and participate in voting and submit questions online via their mobile phones, tablets or computers.

Registered Shareholders can refer to the notice of the Extraordinary General Meeting and the online meeting user guide (by scanning the QR code provided on the notification letter, which is expected to be despatched to the registered Shareholders on Monday, March 30, 2026 by post) in relation to attending the Extraordinary General Meeting by electronic means.

Non-registered Shareholders whose Shares are held in the CCASS through the Intermediary should:

i. contact and instruct their Intermediary that they want to attend the EGM, vote and submit questions online; and

ii. provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

The e-Meeting System permits a "split vote" on a resolution, in other words, a Shareholder casting his/her/its votes through the e-Meeting System does not have to vote all of his/her/its Shares in the same way (i.e. "For" or "Against"). In the case of a proxy/corporate representative, he/she can vote such number of Shares in respect of which he/she has been appointed as a proxy/corporate representative. Votes cast through the e-Meeting System are irrevocable once the votes have been casted. The e-Meeting System will be opened for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a mobile phone, tablet or computer device. Shareholders should allow ample time to check into the e-Meeting System to complete the related procedures.

1. Login Details for Registered Shareholders

Registered Shareholders will be able to attend the EGM, vote and submit questions online through the e-Meeting System. Each registered Shareholder's personalised username and password will be sent to him/her/it under separate notification letter sent together with this circular.

2. Login Details for Non-registered Shareholders

Non-registered Shareholders whose Shares are held in the CCASS through the Intermediary will also be able to attend the EGM, vote and submit questions online through the e-Meeting System. In this regard, they should:

(i) contact and instruct their Intermediary that they want to attend the EGM, vote and submit questions online; and

(ii) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

Details regarding the EGM arrangements including login details to access the e-Meeting System will be sent by the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, to the email address of the non-registered Shareholders provided by the Intermediary. Without the login details, non-registered Shareholders will not be able to attend the EGM, vote and submit questions online using the e-Meeting System. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (i) and (ii) above.

3. Login Details for Proxies or Corporate Representatives

Details regarding the EGM arrangements including login details to access the e-Meeting System will be sent by the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, to the email address of the proxies provided to it in the relevant proxy forms.

Registered and non-registered Shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details.

III. QUESTIONS AT AND PRIOR TO THE EGM

Shareholders attending the EGM using the e-Meeting System will be able to submit questions relevant to the proposed resolution(s) online during the EGM. Shareholders can also send their questions by email from Monday, March 30, 2026 (9:00 a.m.) to Monday, April 20, 2026 (6:00 p.m.) to 1519-ecom@vistra.com. The Board and/or the management will endeavour to address substantial and relevant questions in relation to the resolution to be tabled for approval at the EGM and may decide, at their discretion, which questions to respond to.

IV. APPOINTMENT OF PROXY

Return of a completed proxy form will not preclude Shareholders subsequently from attending and voting through the e-Meeting System at the EGM or any adjournment thereof should they so wish. Shareholders are requested to complete the proxy form and returning it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting (i.e. by no later than 9:30 a.m. on Sunday, April 19, 2026) or any adjournment thereof. Registered Shareholders submitting the proxy form are requested to provide a valid email address of his or her proxy (except appointment of the Chairman of the EGM) for the proxy to receive the username and password to participate in the online virtual meeting via the e-Meeting System.

V. SUBMISSION OF PROXY FORMS FOR REGISTERED SHAREHOLDERS

A proxy form for use at the EGM is enclosed with this circular. A copy of the proxy form can also be downloaded from the websites of the Company (www.jtexpress.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The deadline to submit completed proxy forms to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong is not less than 48 hours before the time appointed for holding the EGM (i.e. at or before 9:30 a.m. on Sunday, April 19, 2026 (Hong Kong Time)), or any adjournment thereof (as the case may be).

VI. APPOINTMENT OF PROXY FOR NON-REGISTERED SHAREHOLDERS

Non-registered Shareholders should contact their Intermediary as soon as possible for assistance in the appointment of proxy.

If Shareholders have any questions relating to the EGM, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar, as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2810 8185

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 has been disclosed in the following documents which have been published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (www.jtexpress.com). Web links to the Prospectus, annual reports and annual results announcement of the Company are set out below:

Financial information of the Company for the year ended December 31, 2022 (pages I-4-I-154):

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1016/2023101600009.pdf

Annual report of the Company for the year ended December 31, 2023 (pages 182-296):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400926.pdf

Annual report of the Company for the year ended December 31, 2024 (pages 212-322):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0327/2025032700397.pdf

Interim report of the Company for the six months ended June 30, 2025 (pages 42-93):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0905/2025090501018.pdf

2. INDEBTEDNESS STATEMENT

Indebtedness

As at the close of business on January 31, 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group was as follows:

The following table sets forth the indebtedness as of the date indicated:

	As of January 31, 2026 *USD'000 (Unaudited)*
Borrowings from financial institutions	
– secured and unguaranteed	224,864
– unsecured and unguaranteed	2,219,049
Financial liabilities at fair value through profit or loss	400,594
Financial liabilities – redemption liabilities	73,248
Lease liabilities – unsecured and unguaranteed	491,466
Total	**3,409,221**

Save as disclosed above, the Group did not have, at the close of business on January 31, 2026, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchases commitments, debentures, mortgages, charges, finance lease obligations, guarantees or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

After due and careful consideration, the Directors are of the opinion that, taking into account the financial resources available to the Group including cash flows to be generated from the operating activities, the available financing facilities and the expected financial impact of the Proposed Transaction, the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2024, being the date to which the latest published audited consolidated accounts of the Company were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

During the financial year ended December 31, 2025, the Group has maintained its leading express delivery business in Southeast Asia, a competitive position in China and an expanding footprint in other emerging markets. The Group is committed to upgrading its customer service, enhancing our technology system, and training network partners to maintain service quality, improve brand image and earn its customers' trust and business. The Group is optimistic that its businesses will continue to grow.

Looking forward, the Group and S.F. Holding Group will establish a strong foundation of trust that enables in-depth cooperation, expanding the Group's service and network coverage to the benefit of the Group's customers. With regard to international business, the Group has established a strong last-mile delivery network and accumulated localised operational experience in the oversea markets. Leveraging S.F. Holding Group's core resources and mature operational capability in first-mile and cross-border line haul, the Group is well positioned to further expand the network coverage and enhance the competitiveness of its end to-end cross-border logistics solutions. With regard to China domestic business, the Group and S.F. Holding Group have highly complementary strengths in network resources, differentiated product offerings, and customer bases, which will help both sides expand service boundaries. Overall, this collaboration is highly aligned with the Group's strategic direction, and will provide strong support for the Group's effort to enhance its comprehensive competitiveness in the global logistics markets.

FINANCIAL INFORMATION OF S.F. HOLDING FOR THE THREE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2023, DECEMBER 31, 2024 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2025

Unless otherwise specified, references in this appendix to the "Company" shall mean S.F. Holding and the "Group" shall mean S.F. Holding and its subsidiaries, and references to "we", "us" and "our" shall be construed accordingly.

Set out below is an extract of: (i) the audited consolidated financial statements of S.F. Holding for each of the three years ended December 31, 2022, December 31, 2023 and December 31, 2024, prepared in accordance with IFRS; and (ii) the unaudited consolidated financial statements of S.F. Holding for the nine months ended September 30, 2025, prepared in accordance with the China Accounting Standards for Business Enterprises, in each case as extracted from the respective annual reports and quarterly results of S.F. Holding. The financial statements were issued in English and the Chinese translation is provided for information purposes only. In the event of any inconsistency between the English and Chinese versions, the English version shall prevail.

The consolidated financial statements of S.F. Holding for each of the three years ended December 31, 2022, December 31, 2023 and December 31, 2024 and the quarterly consolidated financial statements of S.F. Holding for the nine months ended September 30, 2025 are available on the websites of the Stock Exchange (https://www.hkexnews.hk) and S.F. Holding (https://ir.sf-express.com).

The financial information on S.F. Holding set forth in this appendix was neither prepared for J&T Global Express Limited or its shareholders nor for the purpose of incorporation in this circular. The contents of such financial information on S.F. Holding has also not been independently verified by J&T Global Express Limited or its subsidiaries or consolidated affiliated entities or any of their respective affiliates, advisers, agents, directors, employees, officers or representatives. Neither J&T Global Express Limited or its subsidiaries or consolidated affiliated entities nor any of their respective any of its affiliates, advisers, agents, directors, employees, officers or representatives make any representation as to the accuracy, completeness or fairness of the contents of the financial information on S.F. Holding, nor shall take or assume any responsibility for the contents of the financial information on S.F. Holding.

(A) FINANCIAL INFORMATION OF S.F. HOLDING FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2023

The following financial information of S.F. Holding for the year ended December 31, 2022 and 2023 is extracted from Accountant's Report set out in Appendix I to the prospectus of S.F. Holding.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Year ended December 31, 2021 RMB'000	2022 RMB'000	2023 RMB'000	Six months ended June 30, 2023 RMB'000 (Unaudited)	2024 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, 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at June 30, 2024 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, 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at June 30, 2024 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	2022	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**	**–**	**–**

	Note	As at December 31, 2021 RMB'000	2022 RMB'000	2023 RMB'000	As at June 30, 2024 RMB'000
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 *RMB'000*	Less: Treasury shares *RMB'000*	Reserves *(Note 32)* *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *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 utilization	–	–	(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, 2021 RMB'000	2022 RMB'000	2023 RMB'000	Six months ended June 30, 2023 RMB'000 (Unaudited)	2024 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, 2021 RMB'000	2022 RMB'000	2023 RMB'000	Six months ended June 30, 2023 RMB'000 (Unaudited)	2024 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)**
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)**

	USD denominated	HKD denominated	Others denominated
	RMB'000	*RMB'000*	*RMB'000*
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**

	USD denominated	RMB denominated	Other denominated
	RMB'000	*RMB'000*	*RMB'000*
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 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 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* (Unaudited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
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				
Description	2021	2022	2023	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*				
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
– 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 *RMB'000*	Intra-city on-demand delivery segment *RMB'000*	Supply chain and international segment *RMB'000*	Undistributed units *RMB'000*	Inter-segment elimination *RMB'000*	Total *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 *RMB'000*	Intra-city on-demand delivery segment *RMB'000*	Supply chain and international segment *RMB'000*	Undistributed units *RMB'000*	Inter-segment elimination *RMB'000*	Total *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 *RMB'000 (Unaudited)*	Intra-city on-demand delivery segment *RMB'000 (Unaudited)*	Supply chain and international segment *RMB'000 (Unaudited)*	Undistributed units *RMB'000 (Unaudited)*	Inter-segment elimination *RMB'000 (Unaudited)*	Total *RMB'000 (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 *RMB'000*	Intra-city on-demand delivery segment *RMB'000*	Supply chain and international segment *RMB'000*	Undistributed units *RMB'000*	Inter-segment elimination *RMB'000*	Total *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 (Unaudited)*	*RMB'000*
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 *RMB'000*	**Sales of goods** *RMB'000*	**Others** *RMB'000*	**Total** *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 *RMB'000*	**Sales of goods** *RMB'000*	**Others** *RMB'000*	**Total** *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 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (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* (*Unaudited*)	*RMB'000*
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 (Unaudited)*	*RMB'000*
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 (Unaudited)*	*RMB'000*
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
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 (Unaudited)	*RMB'000 (Unaudited)*	*RMB'000 (Unaudited)*	*RMB'000 (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	–
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* (*Unaudited*)	*RMB'000*
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* (*Unaudited*)	*RMB'000*
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* (*Unaudited*)	*RMB'000*
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 *RMB'000*	Aircraft, aircraft engines, rotables and high-value maintenance *RMB'000*	Machinery and equipment *RMB'000*	Transportation vehicles *RMB'000*	Computers and electronic equipment *RMB'000*	Office and other equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *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	*(Note (d))* *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 *RMB'000*	Aircraft, aircraft engines, rotables and high-value maintenance *(Note (d))* *RMB'000*	Machinery and equipment *RMB'000*	Transportation vehicles *RMB'000*	Computers and electronic equipment *RMB'000*	Office and other equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *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 *RMB'000*	Aircraft, aircraft engines, rotables and high-value maintenance *(Note (d)) RMB'000*	Machinery and equipment *RMB'000*	Transportation vehicles *RMB'000*	Computers and electronic equipment *RMB'000*	Office and other equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *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 *RMB'000*	Tax losses *RMB'000*	Accrued expenses *RMB'000*	Lease liabilities *RMB'000*	Loss allowances for financial assets and non-current assets *RMB'000*	Unrealised profits from internal transactions *RMB'000*	Others *RMB'000*	Total *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 *RMB'000*	Tax losses *RMB'000*	Accrued expenses *RMB'000*	Lease liabilities *RMB'000*	Loss allowances for financial assets and non-current assets *RMB'000*	Unrealised profits from internal transactions *RMB'000*	Others *RMB'000*	Total *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 *RMB'000*	Accelerated tax depreciation *RMB'000*	Changes in fair value *RMB'000*	Income from equity restructuring *RMB'000*	Right-of-use assets *RMB'000*	Others *RMB'000*	Total *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

	Appreciation of assets acquired in business combinations *RMB'000*	Accelerated tax depreciation *RMB'000*	Changes in fair value *RMB'000*	Income from equity restructuring *RMB'000*	Right-of-use assets *RMB'000*	Others *RMB'000*	Total *RMB'000*
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, 2022			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 *RMB'000*	Treasury shares *RMB'000*	Total *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 *RMB'000*	Other comprehensive income *RMB'000*	General and regulatory reserve *RMB'000*	Special reserve *RMB'000*	Statutory reserve *RMB'000*	Total *RMB'000*
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 *RMB'000*	Other comprehensive income *RMB'000*	General and regulatory reserve *RMB'000*	Special reserve *RMB'000*	Statutory reserve *RMB'000*	Total *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
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 *RMB'000*	Other comprehensive income *RMB'000*	General and regulatory reserve *RMB'000*	Special reserve *RMB'000*	Statutory reserve *RMB'000*	Total *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 *RMB'000*	Other comprehensive income *RMB'000*	General and regulatory reserve *RMB'000*	Special reserve *RMB'000*	Statutory reserve *RMB'000*	Total *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 (unaudited)*	*RMB'000*
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 *RMB*	Weighted average remaining contractual term
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 (Unaudited)*	*RMB'000*
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)
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* *(Unaudited)*	*RMB'000*
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
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*	*RMB'000*
				(Unaudited)	
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**
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*	*RMB'000*
				(unaudited)	
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 *RMB'000*	As at December 31, 2022 *RMB'000*	As at December 31, 2023 *RMB'000*	As at June 30, 2024 *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 *RMB'000*	Year ended December 31, 2022 *RMB'000*	Year ended December 31, 2023 *RMB'000*	Six months ended June 30, 2023 *RMB'000 (unaudited)*	Six months ended June 30, 2024 *RMB'000*
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 (unaudited)*	*RMB'000*
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

Name of related parties	Relationship with the Group
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
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.	Joint ventures of the Group and its subsidiaries
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* (unaudited)	*RMB'000*
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* (unaudited)	*RMB'000*
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

	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*
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

	As at December 31, 2021		
Guaranteed entities:	**Guaranteed** *RMB'000*	**Guarantee period**	**Whether the guarantee has been fulfilled**
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		

	As at December 31, 2022		
Guaranteed entities:	**Guaranteed** *RMB'000*	**Guarantee period**	**Whether the guarantee has been fulfilled**
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		

	As at December 31, 2023		
Guaranteed entities:	**Guaranteed** *RMB'000*	**Guarantee period**	**Whether the guarantee has been fulfilled**
Joint ventures	782,000	September 29, 2021 to April 29, 2055	No

	As at December 31, 2024		
Guaranteed entities:	**Guaranteed** *RMB'000*	**Guarantee period**	**Whether the guarantee has been fulfilled**
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* *(unaudited)*	*RMB'000*
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:

Name	Place of Incorporation and Operation	Principal Activities	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest										
				As at December 31,						As at June 30,		As at the date of this report		
				2021		2022		2023		2024				
				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)*

Name	Place of Incorporation and Operation	Principal Activities	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest								Note
				2021		As at December 31, 2022		2023		As at June 30, 2024		As at the date of this report		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
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)*
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)*

Name	Place of Incorporation and Operation	Principal Activities	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest										
				As at December 31,						As at June 30,		As at the date of this report		
				2021		2022		2023		2024				
				Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	*Note*
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

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.

(B) FINANCIAL INFORMATION OF S.F. HOLDING FOR THE YEAR ENDED DECEMBER 31, 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Revenue	5	284,420,059	258,409,403
Cost of revenue	8	(245,524,112)	(225,775,678)
Gross profit		**38,895,947**	**32,633,725**
Selling and marketing expenses	8	(3,096,242)	(2,991,589)
General and administrative expenses	8	(18,732,335)	(17,766,049)
Research and development expenses	8	(2,533,607)	(2,285,314)
Net (impairment losses)/reversal of impairment losses on financial assets and contract assets	3	(271,693)	33,480
Other income	6	989,740	2,281,202
Other gains, net	7	368,873	408,474
Operating profit		**15,620,683**	**12,313,929**
Finance income	10	617,713	633,373
Finance costs	10	(2,373,319)	(2,269,700)
Finance costs, net		(1,755,606)	(1,636,327)
Share of loss of associates and joint ventures, net	20	(70,020)	(67,190)
Impairment provision for investments in associates and joint ventures	20	(187,796)	(123,907)
Profit before income tax		**13,607,261**	**10,486,505**
Income tax expense	11	(3,388,416)	(2,574,896)
Profit for the year		**10,218,845**	**7,911,609**
Attributable to:			
– Owners of the Company		10,170,427	8,234,493
– Non-controlling interests		48,418	(322,884)
		10,218,845	7,911,609
Earnings per share for profit attributable to the owners of the Company:	13		
– Basic (RMB)		2.11	1.70
– Diluted (RMB)		2.11	1.70

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Profit for the year	**10,218,845**	**7,911,609**
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	8,644	12,002
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,077)	(5,254)
– Currency translation differences of foreign operations	110,885	334,708
Items that will not be reclassified to profit or loss		
– Fair value changes of equity investments designated at fair value through other comprehensive income	(1,553,885)	484,100
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method	–	(329)
– Income tax effect	3,899	2,749
Other comprehensive (loss)/income for the year net of tax	**(1,431,534)**	**827,976**
Total comprehensive income for the year	**8,787,311**	**8,739,585**
Attributable to:		
– Owners of the Company	9,136,451	9,107,526
– Non-controlling interests	(349,140)	(367,941)
	8,787,311	8,739,585

The above consolidated statements of other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	59,174,305	60,104,416
Right-of-use assets	*15*	19,625,629	20,890,047
Investment properties	*16*	7,241,199	6,418,720
Intangible assets	*17*	20,036,193	21,030,998
Deferred tax assets	*18*	2,291,994	2,263,870
Prepayments, other receivables and other assets	*19*	1,855,035	2,333,562
Investments in associates and joint ventures	*20*	6,203,642	7,378,831
Financial assets at fair value through other comprehensive income	*21*	8,231,994	9,489,535
Financial assets at fair value through profit or loss	*21*	477,416	589,996
Total non-current assets		**125,137,407**	**130,499,975**
Current assets			
Inventories	*22*	2,432,383	2,440,425
Contract assets	*23*	2,740,820	1,632,592
Trade and note receivables	*24*	27,981,633	25,360,433
Prepayments, other receivables and other assets	*19*	10,114,543	12,622,706
Financial assets at fair value through other comprehensive income	*21*	170,913	99,978
Financial assets at fair value through profit or loss	*21*	11,246,156	6,809,742
Restricted cash	*25*	1,354,303	1,576,496
Cash and cash equivalents	*25*	32,646,055	40,448,308
Total current assets		**88,686,806**	**90,990,680**
Total assets		**213,824,213**	**221,490,655**

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*26*	26,319,260	30,396,912
Lease liabilities	*15*	7,094,483	8,038,495
Deferred tax liabilities	*18*	4,414,485	4,550,974
Other payables and accruals	*29*	201,037	140,329
Deferred income	*30*	1,266,359	1,090,644
Total non-current liabilities		**39,295,624**	**44,217,354**
Current liabilities			
Trade and note payables	*27*	27,395,524	24,914,300
Contract liabilities	*28*	2,039,198	1,832,018
Borrowings	*26*	18,365,122	22,309,103
Lease liabilities	*15*	5,501,314	5,769,965
Financial liabilities at fair value through profit or loss		105,464	92,120
Income tax payable		1,679,132	1,394,250
Other payables and accruals	*29*	17,061,331	17,637,171
Advances from customers		46,283	40,714
Total current liabilities		**72,193,368**	**73,989,641**
Total liabilities		**111,488,992**	**118,206,995**
Net assets		**102,335,221**	**103,283,660**

	Note	As at December 31, 2024 RMB'000	2023 RMB'000
EQUITY			
Share capital	*31*	4,986,187	4,895,202
Less: treasury shares	*31*	(758,081)	(2,575,532)
Reserves	*32*	48,624,934	51,634,675
Retained earnings		39,140,246	38,835,999
Equity attributable to owners of the Company		91,993,286	92,790,344
Non-controlling interests		10,341,935	10,493,316
Total equity		**102,335,221**	**103,283,660**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 88 to 184 were approved by the Board of Directors on March 28, 2025 and were signed on its behalf.

WANG Wei
Chairman

HO Chit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

	Attributable to owners of the Company						
	Share capital *RMB'000*	Less: Treasury shares *RMB'000*	Reserves *(Note 32)* *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *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 for the year	–	–	–	10,170,427	10,170,427	48,418	10,218,845
Other comprehensive loss	–	–	(1,033,976)	–	(1,033,976)	(397,558)	(1,431,534)
Total comprehensive (loss)/income	**–**	**–**	**(1,033,976)**	**10,170,427**	**9,136,451**	**(349,140)**	**8,787,311**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	31,036	(31,036)	–	–	–
Transactions with owners							
Net proceeds from Global Offering	170,000	–	5,076,004	–	5,246,004	–	5,246,004
Net proceeds from share option exercising	276	–	11,194	–	11,470	–	11,470
Capital injection from non-controlling interests	–	–	54	–	54	35,182	35,236
Repurchase 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	–	–	89,677	–	89,677	1,769	91,446
Transaction with non-controlling interests and others	–	–	(3,916,204)	–	(3,916,204)	514,655	(3,401,549)
Profit appropriations to statutory reserve	–	–	232,352	(232,352)	–	–	–
Dividends	–	–	–	(9,602,792)	(9,602,792)	(353,847)	(9,956,639)
Safety reserve appropriation	–	–	481,331	–	481,331	–	481,331
Safety reserve utilisation	–	–	(481,331)	–	(481,331)	–	(481,331)
Others	–	–	(3,624)	–	(3,624)	–	(3,624)
As at December 31, 2024	**4,986,187**	**(758,081)**	**48,624,934**	**39,140,246**	**91,993,286**	**10,341,935**	**102,335,221**

	Attributable to owners of the Company						
	Share capital *RMB'000*	Less: Treasury shares *RMB'000*	Reserves (Note 32) *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *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/(loss) for the year	–	–	–	8,234,493	8,234,493	(322,884)	7,911,609
Other comprehensive loss/(income)	–	–	873,033	–	873,033	(45,057)	827,976
Total comprehensive (loss)/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**

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	*34(a)*	35,364,389	29,796,205
Income tax paid		(3,178,016)	(3,226,386)
Net cash generated from operating activities		**32,186,373**	**26,569,819**
Cash flows from investing activities			
Redemption of financial assets at fair value through profit or loss		86,145,328	93,433,282
Disposal of financial assets at fair value through other comprehensive income		8,451	162,780
Proceeds from sales of associates and joint ventures		620,980	468,039
Repayment from former subsidiaries		316,655	–
Investment gains or dividend income from financial assets at fair value through profit or loss		650,582	604,161
Dividends received from associates and joint ventures		183,401	192,475
Investment gains or dividend income from financial assets at fair value through other comprehensive income		20,168	1,998
Proceeds from disposal of property, plant and equipment and other non-current assets		309,784	335,828
Disposal of subsidiaries, net of cash and cash equivalents held by subsidiaries at the disposal dates		261,058	384,332
Purchase of property, plant and equipment and other non-current assets		(9,344,770)	(12,471,899)
Acquisition of financial assets at fair value through other comprehensive income		(49,750)	(275,165)
Acquisition of financial assets at fair value through profit or loss		(90,451,596)	(93,974,775)
Acquisition of associates and joint ventures		(28,381)	(169,265)
Acquisition of subsidiaries, net of cash and cash equivalents held by subsidiaries at the acquisition dates	*35*	(696,654)	(2,197,408)
Net cash used in investing activities		**(12,054,744)**	**(13,505,617)**

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
Proceeds from issue of shares		5,323,198	–
Capital injection from non-controlling interests		30,226	157,080
Exercise of share options		–	355,189
Drawdown of bank borrowings		31,847,545	32,543,231
Drawdown of loans from non-controlling interests		–	44,287
Proceeds from corporate bonds and short-term debentures		4,296,638	1,499,553
Net cash consideration received from non-controlling interests without change of control		1,193	–
Deposits received from lessors after the expiry of lease contracts		12,023	6,703
Repayment of bank borrowings		(42,276,973)	(22,365,788)
Repayment of corporate bonds and short-term debentures		(2,785,271)	(10,110,178)
Repayment of loans from holders of asset-backed securities scheme		–	(899,360)
Repayment of loans from non-controlling interests		(2,624)	(31,478)
Dividend paid to non-controlling interests		(324,348)	(599,379)
Dividend paid	*12*	(9,602,792)	(1,213,616)
Interests paid		(1,818,720)	(1,820,066)
Net cash consideration paid to non-controlling interests without change of control	*34(b)*	(3,451,076)	(1,833,285)
Payments for repurchase of shares	*31*	(1,758,094)	(959,956)
Payments of lease liabilities	*34(d)*	(7,438,385)	(7,765,246)
Payment of transaction costs related to financing activities		(31,653)	(2,376)
Net cash used in financing activities		**(27,979,113)**	**(12,994,685)**
Net (decrease)/increase in cash and cash equivalents		**(7,847,484)**	**69,517**
Cash and cash equivalents at beginning of the year		40,448,308	40,279,947
Exchange gains on cash and cash equivalents		45,231	98,844
Cash and cash equivalents at end of the year		**32,646,055**	**40,448,308**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. GENERAL INFORMATION

S.F. Holding 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 (hereinafter "**SZSE**") 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.

On November 27, 2024, the Company issued 170,000,000 H Shares to the public and listed with trading on the Stock Exchange of Hong Kong Limited ("**HKEx**").

As at December 31, 2024, the Company had 4,986,186,983 shares issued and outstanding, of which 4,816,186,983 shares were listed on the SZSE ("**A-shares**") and 170,000,000 shares were listed on the HKEx.

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**").

Hangzhou SF Intra-city Industrial Co., Ltd., an indirect non-wholly owned subsidiary of the Company, is a listed company on the Main Board of the HKEx and primarily engaged in intra-city on-demand delivery services.

KLN Logistics Group Limited ("**KLN**", formerly Kerry Logistics Network Limited), an indirect non-wholly-owned subsidiary of the Company, is a listed company on the Main Board of the HKEx and primarily engaged in the provision of logistics and freight forwarding services.

KEX Express (Thailand) Public Company Limited ("**KEX**"), an indirect non-wholly-owned subsidiary of the Company, is a listed company on the Main Board of the Stock Exchange of Thailand Limited ("**SET**") and primarily engaged in providing domestic and international parcel delivery service.

The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

This note provides a list of principal accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2. SUMMARY OF ACCOUNTING POLICIES

2.1 Summary of material accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") and 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 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 consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(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 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, except for certain presentation adjustment might be raised due to the adoption of IFRS18.

(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 financial impact on the consolidated financial statements.

(c) Associates and Joint arrangements

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(b)), after initially being recognized at cost.

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.

Interests in joint ventures are accounted for using the equity method (Note 2.2(b)), after initially being recognized at cost in the consolidated statement of financial position.

(d) 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 as a transaction by transaction basis 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.

The consideration transferred for the acquisition of a subsidiary regardless of whether equity investments or other assets are acquired 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 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.

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 reporting 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.

(e) Intangible assets

(i) Goodwill

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.

(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 five to twenty years, or the expected economic benefit life.

(f) 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.

(g) 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 and lease 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 note receivables at amortized cost, contract assets and notes held for sale resulted from providing operating services, whether there exits a significant financing component, the Group applies the simplified approach in calculating ECLs, which uses a lifetime expected loss allowance for all trade and note receivables at amortized cost, contract assets and notes held for sale. For lease receivables resulted from lease transactions, the Group also chooses the simplified approach to measure 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.

(h) 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.

(i) 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 year 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 and does not give rise to taxable and deductible temporary differences. 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.

(j) Revenue recognition

Revenue is recognized with the amount of consideration to which the Group expects to be entitled 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.

(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 uses information technology systems to process and record services provided and 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 consolidated financial statements 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 reporting 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 – 20 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 provided for depreciation over a period of 10 years in and before the year ended December 31, 2023. 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 considers that current estimated useful lives of aircraft no longer reflects 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. 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 by share price or using an adjusted form of the discounted cash flow or 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 consolidated financial statements 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, 2024 and 2023, 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 *RMB'000*	**HKD denominated** *RMB'000*	**Others denominated** *RMB'000*
At December 31, 2024			
Cash and cash equivalents	382,588	32,664	2,160
Trade and other receivables	541,416	22,940	47,901
Trade payables, accruals and other payables	(369,254)	(25,123)	(60,337)
Total	**554,750**	**30,481**	**(10,276)**
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)
Total	**512,433**	**16,442**	**(39,182)**

As at December 31, 2024, for the above USD-denominated financial assets and financial liabilities, if the RMB strengthened or weakened by 5% against USD and with all variables held constant, the Group's profit before taxation would have decreased or increased by approximately RMB27,738,000 (2023: RMB25,622,000). Other foreign currencies of changes have no significant impact on foreign exchange risk.

As at December 31, 2024 and 2023, 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	HKD denominated	Others denominated
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2024			
Cash and cash equivalents	217,831	17,857	166
Trade and other receivables	28,725	17,723	–
Trade payables, accruals and other payables	(4,313)	(36,590)	(722)
Total	**242,243**	**(1,010)**	**(556)**
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)
Total	**381,843**	**96,662**	**29,590**

For the Group's subsidiaries with HKD as the functional currency, the foreign exchange exposure of their non-functional currency denominated financial assets and financial 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 as at December 31, 2024 and 2023. If prices of the respective instruments held by the Group had been 10% higher/lower as at December 31, 2024 and 2023, profit for the year would have been approximately RMB47,742,000 (2023: RMB59,000,000) higher/lower as a result of gains/losses on financial instruments classified as at FVPL, other comprehensive income would have been approximately RMB823,199,000 (2023: RMB948,954,000) higher/lower as a result of gains/losses on financial instruments classified as at FVOCI.

(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, 2024 and 2023:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Floating rate instruments		
Long-term borrowings	6,186,386	11,355,241

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Fixed rate instruments		
Bonds		
– USD denominated	17,943,954	18,295,063
– RMB denominated	1,997,981	499,719

If interest rates of floating rate instruments had been 50 basis points higher or lower with all other variables held constant, profit before income tax would be lower or higher approximately RMB30,932,000 and RMB56,776,000 as at December 31, 2024 and 2023, 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.

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 December 31, 2024 and 2023 was determined as follows for both trade receivables and contract assets:

	As at December 31, 2024			
	Gross amount			
	Trade and note receivables	**Contract assets**	**Loss allowance**	**Expected loss rate**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Assessed based on grouping				
– The third parties	28,280,344	2,737,292	794,255	2.56%
– The related parties	540,956	8,517	50,401	9.17%
Assessed individual	274,364	–	274,364	100.00%
Total	**29,095,664**	**2,745,809**	**1,119,020**	**–**

	As at December 31, 2023			
	Gross amount			
	Trade and note receivables	**Contract assets**	**Loss allowance**	**Expected loss rate**
	RMB'000	*RMB'000*	*RMB'000*	*%*
Assessed based on grouping				
– The third parties	25,957,399	1,635,220	700,939	2.54%
– The related parties	124,211	924	23,790	19.01%
Assessed individual	657,488	–	657,488	100.00%
Total	**26,739,098**	**1,636,144**	**1,382,217**	**–**

(iii) Credit risk of lease receivables

For lease receivables resulted from lease transactions, the Group applies IFRS 9 simplified approach to measuring ECLs regardless of whether there exits a significant financing component.

As at December 31, 2024 and 2023, management is of the view that the credit risk of lease receivables is low and the loss allowance provision for lease receivables is not material.

(iv) Credit risk of other receivables (excluding lease receivables)

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.

For other receivables excluding lease receivables and loans and advances, 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(g), 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, 2024 and 2023:

	Stage 1 12-month ECL *RMB'000*	**Stage 2 Lifetime ECL** *RMB'000*	**Stage 3 Lifetime ECL** *RMB'000*	**Total** *RMB'000*
As at December 31, 2024				
Expected credit loss rate	0.34%	N/A	100.00%	8.33%
Gross carrying amounts	3,694,742	–	322,238	4,016,980
Allowance for impairment	(12,573)	–	(322,238)	(334,811)
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)

(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 cash and cash equivalents.

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, 2024						
Financial liabilities at fair value through profit or loss	105,464	–	–	–	105,464	105,464
Trade and other payables (excluding salaries, wages and benefits payables, tax payables and other non-financial liabilities)	37,349,615	56,513	–	–	37,406,128	37,406,128
Borrowings	19,445,318	8,930,398	9,647,915	10,496,015	48,519,646	44,684,382
Lease liabilities	6,102,698	4,374,621	2,913,796	1,595,481	14,986,596	12,595,797
Total	**63,003,095**	**13,361,532**	**12,561,711**	**12,091,496**	**101,017,834**	**94,791,771**
At December 31, 2023						
Financial liabilities at fair value through profit or loss	92,120	–	–	–	92,120	92,120
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
Total	**65,329,032**	**8,996,209**	**19,439,953**	**13,75117**	**107,522,925**	**102,383,155**

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 year ended December 31, 2024.

The Group monitors capital on the basis of the asset-liability ratio and the asset-liability ratio as at December 31, 2024 and 2023 were as follows:

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Total assets	213,824,213	221,490,655
Total liabilities	111,488,992	118,206,995
Asset-liability ratio	52.14%	53.37%

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at December 31, 2024 and 2023 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, 2024 and 2023, 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, 2024				
Non-current:				
Financial assets at FVPL				
– Industry fund investments	–	–	331,815	331,815
– others	–	–	145,601	145,601
Financial assets at FVOCI				
– Equity investment in entities, at fair value	1,033,218	–	7,198,776	8,231,994
Current:				
Financial assets at FVPL				
– Structured deposits	–	–	11,015,904	11,015,904
– Fund investment and others	78	2,797	227,377	230,252
Financial assets at FVOCI				
– Notes held for sale	–	170,913	–	170,913
As at December 31, 2023				
Non-current:				
Financial assets at FVPL				
– Industry fund investments	–	–	499,320	499,320
– others	–	–	90,676	90,676
Financial assets at FVOCI				
– Equity investment in entities, at fair value	2,418,842	–	7,070,693	9,489,535
Current:				
Financial assets at FVPL				
– Structured deposits	–	–	6,542,881	6,542,881
– Fund investment and others	78	354	266,429	266,861
Financial assets at FVOCI				
– Notes held for sale	–	99,978	–	99,978

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 FVPL				Financial assets at FVOCI
	Current		Non-Current		
	Structured deposits	Fund investment and others	Fund investment	Others	Equity investments
Opening balance	6,542,881	266,429	499,320	90,676	7,070,693
Additions	89,812,000	30,000	11,114	10,000	34
Transfer to Level 1	–	121,537	(93,125)	96,321	–
Disposals/settlements	(85,791,425)	(194,623)	(42,595)	–	(1,302)
Changes in fair value recognized in profit or loss	452,448	(2,738)	(47,111)	(52,365)	–
Changes in fair value recognized in other comprehensive income	–	–	–	–	(97,670)
Currency translation differences	–	6,772	4,212	969	227,021
Closing balance	**11,015,904**	**227,377**	**331,815**	**145,601**	**7,198,776**

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 year ended December 31, 2024, there were no significant transfers among Level 1, 2 and 3 of fair value measurements.

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 December 31, 2024 *RMB'000*	Fair value As at December 31, 2023 *RMB'000*	Valuation technique(s)	Significant unobservable input(s)	Range of inputs (probability-weighted average)	Sensitivity of fair value to the input(s)
Current:						
Financial assets at FVPL						
– Structured deposits	11,015,904	6,542,881	Discounted cash flow	Expected rate of return	1.40%-4.00%	10% increase/decrease in expected rate of return would result in increase/decrease in fair value by 0.03%-0.04%
– Fund investment and others	227,377	266,429	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%
Non-current:						
Financial assets at FVPL						
– Industry fund investments	331,815	499,320	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%
– Others	145,601	90,676	Recent transaction price	N/A	N/A	N/A
Financial assets at FVOCI						
– Equity investment in entities, at fair value	7,198,776	7,070,693	Recent transaction price or a combination of observable and unobservable inputs	Discount for lack of marketability	13%-17%	10% increase/decrease in discount for lack of marketability would result in decrease/increase in fair value by 1.55%-2.11%
	18,919,473	14,469,999				

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 growth 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 Group has engaged independent external valuers to assist them in performing annual goodwill impairment assessment on KLN CGUs and Fenghao Supply Chain CGUs. Based on the valuation report issued by the independent external valuers, the Group uses the present value of expected future cash flows to determine the value in use for both CGUs. Due to the uncertainty in the development of the economic environment, revenue growth rate over the forecast period, terminal revenue growth rate, margin of earnings before interests and tax, and pre-tax discount rate used in the calculation of the present value of the future cash flows are also subject to uncertainty.

(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.

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, including the assessment of other share party's dispersion of holding; (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.

For the year ended December 31, 2024 and 2023, no revenue from a single customer exceeded 10% or more of the total revenue.

Segment information for the year ended December 31, 2024 is as follows:

	Express and freight delivery segment *RMB'000*	Supply chain and international segment *RMB'000*	Intra-city on-demand delivery segment *RMB'000*	Undistributed units *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenue from external customers	200,162,392	74,000,342	9,010,521	1,246,804	–	284,420,059
Inter-segment revenue	7,005,842	1,330,524	6,735,562	4,935,844	(20,007,772)	–
Cost of revenue	174,198,376	69,415,600	14,681,847	4,913,824	(17,685,535)	245,524,112
Profit/(loss) before income tax	13,157,825	(547,911)	144,963	824,127	28,257	13,607,261
Income tax expenses/(credits)	2,176,559	776,502	12,503	428,207	(5,355)	3,388,416
Net profit/(loss)	10,981,266	(1,324,413)	132,460	395,920	33,612	10,218,845
Total assets	101,068,424	66,091,896	4,519,821	156,845,741	(114,701,669)	213,824,213
Total liabilities	70,070,634	58,800,172	1,709,205	78,587,251	(97,678,270)	111,488,992
Depreciation of right-of-use assets *(Note 8)*	5,700,363	1,698,857	13,804	270,764	(885,005)	6,798,783
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	7,789,173	1,801,114	48,177	904,420	(9,410)	10,533,474
Net reversal of impairment losses/(impairment losses) on financial assets and contract assets	119,609	156,095	3,118	40,225	(47,354)	271,693

Segment information for the year ended December 31, 2023 is as follows:

	Express and freight delivery segment *RMB'000*	Supply chain and international segment *RMB'000*	Intra-city on-demand delivery segment *RMB'000*	Undistributed units *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Revenue from external customers	186,890,137	62,859,302	7,371,250	1,288,714	–	258,409,403
Inter-segment revenue	12,231,353	733,174	5,029,453	4,430,069	(22,424,049)	–
Cost of revenue	171,457,160	58,474,528	11,606,756	4,372,537	(20,135,303)	225,775,678
Profit/(loss) before income tax	10,602,204	(328,849)	48,327	143,788	21,035	10,486,505
Income tax expenses/(credits)	2,149,342	205,652	(2,268)	229,825	(7,655)	2,574,896
Net profit/(loss)	8,452,862	(534,501)	50,595	(86,037)	28,690	7,911,609
Total assets	103,171,690	64,308,117	4,038,844	186,550,844	(136,578,840)	221,490,655
Total liabilities	72,928,079	53,658,452	1,218,597	84,432,442	(94,030,575)	118,206,995
Depreciation of right-of-use assets *(Note 8)*	6,083,423	1,707,837	27,188	67,026	(672,411)	7,213,063
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	7,549,542	1,651,130	52,445	874,960	(22,033)	10,106,044
Net reversal of impairment losses/(impairment losses) on financial assets and contract assets	(111,509)	82,879	3,668	67,481	(75,999)	(33,480)

(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,	
	2024	**2023**
	RMB'000	*RMB'000*
Within mainland China	242,796,156	223,510,607
Hong Kong, Macau, Taiwan	9,467,291	9,134,850
Other international	32,156,612	25,763,946
Total	**284,420,059**	**258,409,403**

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,	
	2024	**2023**
	RMB'000	*RMB'000*
Within mainland China	92,143,600	95,919,000
Hong Kong, Macau, Taiwan	5,304,613	5,293,887
Other international	16,394,244	16,575,617
Total	**113,842,457**	**117,788,504**

(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, 2024			
	Logistics and freight forwarding services *RMB'000*	**Sales of goods** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue from main operations				
At a point in time	–	6,042,752	456,009	6,498,761
Over time	276,275,771	–	881,045	277,156,816
Lease income	–	–	365,962	365,962
Total	**276,275,771**	**6,042,752**	**1,703,016**	**284,021,539**
Revenue from other operations				
At a point in time	–	–	79,524	79,524
Over time	–	–	131,414	131,414
Lease income	–	–	187,582	187,582
	–	–	398,520	398,520
Total	**276,275,771**	**6,042,752**	**2,101,536**	**284,420,059**

	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				
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	–	–	307,405	307,405
	251,127,665	5,626,072	1,232,843	257,986,580
Revenue from other operations				
At a point in time	–	–	100,907	100,907
Over time	–	–	136,465	136,465
Lease income	–	–	185,451	185,451
	–	–	422,823	422,823
Total	**251,127,665**	**5,626,072**	**1,655,666**	**258,409,403**

6. OTHER INCOME

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Government grants *(Note (a))*	679,226	1,983,551
Dividend income	1,005	2,438
Others	309,509	295,213
Total	**989,740**	**2,281,202**

Note:

(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, 2024 and 2023, there were no unfulfilled conditions or contingencies relating to these government grants.

7. OTHER GAINS, NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Gains on disposal of investments in associates and joint ventures	89,622	21,441
Gains on disposal of investments in subsidiaries *(Note 36(b))*	80,615	268,204
Fair value changes in financial assets at FVPL	509,717	529,513
Losses on disposal of property, plant and equipment, right-of-use assets and other non-current assets	(60,228)	(53,891)
Impairment of inventories, property, plant and equipment and other non-current assets	(141,622)	(62,390)
Net exchange gains/(losses)	82,290	(96,381)
Gains on repurchase of corporate bonds	87,779	–
Others	(279,300)	(198,022)
Total	**368,873**	**408,474**

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,	
	2024	2023
	RMB'000	*RMB'000*
Labour outsourcing cost	97,445,480	88,615,879
Transportation expenses	54,096,591	44,578,173
Transportation outsourcing cost	39,197,467	38,352,035
Employee benefit expenses *(Note 9)*	33,195,660	31,776,779
Depreciation and amortization (excluding right-of-use assets)	10,533,474	10,106,044
Rent and venue usage expenses	7,457,712	7,100,757
Depreciation of right-of-use assets *(Note 15)*	6,798,783	7,213,063
Auditor's remuneration	62,517	64,508
Others	21,098,612	21,011,392
Total	**269,886,296**	**248,818,630**

Note:

(a) Government grants amounting to approximately RMB995,635,000 and RMB164,944,000 had been recognized as deduction in the cost of revenue for the year ended December 31, 2024 and 2023, respectively.

9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analyzed as follows:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Salaries, wages and bonuses	27,655,159	26,127,739
Share-based compensation expenses *(Note 33)*	80,494	543,046
Contributions to pension plans	1,461,557	1,301,124
Other employee benefits	3,998,450	3,804,870
Total	**33,195,660**	**31,776,779**

(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, 2024				
Executive Directors				
Mr. Wang Wei	–	1,309	–	1,309
Mr. Ho Chit	305	7,543	1,735	9,583
Ms. Wang Xin	133	3,464	749	4,346
Mr. Zhang Dong *(ii)*	–	1,685	1,153	2,838
Mr. Xu Bensong ***(i)***	–	403	124	527
Independent non-executive Directors				
Mr. CHAN Charles Sheung Wai	–	680	–	680
Mr. Lee Carmelo Ka Sze	–	680	–	680
Dr. Ding Yi	–	680	–	680
Supervisors				
Mr. Shum Tze Leung	–	315	–	315
Ms. Wang Jia	–	1,450	–	1,450
Ms. Li Juhua	–	1,842	–	1,842
Mr. Zhang Shun	–	940	–	940
Mr. Liu Jilu	–	–	–	–
Total	**438**	**20,991**	**3,761**	**25,190**

	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	426	6,240	2,945	9,611
Ms. Wang Xin	–	3,120	2,945	6,065
Mr. Zhang Dong *(ii)*	–	2,626	2,945	5,571
Independent non-executive Directors				
Mr. CHAN Charles Sheung Wai	–	680	–	680
Mr. Lee Carmelo Ka Sze	–	680	–	680
Dr. Ding Yi	–	680	–	680
Supervisors				
Mr. Shum Tze Leung	–	641	–	641
Ms. Wang Jia	–	1,148	–	1,148
Ms. Li Juhua	–	1,692	–	1,692
Mr. Zhang Shun	–	766	–	766
Mr. Liu Jilu	–	–	–	–
Total	**426**	**19,434**	**8,835**	**28,695**

Notes:

(i) Mr. Xu Bensong was appointed as an executive director on October 30, 2024.

(ii) Mr. Zhang Dong 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, 2024 and 2023 include 1 and 3 directors respectively whose emoluments are reflected in the analysis shown in Note 9(b), respectively. The emoluments paid to the remaining 4 and 2 individuals during the years ended December 31, 2024 and 2023, respectively are as follows:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Salaries, wages, bonuses and benefits in kind (including contributions to pension plans)	15,020	6,142
Share-based compensation expenses	2,972	5,890
Total	**17,992**	**12,032**

The emoluments of the above individuals fell within the following bands:

	Year ended December 31,	
	2024	2023
HK$3,500,001 to HK$4,000,000	–	–
HK$4,000,001 to HK$4,500,000	–	–
HK$4,500,001 to HK$5,000,000	2	–
HK$5,000,001 to HK$5,500,000	–	–
HK$5,500,001 to HK$6,000,000	–	–
HK$6,000,001 to HK$6,500,000	–	1
HK$6,500,001 to HK$7,000,000	2	–
HK$7,000,001 to HK$7,500,000	–	1
HK$7,500,001 to HK$8,000,000	–	–
HK$8,000,001 to HK$8,500,000	–	–

10. FINANCE INCOME AND COSTS

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Finance income:		
Interest income on deposits in financial institutions	617,713	633,373
Finance costs:		
Interest expenses on borrowings	1,912,201	1,808,850
Interest expenses on lease liabilities *(Note 15 (b))*	503,871	564,374
Less: Interest capitalized	(42,753)	(103,524)
	2,373,319	2,269,700
Finance costs, net	**1,755,606**	**1,636,327**

The average capitalization rates for the year ended December 31, 2024 and 2023 used to determine the amount of borrowing costs eligible for capitalization were 2.83% and 2.75%, 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, 2024 and 2023, respectively:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current income tax	3,640,127	3,340,596
Deferred income tax *(Note 18)*	(251,711)	(765,700)
Total	**3,388,416**	**2,574,896**

Reconciliation between income tax expenses and profit before income tax at applicable tax rates for the years ended December 31, 2024 and 2023:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Profit before income tax	13,607,261	10,486,505
Tax at the statutory tax rate of 25% *(Note (a))*	3,401,815	2,621,626
Effects of different tax rates applicable to different jurisdictions *(Note (b))*	(217,848)	(211,891)
Tax effect of non-taxable income	(135,435)	(109,495)
Adjustments of prior years	(8,410)	(32,451)
Tax effect of non-deductible expenses	528,443	296,602
Tax effect of preferential tax rate *(Note (a))*	(408,664)	(364,417)
Tax losses and temporary differences not recognized	790,710	879,651
Reversal of previously recognized tax losses and temporary differences	260,565	30,752
Utilization of previously unrecognized tax losses and temporary differences	(385,547)	(378,149)
Recognition of tax losses and temporary differences not recognized in prior years	(437,213)	(157,332)
Total	**3,388,416**	**2,574,896**

(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 qualified small and micro-sized enterprises, the annual taxable income up to RMB3,000,000 (inclusive) is subject to an effective CIT rate of 5% from January 1, 2023 to December 31, 2027.

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 HKD2,000,000 and 16.5% on any assessable profits over HKD2,000,000 for the years ended December 31, 2024 and 2023.

(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 years ended December 31, 2024 and 2023.

(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. 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, 2024 and 2023 are as follows:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Interim dividend paid of RMB40 cents per ordinary share	1,918,166	–
Special dividend paid of RMB100 cents per ordinary share	4,795,416	–
	6,713,582	–
Final dividend paid of RMB60 cents per ordinary share	2,889,210	1,213,616
	9,602,792	1,213,616

(a) Interim dividend and special dividend

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 total amount of the special dividend was RMB6,713,582,000.

(b) Final dividend for the year ended December 31, 2023 and 2022

On April 30, 2024, the Company convened its annual shareholders' meeting to implement the profit distribution plan for the year ended December 31, 2023. The Company declared a cash dividend of RMB60 cents per share (tax included) (for the year ended December 31, 2022: RMB25 cents per share). The total amount of the cash dividend was RMB2,889,210,000 (for the year ended December 31, 2022: RMB1,213,616,000).

(c) Proposed final dividend for the year ended December 31, 2024

The Board resolved to propose to the Shareholders in the forthcoming annual general meeting for the distribution of a final dividend of RMB44 cents per share for the year ended December 31, 2024. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the Shareholders at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

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 year.

	Year ended December 31,	
	2024	**2023**
Profit attributable to owners of the Company *(RMB'000)*	10,170,427	8,234,493
Weighted average number of shares in issue *(in thousands)*	4,828,432	4,850,498
Basic EPS *(RMB per share)*	2.11	1.70

(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 year ended December 31, 2024, the share options granted by the Company had anti-dilutive effect on the EPS.

	Year ended December 31,	
	2024	**2023**
Profit attributable to owners of the Company *(RMB'000)*	10,170,427	8,234,493
Profit attributable to owners of the Company for the calculation of Diluted EPS *(RMB'000)*	10,170,427	8,234,493
Weighted average number of shares in issue *(in thousands)*	4,828,432	4,850,498
Adjustment for share options *(in thousands)*	–	4,484
Weighted average number of shares for the calculation of Diluted EPS *(in thousands)*	4,828,432	4,854,982
Diluted EPS *(RMB per share)*	2.11	1.70

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings *RMB'000*	Aircraft, aircraft engines, rotables and high-value maintenance *RMB'000*	Machinery and equipment *RMB'000*	Transportation vehicles *RMB'000*	Computers and electronic equipment *RMB'000*	Office and other equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *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))*	977,191	352,831	348,685	704,644	346,954	214,167	196,240	5,989,057	9,129,769
Business combinations	–	–	6	3,938	4,068	2,109	–	–	10,121
Disposals	(4,778)	(144,515)	(394,096)	(1,119,751)	(342,241)	(728,592)	(159,304)	(30,454)	(2,923,731)
Disposal of subsidiaries	(309,843)	–	–	–	–	–	(42,518)	(18,209)	(370,570)
Transfer/reclassification	1,497,561	1,878,760	1,347,203	128	100,411	40,340	939,456	(7,004,900)	(1,201,041)
Currency translation differences	136,690	–	57,768	33,106	(115)	6,516	(43,556)	–	190,409
As at December 31, 2024	**31,482,160**	**17,584,109**	**16,359,012**	**7,057,016**	**5,235,100**	**10,373,993**	**8,226,138**	**2,985,702**	**99,303,230**
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 year *(Note (b))*	858,634	1,438,240	1,670,007	1,117,240	621,275	1,314,585	1,066,798	–	8,086,779
Business combinations	–	–	6	2,633	3,008	1,499	–	–	7,146
Disposals	(105)	(117,181)	(185,311)	(1,030,581)	(312,993)	(521,867)	(126,129)	–	(2,294,167)
Disposal of subsidiaries	(8,731)	–	–	–	–	–	(20,767)	–	(29,498)
Transfer/reclassification	(114,207)	–	–	–	–	–	153	–	(114,054)
Currency translation differences	11,861	–	31,284	17,601	(2,057)	(6,513)	(18,688)	–	33,488
As at December 31, 2024	**3,665,775**	**7,964,929**	**5,879,587**	**4,913,234**	**4,089,146**	**7,426,406**	**6,095,509**	**–**	**40,034,586**
Accumulated impairment									
As at January 1, 2024	–	–	1,633	–	–	8	–	17,324	18,965
Charge for the year	–	–	43,195	40,393	8,245	1,276	127	885	94,121
Disposal of subsidiaries	–	–	–	–	–	–	–	(18,209)	(18,209)
Currency translation differences	–	–	(256)	123	(330)	(75)	–	–	(538)
As at December 31, 2024	–	–	44,572	40,516	7,915	1,209	127	–	94,339
Net book value									
As at December 31, 2024 *(Note (a))*	**27,816,385**	**9,619,180**	**10,434,853**	**2,103,266**	**1,138,039**	**2,946,378**	**2,130,502**	**2,985,702**	**59,174,305**

	Freehold land and buildings *RMB'000*	Aircraft, aircraft engines, rotables and high-value maintenance *RMB'000*	Machinery and equipment *RMB'000*	Transportation vehicles *RMB'000*	Computers and electronic equipment *RMB'000*	Office and other equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *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**

Notes:

(a) Certain property, plant and equipment with a net carrying amount of approximately RMB490,886,000 as at December 31, 2024 (2023: RMB809,139,000), were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 26).

(b) Depreciation amounting to approximately RMB8,083,172,000 had been recognized in consolidated statement of profit or loss for the year ended December 31, 2024 (2023: RMB7,586,164,000).

(c) The additions of buildings for the years ended December 31, 2024 and 2023 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 statement of financial position

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Right-of-use assets		
Buildings	12,730,196	13,692,555
Leasehold land and land use rights	6,783,528	6,816,476
Motor vehicles	81,877	333,921
Equipment and others	30,028	47,095
Total	**19,625,629**	**20,890,047**
Lease liabilities		
Current	5,501,314	5,769,965
Non-current	7,094,483	8,038,495
Total	**12,595,797**	**13,808,460**

Additions to the right-of-use assets for the year ended December 31, 2024 were approximately RMB6,984,602,000 (2023: RMB6,804,625,000).

Leasehold land and land use rights with a net carrying amount of approximately RMB203,922,000 as at December 31, 2024 (2023: RMB292,495,000) were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 26).

(b) Amounts recognized in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Buildings	6,442,034	6,874,516
Leasehold land and land use rights	200,618	191,595
Motor vehicles	136,327	126,643
Equipment and others	19,804	20,309
Total	**6,798,783**	**7,213,063**
Interest expenses *(Note 10)*	503,871	564,374
Expense relating to short-term leases and low-value assets (included in costs and expenses)	4,041,341	3,601,571
Total cash outflow for leases (included in operating and financing cash outflow)	11,722,206	11,582,911

The Group has various lease contracts that have not yet commenced as at December 31, 2024 and 2023. The future lease payments for these non-cancellable lease contracts are as below:

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Within 1 year (including 1 year)	893,228	1,344,393
Between 1 and 2 years (including 2 years)	529,230	458,299
Between 2 and 3 years (including 3 years)	489,211	560,409
Over 3 years	2,733,760	2,834,483
Total	**4,645,429**	**5,197,584**

16. INVESTMENT PROPERTIES

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Cost		
At the beginning of the year	6,742,097	5,088,473
Additions	25,067	709,420
Disposal of subsidiaries	(202,598)	(1,548)
Transfer/reclassification	1,326,722	944,698
Exchange adjustment	(37,711)	1,054
At the end of the year	**7,853,577**	**6,742,097**
Accumulated depreciation		
At the beginning of the year	**323,377**	**213,107**
Charge for the year	164,614	125,712
Disposal of subsidiaries	(10,802)	(45)
Transfer/reclassification	128,572	(16,471)
Exchange adjustment	6,617	1,074
At the end of the year	**612,378**	**323,377**
Net book value		
At the end of the year *(Note (a))*	**7,241,199**	**6,418,720**

Notes:

(a) Certain investment properties with a net carrying amount of approximately RMB111,847,000 as at December 31, 2024 (2023: RMB111,124,000) were pledged as securities for bank loan facilities and bank overdrafts granted to the Group (Note 26).

(b) 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, 2024 and 2023. The valuations are derived using direct comparison method or income capitalization method. 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,	
	2024	**2023**
	RMB'000	*RMB'000*
Investment properties at fair value	8,639,880	7,937,199

(c) 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,	
	2024	**2023**
	RMB'000	*RMB'000*
Land and buildings:		
Within 1 year (including 1 year)	418,210	371,269
Between 1 and 2 years (including 2 years)	314,925	240,171
Between 2 and 3 years (including 3 years)	223,282	146,234
Between 3 and 4 years (including 4 years)	148,307	90,435
Between 4 and 5 years (including 5 years)	113,522	56,615
Over 5 years	262,618	206,636
Total	**1,480,864**	**1,111,360**

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, 2024	**129,845**	**9,572,871**	**5,952,090**	**8,134,147**	**4,966,033**	**358,340**	**29,113,326**
Additions	560,106	135,524	–	46,143	–	1,145	742,918
Business combinations	–	–	38,576	1,464	–	4,781	44,821
Disposals	(25,733)	–	–	(188,126)	(4,627)	(2,564)	(221,050)
Disposal of subsidiaries	–	–	–	(38)	–	–	(38)
Transfer/reclassification	(581,729)	–	–	581,729	–	–	–
Currency translation differences	–	298,405	171,815	15,870	191,487	2,021	679,598
As at December 31, 2024	**82,489**	**10,006,800**	**6,162,481**	**8,591,189**	**5,152,893**	**363,723**	**30,359,575**
Accumulated amortization							
As at January 1, 2024	**–**	**–**	**1,150,340**	**5,778,057**	**842,331**	**211,727**	**7,982,455**
Charge for the year	–	–	339,566	1,494,804	417,402	26,876	2,278,648
Business combinations	–	–	–	1,076	–	–	1,076
Disposals	–	–	–	(143,063)	(627)	(987)	(144,677)
Disposal of subsidiaries	–	–	–	(38)	–	–	(38)
Currency translation differences	–	–	28,122	13,522	59,123	1,473	102,240
As at December 31, 2024	**–**	**–**	**1,518,028**	**7,144,358**	**1,318,229**	**239,089**	**10,219,704**
Impairment							
As at January 1, 2024	**–**	**2,435**	**–**	**97,428**	**4**	**6**	**99,873**
Charge for the year	–	–	15,403	12,632	–	–	28,035
Disposals	–	–	–	(24,226)	(4)	–	(24,230)
As at December 31, 2024	**–**	**2,435**	**15,403**	**85,834**	**–**	**6**	**103,678**
Net book value							
As at December 31, 2024	**82,489**	**10,004,365**	**4,629,050**	**1,360,997**	**3,834,664**	**124,628**	**20,036,193**

	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**

(a) Recognition of goodwill

The carrying amount of goodwill allocated to Cash-Generating Units or the groups of Cash-Generating Units ("**CGUs**"):

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
KLN CGUs	6,138,923	5,889,255
Fenghao Supply Chain CGUs	3,184,723	3,082,119
KEX CGUs	64,508	–
SXH CGUs *(Note (d))*	380,138	367,896
Others	236,073	231,166
Total	**10,004,365**	**9,570,436**

As stated in Note 2.1(e), goodwill would be tested for impairment annually. 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.

The Group acquired KLN in 2021. KLN acquired Topocean and Pro-Med in 2022 and other subsidiaries in 2023. During the year ended December 31, 2024, the balance of goodwill increased mainly due to the acquisition of 100% 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 above mentioned acquisitions. As a result, the Group regarded KLN, Topocean, Pro-Med, BBA and other subsidiaries acquired by KLN as one CGUs.

During the year ended December 31, 2024, KLN distributed a special interim dividend by way of a distribution in specie of 907,200,000 shares of 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 CGUs into two separate CGUs, KEX CGUs and KLN CGUs (excluding KEX CGUs). 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 CGUs and KEX CGUs as at the date of the reorganization, through which goodwill of approximately RMB62,430,000 was reallocated to KEX CGUs.

(b) Impairment tests

The following table sets out the key assumptions used for value in use calculations of KLN CGUs and Fenghao Supply Chain CGUs:

	Year ended December 31,	
	2024	**2023**
Revenue growth rate over the forecast period	2.00%~15.30%	2.50%~16.64%
Terminal revenue growth rate	2.00%	2.00%~2.50%
Margin of earnings before interests and tax	0.03%~5.75%	-0.20%~6.60%
Pre-tax discount rate	10.55%~13.40%	11.90%~14.00%

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 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 margin of earnings before interests and tax 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 CGUs is estimated to exceed its carrying amount at December 31, 2024 by approximately RMB1,012 million (2023: RMB1,375 million).

The recoverable amount of Fenghao Supply Chain CGUs is estimated to exceed its carrying amount at December 31, 2024 by approximately RMB443 million (2023: RMB411 million).

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 CGUs to exceed its respective recoverable amount.

The recoverable amount of each CGUs would equal to its carrying amount if each key assumption was to change as follows with all other variables held constant:

KLN CGUs	**As at December 31,**	
	2024	**2023**
Revenue growth rate over the forecast period	5.54%~8.54%	8.98%~12.05%
Terminal revenue growth rate	1.66%	1.50%
Margin of earnings before interests and tax	4.50%~5.44%	4.76%~5.41%
Pre-tax discount rate	13.76%	14.48%

Fenghao Supply Chain CGUs	**As at December 31,**	
	2024	**2023**
Revenue growth rate over the forecast period	1.42%~14.82%	2.02%~16.19%
Terminal revenue growth rate	1.43%	1.89%
Margin of earnings before interests and tax	-0.54%~5.18%	-0.55%~6.25%
Pre-tax discount rate	11.09%	12.41%

(d) Rebranding of SXH

On July 31, 2018 (the "**acquisition date**"), the Group completed the acquisition of HAVI Logistics Services (Hong Kong) Ltd., and its subsidiaries and recognized goodwill of approximately RMB351,075,000. This goodwill was allocated to HAVI Supply Chain CGUs on the acquisition date. In June 2024, HAVI was rebranded as SXH. The allocation of goodwill to the CGUs remained unchanged after the renaming.

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,	
	2024	2023
	RMB'000	*RMB'000*
Deferred tax assets	5,251,652	5,599,191
Offsetting	(2,959,658)	(3,335,321)
Net deferred tax assets	**2,291,994**	**2,263,870**
Deferred tax liabilities	7,374,143	7,886,295
Offsetting	(2,959,658)	(3,335,321)
Net deferred tax liabilities	**4,414,485**	**4,550,974**

(a) Deferred tax assets

The movements in deferred tax assets before offsetting for the years ended December 31, 2024 and 2023 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, 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	(8,027)	–	–	–	–	–	–	(8,027)
Credited/(charged) to consolidated statement of profit or loss	255,044	(20,891)	(182,972)	(335,196)	67,096	(28,151)	(9,014)	(254,084)
Charged to consolidated statement of other comprehensive income	–	–	–	–	–	–	–	–
Currency translation differences	(55,073)	(15,386)	5,390	(22,866)	2,507	–	–	(85,428)
As at December 31, 2024	**1,041,832**	**864,406**	**302,495**	**2,640,633**	**244,416**	**84,223**	**73,647**	**5,251,652**
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**

(b) Deferred tax liabilities

The movements in deferred tax liabilities before offsetting for the years ended December 31, 2024 and 2023 are as follows:

	Appreciation of assets acquired in business combinations	Accelerated tax depreciation	Changes in fair value	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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	14,578	–	–	–	–	14,578
(Credited)/charged to consolidated statement of profit or loss	(207,921)	(39,063)	(11,045)	(314,282)	66,516	(505,795)
Charged to consolidated statement of other comprehensive income	–	–	(3,899)	–	–	(3,899)
Currency translation differences	72,290	(51,944)	8,803	(20,573)	(25,612)	(17,036)
At December 31, 2024	**2,850,490**	**1,515,595**	**353,037**	**2,495,706**	**159,315**	**7,374,143**
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**

(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 year:

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Tax losses	18,994,127	18,873,618
Deductible temporary differences	1,334,659	1,113,144
Total	**20,328,786**	**19,986,762**

The maturity distribution of deductible losses on the Group's unrecognized deferred tax assets is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
2024	–	1,270,206
2025	2,451,413	3,954,921
2026	3,192,356	4,468,234
2027	2,855,219	3,254,460
2028	4,421,109	2,146,335
2029 and above	6,074,030	3,779,462
Total	**18,994,127**	**18,873,618**

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Non-current:		
Amounts due from related parties *(Note 38(d))*	1,181	1,363
Deferred pilot recruitment costs	740,683	805,415
Prepayments *(Note (a))*	576,948	944,833
Loans to employees	–	15,575
Finance lease receivables	38,224	89,380
Others	520,580	492,174
	1,877,616	2,348,740
Less: Allowance for expected credit losses *(Note (c))*	(22,581)	(15,178)
Total	**1,855,035**	**2,333,562**
Current:		
Amounts due from related parties *(Note 38(d))*	306,027	1,032,722
Value-added tax recoverable	3,366,151	4,641,173
Prepayments *(Note (b))*	2,827,788	3,248,665
Prepayments for listing expenses	–	25,068
Deposits	1,536,726	1,523,589
Cash to collect on behalf of customers	768,814	659,441
Loans to employees	16,047	26,454
Prepaid corporate income tax	384,920	551,327
Finance lease receivables	88,800	226,652
Others	1,154,081	1,043,853
	10,449,354	12,978,944
Less: Allowance for expected credit losses *(Note (c))*	(334,811)	(356,238)
Total	**10,114,543**	**12,622,706**

(a) The balances of the Group mainly comprise prepaid construction equipment balances during the years ended December 31, 2024 and 2023.

(b) The balances of the Group mainly comprise prepaid freight and transportation costs during the year ended December 31, 2024 and 2023.

(c) Movements on the Group's allowance for expected credit losses of other receivables are as follows:

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
At the beginning of the year	**371,416**	**419,002**
Allowance for impairment	30,403	8,446
Written off as uncollectible	(44,971)	(57,009)
Exchange adjustment	544	977
At the end of the year	**357,392**	**371,416**

20. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Movement of investments in associates is analyzed as follows:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
At the beginning of the year	**4,120,128**	**4,209,624**
Additions and disposals, net	(355,353)	100,574
Share of profit, net	49,210	78,524
Share of other comprehensive loss	(1,077)	(5,583)
Share of other equity movement	3,011	13,902
Dividend declared during the year	(176,711)	(188,104)
Exchange differences	43,550	34,484
Less: Impairment loss provided for the year	(71,908)	(123,293)
At the end of the year	**3,610,850**	**4,120,128**

Movement of investments in joint ventures is analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**3,258,703**	**3,648,376**
Additions and disposals, net	(424,159)	(245,348)
Share of loss, net	(119,230)	(145,714)
Share of other equity movement	(5)	40
Dividend declared during the year	(7,468)	(892)
Exchange differences	839	2,855
Less: Impairment loss provided for the year	(115,888)	(614)
At the end of the year	**2,592,792**	**3,258,703**

The Group's share of results of its associates and joint ventures are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Aggregate attributable amounts of net loss	(257,816)	(191,097)
Aggregate attributable amounts of other comprehensive income	(1,077)	(5,583)
Aggregate attributable amounts of total comprehensive income	**(258,893)**	**(196,680)**

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Non-current:		
– Industry fund investments	331,815	499,320
– Equity investment in unlisted entities, at fair value	139,261	84,401
– Others	6,340	6,275
Total	**477,416**	**589,996**
Current:		
– Structured deposits	11,015,904	6,542,881
– Fund investment and others	230,252	266,861
Total	**11,246,156**	**6,809,742**

(b) Financial assets at FVOCI

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Non-current:		
– Listed equity investments, at fair value	1,033,218	2,418,842
– Unlisted equity investments, at fair value	7,198,776	7,070,693
Total	**8,231,994**	**9,489,535**
Current:		
– Notes held for sale	170,913	99,978
Total	**170,913**	**99,978**

22. INVENTORIES

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Raw materials	623,005	472,994
Finished goods	828,075	1,040,816
Aviation consumables	631,450	499,062
Consumables and supplies	265,661	365,165
Cost of fulfilling contracts	86,577	65,170
	2,434,768	2,443,207
Less: Provision for impairment loss	(2,385)	(2,782)
Total	**2,432,383**	**2,440,425**

23. CONTRACT ASSETS

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Contract assets	2,745,809	1,636,144
Less: Allowance for expected credit losses	(4,989)	(3,552)
Total	**2,740,820**	**1,632,592**

As discussed in Note 2.1(g), 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 RMB1,437,000 had been provided for years ended December 31, 2024 (2023: RMB152,000).

24. TRADE AND NOTE RECEIVABLES

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Trade and note receivables		
– related parties *(Note 38(d))*	540,956	124,211
– third parties	28,554,708	26,614,887
	29,095,664	26,739,098
Less: Allowance for expected credit losses	(1,114,031)	(1,378,665)
Total	**27,981,633**	**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 December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Within 1 year (including 1 year)	28,295,989	25,719,098
Between 1 and 2 years (including 2 years)	335,669	490,411
Over 2 years	464,006	529,589
Total	**29,095,664**	**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. Details are disclosed in Note 2.1(g).

As at December 31, 2024, trade receivables of approximately RMB1,114,031,000 (2023: RMB1,378,665,000) were impaired and provided for.

Movements on the provision for impairment of trade and note receivables are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**1,378,665**	**1,560,244**
Acquisition of subsidiaries	2,302	(42,078)
Allowance for/(reversal of) impairment losses	239,853	(158,277)
Written off as uncollectible	(509,273)	–
Exchange adjustment and others	2,484	18,776
At the end of the year	**1,114,031**	**1,378,665**

(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 approximated the fair value of each class of receivables mentioned above.

25. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Restricted cash		
Statutory reserve deposits with the PBOC for banking operations *(Note (a))*	1,240,261	1,476,938
Pledged bank deposits	67,314	52,830
Others	46,728	46,728
Total	**1,354,303**	**1,576,496**
Cash and cash equivalents		
Cash on hand and cash at banks (excluding PBOC)	32,632,563	40,434,748
Surplus reserve deposits with the PBOC	13,492	13,560
Demand deposits	–	–
Total	**32,646,055**	**40,448,308**

(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.

26. BORROWINGS

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Non-current:		
Long-term bank borrowings *(Note (a))*		
– secured *(Note (a)(i))*	8,300	2,680,031
– unsecured *(Note (a)(ii))*	6,178,086	8,675,210
Corporate bonds *(Note (c))*	19,941,935	18,794,782
Loans from Non-controlling interests	190,939	246,889
Total	**26,319,260**	**30,396,912**
Current portion of non-current:		
Long-term bank borrowings *(Note (a))*		
– secured *(Note (a)(i))*	30,902	742,364
– unsecured *(Note (a)(ii))*	1,646,813	2,071,021
Corporate bonds *(Note (c))*	627,779	615,295
Loans from Non-controlling interests	21,831	1,541
Short term:		
Short-term bank borrowings *(Note (b))*		
– secured *(Note (b)(i))*	117,348	105,969
– unsecured *(Note (b)(ii))*	15,001,186	18,659,397
Short-term debentures *(Note (c))*	807,787	–
Loans from Non-controlling interests	111,476	113,516
Total	**18,365,122**	**22,309,103**

Notes:

(a) Long-term bank borrowings

(i) The Group's non-current bank borrowings amounting to approximately RMB2,150,466,000 as at December 31, 2023 had been secured by Shun Yuan Financial Leasing (Tianjin) Co., Ltd.'s receivables. 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 as at December 31, 2024 and 2023. Refer to Note 14(a), Note 15(a) and Note 16(b).

(ii) The bank borrowings of approximately RMB5,546,498,000 as at December 31, 2024 (2023: RMB5,633,173,000) had been guaranteed by the subsidiaries within the Group.

(iii) The range of interest rates of major non-current bank borrowings were 2.34% to 5.33% for the year ended December 31, 2024 (2023: 2.20% to 6.91%).

(b) Short-term bank borrowings

(i) Certain non-current assets had been pledged as securities for short-term bank borrowings as at December 31, 2024 and 2023. Refer to Note 14(a), Note 15(a) and Note 16(b).

(ii) Short-term bank borrowings of approximately RMB753,673,000 as at December 31, 2024 (2023: RMB5,156,012,000) had been guaranteed by the Company or its subsidiaries.

(iii) The range of interest rates of major short-term bank borrowings were 2.27% to 6.77% for the year ended December 31, 2024 (2023: 2.20% to 7.47%).

(c) Corporate bonds and short-term debentures

(i) Bonds and debentures amounting to RMB18,039,077,000 as at December 31, 2024 (2023: RMB18,393,642,000) had been guaranteed by the Company.

(ii) During the year ended December 31, 2024, the Group repurchased part of its US dollar bonds, with the total face value of the repurchased bonds amounting to RMB875,011,000. The difference between the consideration paid and the carrying amount of the bonds payable, which is RMB87,779,000, was recognized as other gains (Note 7).

(iii) The range of interest rates of bonds and debentures were 2.15% to 3.13% for the year ended December 31, 2024 (2023: 2.38% to 3.79%).

27. TRADE AND NOTE PAYABLES

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Trade and note payables		
– related parties *(Note 38(d))*	332,322	421,194
– third parties	27,063,202	24,493,106
Total	**27,395,524**	**24,914,300**

An ageing analysis of the trade and note payables based on invoice date as at December 31, 2024 and 2023 was as follows:

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Within 1 year (including 1 year)	27,128,233	24,505,848
Over 1 year	267,291	408,452
Total	**27,395,524**	**24,914,300**

28. CONTRACT LIABILITIES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Contract liabilities		
– related parties *(Note 38(d))*	25,085	48,147
– third parties	2,014,113	1,783,871
Total	**2,039,198**	**1,832,018**

The following table shows the amounts of revenue recognized during the year relating to carried-forward contract liabilities:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the year	1,832,018	1,244,418

29. OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Non-current:		
Salaries, wages and benefits	58,725	82,216
Others	142,312	58,113
Total	**201,037**	**140,329**
Current:		
Amounts due to related parties *(Note 38(d))*	120,487	136,098
Salaries, wages and benefits	6,151,172	5,872,341
Payable for purchase of property, plant and equipment	3,292,799	4,345,119
Deposits	2,566,045	2,355,449
Other taxes payable	847,166	735,465
Payables of cash collected on delivery service	1,423,502	1,534,338
Consideration payable for business combinations	13,213	289,306
Others	2,646,947	2,369,055
Total	**17,061,331**	**17,637,171**

30. DEFERRED INCOME

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Government grants and subsidies	1,266,359	1,090,644

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 fully paid ordinary shares	**Share capital**	**Treasury shares**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	**4,895,202,373**	**4,895,202**	**(2,575,532)**	**2,319,670**
Issue of shares *(Note (a))*	170,275,763	170,276	–	170,276
Repurchase of shares *(Note (b))*	–	–	(1,758,094)	(1,758,094)
Cancellation of shares *(Note (c))*	(79,291,153)	(79,291)	3,575,545	3,496,254
As at December 31, 2024	**4,986,186,983**	**4,986,187**	**(758,081)**	**4,228,106**
As at January 1, 2023	**4,895,202,373**	**4,895,202**	**(2,040,377)**	**2,854,825**
Repurchase of shares *(Note (a))*	–	–	(959,956)	(959,956)
Exercise of share options	–	–	424,801	424,801
As at December 31, 2023	**4,895,202,373**	**4,895,202**	**(2,575,532)**	**2,319,670**

Notes:

(a) As stated in Note 1, each H share issued by the Company has a par value of RMB1.00 and was offered at HKD34.30 per share, raising total gross capital proceeds of HKD5,831,000,000, equivalent to RMB5,393,966,550. After deducting issuance expenses, the net proceeds amounted to RMB5,246,004,499, of which RMB170,000,000 was credited to share capital and RMB5,076,004,499 to capital reserve.

As of December 31, 2024, the Company had a total of 4,986,186,983 ordinary shares issued. The details of the Company's equity changes for the year ended December 31, 2024 and 2023 are as follows:

	As at December 31,	
	2024	**2023**
A shares	4,816,186,983	4,895,202,373
H shares	170,000,000	–
Total	**4,986,186,983**	**4,895,202,373**

(b) For the years ended December 31, 2024 and 2023, a total of 20,771,358 and19,838,884 A shares have been repurchased respectively for future employee stock ownership plan or share-based incentive, and treasury stocks amounting to approximately RMB1,758,094,000 and RMB959,956,000 therefore were recognized respectively.

(c) During the year ended December 31, 2024, the Company, under the approval and authorization of the general meeting, cancelled a total of 79,291,153 shares. Hence 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 year ended December 31, 2024.

32. RESERVES AND RETAINED EARNINGS

(a) Reserves

	Capital reserve *RMB'000*	Other comprehensive income *RMB'000*	General and regulatory reserve *RMB'000*	Special reserve *RMB'000*	Statutory reserve *RMB'000*	Total *RMB'000*
As at January, 1 2024	**43,164,085**	**5,532,428**	**524,376**	**–**	**2,413,786**	**51,634,675**
Other comprehensive income	–	(1,033,976)	–	–	–	(1,033,976)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	31,036	–	–	–	31,036
Transactions with owners						
Net proceeds from Global Offering	5,076,004	–	–	–	–	5,076,004
Net proceeds from share option exercising	11,194	–	–	–	–	11,194
Capital injection from non-controlling interests	54	–	–	–	–	54
Cancellation of shares	(3,496,254)	–	–	–	–	(3,496,254)
Share-based payment	89,677	–	–	–	–	89,677
Transaction with non-controlling interests and others	(3,916,204)	–	–	–	–	(3,916,204)
Profit appropriations to statutory reserve	–	–	–	–	232,352	232,352
Safety reserve appropriation	–	–	–	481,331	–	481,331
Safety reserve utilisation	–	–	–	(481,331)	–	(481,331)
Others	(3,624)	–	–	–	–	(3,624)
As at December 31, 2024	**40,924,932**	**4,529,488**	**524,376**	**–**	**2,646,138**	**48,624,934**

	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**

33. SHARE-BASED PAYMENT

(a) Share-based payment expenses during the year were as follows:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Equity settled share-based payment	91,446	309,338
Cash settled share-based payment	(10,952)	233,708
Total	**80,494**	**543,046**

(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.

The stock options 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.

During the year ended December 31, 2023, 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, 2024, 1,353 participants of the plan met the performance requirements and a total of 8,168,703 share options were exercisable.

A total of 27,295,395 share options granted through the 2022 Stock Option Incentive Plan were outstanding as of December 31, 2024.

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 statement 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.

Share-based payment expenses of RMB84,316,000 (2023: RMB216,304,000) related to the above share options were recognized in the consolidated statement of profit or loss for the year ended December 31, 2024.

An accumulated amount of RMB545,105,000 (2023: RMB460,789,000) has been recognized as capital reserve as at December 31, 2024.

(ii) Share incentive 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 by share price or using an adjusted form of the Discounted Cash Flow model or Black Scholes Model.

Share-based payment expenses of approximately RMB7,130,000 (2023: RMB93,034,000) related to the above share awards were recognized in the consolidated statement of profit or loss for the year ended December 31, 2024.

An accumulated amount of RMB608,199,000 (2023: RMB601,069,000), as at December 31, 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 RMB10,952,000 relation to the above arrangement for the year ended December 31, 2024 were reversed to the consolidated statement of profit or loss (2023: RMB233,708,000 expenses were debited to the consolidated statement of profit or loss).

There were no share-based payments recognized as liabilities as at December 31, 2024. An accumulated amount of approximately RMB268,453,000 as at December 31, 2023 has been recognized as liabilities.

34. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash generated from operations:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Profit before income tax for the year	13,607,261	10,486,505
Adjustments for:		
Depreciation of right-of-use assets *(Note 8)*	6,798,783	7,213,063
Depreciation and amortization (excluding right-of-use assets) *(Note 8)*	10,533,474	10,106,044
Impairment provision for investments in associates and joint ventures	187,796	123,907
Net impairment losses on financial assets and contract assets	271,693	(33,480)
Impairment of inventories, property, plant and equipment and other non-current assets *(Note 7)*	141,622	62,390
Equity settled share-based compensation expenses *(Note 33)*	91,446	309,338
Losses on disposal of property, plant and equipment, right-of-use assets and other non-current assets *(Note 7)*	60,228	53,891
Fair value changes in financial assets at FVPL *(Note 7)*	(509,717)	(529,513)
Gains on disposal of investments in subsidiaries *(Note 36(b))*	(80,615)	(268,204)
Share of (profit)/loss of associates and joint ventures, net	70,020	67,190
Gains on disposal of investments in associates and joint ventures *(Note 7)*	(89,622)	(21,441)
Dividend income *(Note 6)*	(1,005)	(2,438)
Amortization of deferred income	(43,241)	(45,935)
Finance costs *(Note 10)*	2,373,319	2,269,700
Operating cash flow before working capital changes	**33,411,442**	**29,791,017**
Changes in working capital:		
Increase in inventories	8,439	(491,314)
(Increase)/decrease in trade receivables, prepayment, contract assets and other receivable	(247,211)	(262,500)
Increase/(decrease) in trade payables, contract liabilities, and other payables	2,191,719	759,002
Cash generated from operations	**35,364,389**	**29,796,205**

(b) Transaction with non-controlling interests

During the year, 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, 2024 and 2023 are summarized as follows:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Net cash consideration paid to non-controlling interests without change of control	3,451,076	1,833,285
Recognized in the reserve within equity	**3,916,204**	**1,037,241**

(i) Major transaction during the year ended December 31, 2024

During the year ended December 31, 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. The consideration for above transactions were paid in 2024.

Except for the aforementioned non-controlling interests' transactions, other transactions had insignificant impact on the Group's consolidated financial statements.

(ii) Major transactions 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.

(c) Non-cash operating, investing and financing activities

The main non-cash operating, investing and financing activities for the years ended December 31, 2024 and 2023 are summarized as follows:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Additions of right-of-use assets	6,736,287	6,553,794
Settlement of acquisitions of long-term assets through bank supply chain financing or re-factoring	115,198	543,389
Total	**6,851,485**	**7,097,183**

(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, 2024	**32,933,992**	**19,410,077**	**361,946**	**13,808,460**	**–**	**66,514,475**
Cash flows	(11,671,328)	937,166	(2,624)	(7,438,385)	–	(18,175,171)
Interest expenses	1,273,506	636,369	2,326	503,871	–	2,416,072
Other non-cash movements	446,465	393,889	(37,402)	5,721,851	–	6,524,803
At December 31, 2024	**22,982,635**	**21,377,501**	**324,246**	**12,595,797**	**–**	**57,280,179**
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**

(i) The other non-cash movement about lease liabilities mainly resulted from the new lease contracts entered during the years ended December 31, 2024 and 2023.

35. ACQUISITION OF SUBSIDIARIES

The net cash flow impact of acquisition of subsidiaries for the year ended December 31, 2024 and 2023 are as below:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Net cash paid in respect of the business combinations *(Note (a))*	194,007	972,456
Net cash paid in respect of the acquisition of assets *(Note (b))*	502,647	1,224,952
Net cash paid in acquisition of subsidiaries	**696,654**	**2,197,408**

(a) Acquisition of subsidiaries through business combinations

Analysis of the net cash outflow in respect of the acquisition of subsidiaries treated as business combinations for the year ended December 31, 2024 and 2023 are as below:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Total acquisition consideration	173,897	141,702
Less: Cash and bank balances acquired	(20,212)	(4,545)
Outstanding and included in other payables	(64,506)	–
Cash paid in the current year for acquisition of subsidiaries in prior years	104,828	835,299
Net cash paid in respect of the business combinations	**194,007**	**972,456**

(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 for the year ended December 31, 2024 and 2023 are as below:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Total acquisition consideration	559,289	1,269,444
Less: Cash and bank balances acquired	(56,642)	(44,492)
Net cash paid in respect of the acquisition of assets	**502,647**	**1,224,952**

(i) Major acquisition during the year ended December 31, 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 for the year ended December 31, 2024 and 2023 are analyzed as follows:

(a) Net cash received from disposal of subsidiaries

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Cash consideration		
Including: Hangzhou Zhentai Capital Management Ltd.	273,345	–
Shenzhen Fengwang Information Technology Co., Ltd.	–	460,930
Other subsidiaries	21,287	146,798
Total disposal consideration	**294,632**	**607,728**

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Total Cash consideration	294,632	607,728
Add: Cash and cash equivalents received from disposal of subsidiaries in the prior year	190	–
Less: Cash and cash equivalents received from disposal of subsidiaries in the future year	(29,868)	–
Less: Cash and cash equivalents held by the subsidiaries at the dates of disposal	(2,297)	(208,906)
Net cash flow impact from disposal of subsidiaries	**262,657**	**398,822**

(b) Gains on disposal of investments in subsidiaries

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Total disposal consideration	294,632	607,728
Carrying amount of net assets sold	(214,017)	(339,524)
Gains on disposal of investments in subsidiaries	**80,615**	**268,204**

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, 2024	As at December 31, 2023
	RMB'000	*RMB'000*
Current assets	21,013,025	18,187,621
Non-current assets	24,476,527	25,760,002
Total assets	**45,489,552**	**43,947,623**
Current liabilities	14,653,958	13,130,867
Non-current liabilities	9,650,482	9,017,591
Total liabilities	**24,304,440**	**22,148,458**

	Year ended December 31, 2024	Year ended December 31, 2023
	RMB'000	*RMB'000*
Revenue	54,256,276	45,944,780
Net profit	750,674	227,315
Attributable to owners of the Company	341,968	209,849
Net cash generated from operating activities	3,310,646	3,043,080

(i) 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, 2024 and 2023.

38. RELATED PARTY TRANSACTIONS

(a) Parent entities

Name	Type	Place of incorporation	Ownership interest 2024	Ownership interest 2023
Mingde Holding	Investment	Shenzhen	53.39%	54.38%

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, 2024 and 2023:

Name of related parties	Relationship with the Group
Guangdong Fengxing Zhitu Technology Co., Ltd. and its subsidiaries	Entities controlled by the ultimate controlling person of the Company
Shenzhen Hive Box Technology Co., Ltd. and its subsidiaries	Entities controlled by the ultimate controlling person of the Company
Shenzhen SF Hefeng Microfinance Co., Ltd.	Entities controlled by the ultimate controlling person of the Company
Shenzhen Fengxiang Information Technology Co., Ltd. and its subsidiaries	Entities controlled by the ultimate controlling person of the Company
Hangzhou Fengtai E-Commerce Industrial Park Management Ltd.	Entities controlled by the ultimate controlling person of the Company
Shunyuan Commercial Factoring (Tianjin) Co., Ltd.	Entities controlled by the ultimate controlling person of the Company
Shenzhen Fengyi Technology Co., Ltd.	Associates of controlling shareholder, exited the associates of controlling shareholder as of June 30, 2024
Lianyungang Haichang Logistics Co., Ltd.	Associates of the Group
SF Real Estate Investment Trust and its subsidiaries	Associates of the Group
Shenzhen Shunjie Fengda and its subsidiaries	Associates of the Group, exited the associate company as of August 9, 2024
Shenzhen Zhongwang Finance and Tax Management Co., Ltd.	Associates of the Group
Shenzhen Fenglian Technology Co., Ltd.	Associates of the Group
Zhejiang Galaxis Technology Group Co., Ltd. and its subsidiaries	Associates of the Group
State Grid E-Commerce Yunfeng Logistics Technology (Tianjin) Co., Ltd.	Associates of the Group
Sichuan Wulianyida Technology Co., Ltd. and its subsidiaries	Associates of the Group
Shenzhen Yizhan Renewal Service Technology Co., Ltd. and its subsidiaries	A joint venture of the Group
Beijing Shunhe Tongxin Technology Co., Ltd. and its subsidiaries	A joint venture of the Group
Beijing Wulian Shuntong Technology Co., Ltd. and its subsidiaries	A joint venture of the Group
Fengsu Yitong (Suzhou) Technology Co., Ltd. and its subsidiaries	A joint venture of the Group
Global Connect Holding Limited	A joint venture of the Group
Shenzhen Shenghai Information Service Co., Ltd.	A joint venture of the Group
Ezhou CCCC SF Airport Industrial Park Investment and Development Co., Ltd.	A joint venture of the Group
CR-SF International Express Co., Ltd.	A joint venture of the Group

(c) Transactions with related parties

The following significant transactions were carried out between the Group and its related parties for the year ended December 31, 2024 and 2023. 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,	
	2024	**2023**
	RMB'000	*RMB'000*
Sales of goods and services:		
Controlling shareholder	535	426
Entities controlled by the ultimate controlling person of the Company	1,593,016	127,516
Associates of controlling shareholder	7,162	14,759
Joint ventures of the Group	50,983	13,937
Associates of the Group	88,148	91,576
Total	**1,739,844**	**248,214**

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Purchases of goods and services:		
Entities controlled by the ultimate controlling person of the Company	750,259	972,582
Associates of controlling shareholder	190	839
Joint ventures of the Group	1,079,710	1,279,481
Associates of the Group	895,553	1,661,741
Total	**2,725,712**	**3,914,643**
Disposal of equity:		
Entities controlled by the ultimate controlling person of the Company	–	85,188
Joint ventures of the Group	–	12,827
Associates of the Group	–	–
Total	**–**	**98,015**

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Acquisition of assets through acquisition of subsidiaries:		
Joint ventures of the Group *(Note 35(b))*	559,289	335,443
Depreciation and interest expenses borne by the Group as the lessee:		
Entities controlled by the ultimate controlling person of the Company	11,393	12,148
Joint ventures of the Group	–	31,672
Associates of the Group	226,248	229,975
Total	**237,641**	**273,795**
Additions of right-of-use assets:		
Entities controlled by the ultimate controlling person of the Company	3,639	53,598
Joint ventures of the Group	2,866	3,876
Associates of the Group	3,320	32,734
Total	**9,825**	**90,208**
Other transactions:		
Controlling shareholder	684	683
Entities controlled by the ultimate controlling person of the Company	4,219	2,416
Associates of controlling shareholder	1,391	2,861
Joint ventures of the Group	756	1,857
Associates of the Group	14,441	4,869
Total	**21,491**	**12,686**

(d) Balances with related parties

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Amounts due from related parties:		
Controlling shareholder	365	224
Entities controlled by the ultimate controlling person of the Company	662,119	595,027
Associates of controlling shareholder	–	3,718
Joint ventures of the Group	5,717	341,214
Associates of the Group	188,480	219,037
Total	**856,681**	**1,159,220**
Amounts due to related parties:		
Controlling shareholder	320	128
Entities controlled by the ultimate controlling person of the Company	113,289	138,915
Associates of controlling shareholder	–	4,911
Joint ventures of the Group	193,763	166,439
Associates of the Group	170,522	295,046
Total	**477,894**	**605,439**
Lease Liabilities:		
Entities controlled by the ultimate controlling person of the Company	86,838	92,060
Joint ventures of the Group	–	98,987
Associates of the Group	360,194	598,296
Total	**447,032**	**789,343**

(e) Guarantee to related parties

(i) Guarantee provided

	As at December 31, 2024		
Guaranteed entities:	**Guaranteed amount** *RMB'000*	**Guaranteed period**	**Whether the guarantee has been fulfilled**
Joint ventures of the Group	782,000	September 29, 2021 to April 29, 2055	No

	As at December 31, 2023		
Guaranteed entities:	**Guaranteed amount** *RMB'000*	**Guaranteed period**	**Whether the guarantee has been fulfilled**
Joint ventures of the Group	782,000	September 29, 2021 to April 29, 2055	No

(ii) Contracted not yet provided

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Joint ventures of the Group	2,384,180	2,384,180

(f) Key management compensation

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Key management compensation	42,188	48,509

39. COMMITMENTS

(a) Capital Commitments

	As at December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Contracted, but not provided for purchase of property, plant and equipment	1,515,674	1,858,672
Investment to be paid	121,043	131,895
Others	–	944
Total	**1,636,717**	**1,991,511**

40. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Financial position of the Company

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Property, plant and equipment	335,012	210,661
Right-of-use assets	341,498	354,760
Intangible assets	17	168
Deferred tax assets	112	100
Prepayments, other receivables and other assets	1,755	–
Investments in subsidiaries	69,994,648	66,933,038
Total non-current assets	**70,673,042**	**67,498,727**
Current assets		
Prepayments, other receivables and other assets	13,824,762	21,850,383
Cash and cash equivalents	4,077,541	138,046
Total current assets	**17,902,303**	**21,988,429**
Total assets	**88,575,345**	**89,487,156**
LIABILITIES		
Current liabilities		
Income tax payable	10,911	3,188
Other payables and accruals	90,091	21,623
Total current liabilities	**101,002**	**24,811**
Total liabilities	**101,002**	**24,811**
Net assets	**88,474,343**	**89,462,345**
EQUITY		
Share capital	4,986,187	4,895,202
Less: Treasury shares	(758,081)	(2,575,532)
Reserves	76,058,993	74,151,381
Retained earnings	8,187,244	12,991,294
Total equity	**88,474,343**	**89,462,345**

WANG Wei
Chairman

HO Chit
Director

(b) Reserves movement of the Company

	Reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	74,151,381	12,991,294	87,142,675
Comprehensive income:			
Profit/(loss) for the year	–	5,031,094	5,031,094
Transactions with owners			
Net proceeds from Global Offering	5,076,004	–	5,076,004
Net proceeds from share option exercising	11,194	–	11,194
Cancellation of shares	(3,496,254)	–	(3,496,254)
Share-based payment	84,316	–	84,316
Profit appropriations to statutory reserve	232,352	(232,352)	–
Dividends	–	(9,602,792)	(9,602,792)
As at December 31, 2024	76,058,993	8,187,244	84,246,237

	Reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	72,601,156	1,573,109	74,174,265
Comprehensive income:			
Profit/(loss) for the year	–	14,035,334	14,035,334
Transactions with owners			
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)	–
Dividends	–	(1,213,616)	(1,213,616)
As at December 31, 2023	74,151,381	12,991,294	87,142,675

41. SUBSEQUENT EVENT

(a) The final dividend in respect of the year ended December 31, 2024 of RMB44 cents per ordinary share (tax inclusive) was approved by the Board on March 28, 2025. The proposal is subject to the approval of the shareholders at the Annual General Meeting. The dividend was not recognized as a liability as at December 31, 2024.

(b) Based on "the resolution of Proceeding the Application and Issuance Arrangement of Publicly Offered Infrastructure REITs", which was approved in the 10th meeting of 6th session of the Board, the Company proceeded the application and issuance work of the publicly offered infrastructure REITs.

On 24 February, 2025, SZSE issued "a clearance letter in related to the listing of the closed-end investment fund of South SF Warehousing and logistic infrastructure ("**closed-end investment fund**") and the listing and transferring of the asset-backed special vehicle ("**asset-backed special vehicle**") of phase 1 SF Warehousing and logistics infrastructure" (Shen Zheng Han [2025] No. 178), confirming its consent to the closed-end investment fund and asset-backed special vehicle's compliance to the listing criteria, as well as the transferring criteria of the asset-backed special vehicle. On March 5, 2025, CSRC granted the "approval in related to the registration of the closed-end investment fund" (CSRC Approval [2025] No. 394), approved the registration of the publicly offered infrastructure REITs.

As of the approval date of the financial statements, the issuance of the infrastructure REITs is not yet completed.

42. GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES

As at December 31, 2024 and 2023, the Company's principal subsidiaries are as follows:

Name	Place of Incorporation and Operation	Principal Activities	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest As at December 31, 2024	
				Direct	Indirect
Taisen Holding	Mainland China	Investment holding	RMB5,010,000	100.00%	–
S.F. Express Co., Ltd.	Mainland China	international freight forwarding, domestic and international express services	RMB150,000	–	100.00%
SF Technology Co., Ltd.	Mainland China	technical maintenance and development services	RMB60,000	–	100.00%
Shenzhen Shunlu Logistics Co., Ltd.	Mainland China	cargo transportation, freight forwarding	RMB160,000	–	100.00%
Anhui SF Communication Services Co., Ltd.	Mainland China	value-added telecommunications services	RMB50,000	–	100.00%
Shenzhen Yuhui Management Consulting Co., Ltd.	Mainland China	consulting services	RMB250,000	–	100.00%
Shenzhen SF Supply Chain Co., Ltd.	Mainland China	supply chain management services	RMB1,500,000	–	100.00%
SF Airlines Company Limited	Mainland China	air cargo and mail transportation services	RMB1,510,000	–	100.00%

Name	Place of Incorporation and Operation	Principal Activities	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest As at December 31, 2024	
				Direct	Indirect
Shenzhen Fengtai E-commerce Industrial Park Assets Management Co., Ltd.	Mainland China	e-commerce park management	RMB9,530,010	–	100.00%
Shenzhen Fengtai Industrial Park Management Service Co., Ltd.	Mainland China	management consulting	RMB58,000	–	100.00%
Shenzhen SF Airport Investment Co., Ltd.	Mainland China	investment in industry	RMB100,000	–	100.00%
SF Holding (HK) Limited	Hong Kong	investment holding	HKD8,346,998	–	100.00%
SF Holdings Group Finance Co., Ltd.	Mainland China	financing, wealth management, and consulting services	RMB2,500,000	–	100.00%
Shenzhen SF Chuangxing Investment Co., Ltd.	Mainland China	Investment in industry	RMB330,000	–	100.00%
Shenzhen Fengnong Technology Co., Ltd.	Mainland China	retail	RMB145,000	–	100.00%
Shenzhen Fenglang Supply Chain Co., Ltd.	Mainland China	supply chain management services	RMB50,000	–	100.00%
Shunyuan Financial Lease (Tianjin) Co., Ltd.	Mainland China	leasing business	RMB1,500,000	–	100.00%
SF Multimodal Transportation Co., Ltd.	Mainland China	cargo delivery services	RMB242,000	–	100.00%
SF Duolian Technology Co., Ltd.	Mainland China	technology development	RMB150,000	–	100.00%
Dongguan SF Taisen Logistics Management Co., Ltd.	Mainland China	property management	RMB30,010	–	100.00%
SF Innovation Technology Co., Ltd.	Mainland China	information technology services	RMB450,000	–	100.00%
Shenzhen Shunheng Rongfeng Supply Chain Technology Co., Ltd.	Mainland China	consulting services	RMB260,000	–	100.00%
Shenzhen Hengyi Logistics Supply Chain Co., Ltd.	Mainland China	freight forwarding services	RMB100,000	–	100.00%
Shenzhen Shuncheng Lefeng Commercial Co., Ltd.	Mainland China	factoring business	RMB92,500	–	100.00%
Hangzhou SF INTRA-CITY Industrial Co., Ltd.	Mainland China	Supply chain management and other services	RMB917,376	–	57.86%
SF Shared Precision Information Technology (Shenzhen) Co., Ltd.	Mainland China	information technology services	RMB7,000	–	100.00%
Hangzhou Shuangjie Supply Chain Co., Ltd.	Mainland China	supply chain management and other services	RMB50,000	–	100.00%
Shenzhen Shunfeng Express Co., Ltd.	Mainland China	enterprise management and supply chain management	RMB1,230,000	–	100.00%

Name	Place of Incorporation and Operation	Principal Activities	Issued ordinary/ registered share capital (in thousand)	Percentage of equity interest As at December 31, 2024	
				Direct	Indirect
Huanggang Xiufeng Education Investment Co., Ltd.	Mainland China	business information consulting and enterprise management consulting	RMB90,000	–	100.00%
Junhe Information Service Technology (Shenzhen) Co., Ltd.	Mainland China	information technology and development services	RMB10,000	–	100.00%
SF Mathematical Technology (Shenzhen) Service Co., Ltd.	Mainland China	technology services and consulting services	RMB250,000	–	100.00%
Shenzhen SF International Industrial Co., Ltd.	Mainland China	information technology services and consulting services	RMB15,010	–	100.00%
Shenzhen Shunfeng Investment Co., Ltd.	Mainland China	investment holding	RMB1,100,000	–	100.00%
SF Cold Chain Logistics Co., Ltd.	Mainland China	cargo transportation and freight forwarding	RMB97,660	–	100.00%
Zhejiang Shuangjie Supply Chain Technology Co., Ltd.	Mainland China	supply chain management and other services	RMB192,444	–	100.00%
Shanghai Shun Ru Feng Lai Technology Co., Ltd.	Mainland China	information technology services	RMB72,873	–	100.00%
KLN	Hong Kong	provision of logistics and freight forwarding services	HKD903,715	–	51.52%

Notes:

(i) The Company's investment in a subsidiary is as follow:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Taisen Holding	69,994,648	66,933,038

(ii) 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.

(iii) The above list included subsidiaries having material impact on the annual results or net assets of the Group.

(C) FINANCIAL INFORMATION OF S.F. HOLDING FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

(I) Financial Statements

Prepared by: S.F. Holding Co., Ltd.

CONSOLIDATED BALANCE SHEET

September 30, 2025

Items	As at September 30, 2025 *RMB'000*	As at December 31, 2024 *RMB'000*
Current assets:		
Cash at bank and on hand	19,392,730	33,936,101
Financial assets held for trading	25,647,106	11,246,156
Notes receivable	597,096	267,086
Accounts receivable	29,360,875	27,714,547
Receivables financing	191,321	170,913
Advances to suppliers	3,327,552	2,790,432
Loans and advances	267,835	182,826
Other receivables	4,071,777	3,282,021
Including: Interests receivable	–	–
Dividends receivable	–	–
Inventories	2,634,549	2,432,383
Contract assets	2,883,380	2,740,820
Current portion of non-current assets	32,803	104,682
Other current assets	4,395,074	3,818,839
Total current assets	92,802,098	88,686,806

Items	As at September 30, 2025 *RMB'000*	As at December 31, 2024 *RMB'000*
Non-current assets:		
Long-term receivables	313,437	293,547
Long-term equity investments	7,216,771	6,203,642
Investments in other equity instruments	8,508,992	8,231,994
Other non-current financial assets	626,582	477,416
Investment properties	7,484,944	7,241,199
Fixed assets	51,299,749	54,058,101
Construction in progress	2,568,055	2,985,702
Right-of-use assets	15,183,352	12,842,101
Intangible assets	15,639,018	16,732,867
Capitalized development expenditures	189,934	82,489
Goodwill	9,778,246	10,004,365
Long-term prepaid expenses	2,964,763	3,115,042
Deferred tax assets	2,382,422	2,291,994
Other non-current assets	966,854	576,948
Total non-current assets	125,123,119	125,137,407
Total assets	217,925,217	213,824,213
Current liabilities:		
Short-term borrowings	7,274,468	15,003,336
Financial liabilities held for trading	99,509	105,464
Notes payable	12,873	9,487
Accounts payable	30,056,905	27,386,037
Advances from customers	29,520	46,283
Contract liabilities	2,142,079	2,039,198
Deposits from customers and interbank deposits	254	943
Employee benefits payable	4,750,222	6,151,172
Taxes payable	2,226,496	2,526,298
Other payables	10,084,785	10,178,082
Including: Interests payable	–	–
Dividends payable	92,820	187,401
Current portion of non-current liabilities	7,525,065	7,828,639
Other current liabilities	5,765,439	918,429
Total current liabilities	69,967,615	72,193,368

Items	As at September 30, 2025 *RMB'000*	As at December 31, 2024 *RMB'000*
Non-current liabilities:		
Long-term borrowings	5,158,251	6,186,386
Debentures payable	18,227,665	19,941,935
Lease liabilities	9,601,517	7,094,483
Long-term payables	250,587	248,741
Long-term employee benefits payable	76,305	58,725
Provisions	63,312	84,510
Deferred income	1,298,533	1,266,359
Deferred tax liabilities	4,306,327	4,414,485
Total non-current liabilities	38,982,497	39,295,624
Total liabilities	108,950,112	111,488,992
Equity:		
Share capital	5,039,422	4,986,187
Other equity instruments	40,141	–
Capital reserves	42,597,865	40,924,932
Less: Treasury stock	-300,018	-758,081
Other comprehensive income	4,748,582	4,529,488
Surplus reserve	2,649,391	2,646,138
General risk reserve	524,376	524,376
Retained earnings	42,974,087	39,140,246
Total equity attributable to owners of the Company	98,273,846	91,993,286
Minority interests	10,701,259	10,341,935
Total equity	108,975,105	102,335,221
Total liabilities and equity	217,925,217	213,824,213

Legal representative:	Chief Financial Officer:	Accounting director:
Wang Wei	Ho Chit	Hu Xiaofei

CONSOLIDATED INCOME STATEMENT

Nine months ended September 30, 2025

Items		Nine months ended September 30, 2025	2024
		RMB'000	*RMB'000*
I.	**Total revenue**	225,260,982	206,860,993
	Including: Revenue	225,260,982	206,860,993
II.	**Total cost of revenue**	216,328,214	197,591,970
	Including: Cost of revenue	196,057,604	177,993,370
	Taxes and surcharges	547,126	487,663
	Selling and marketing expenses	2,773,627	2,238,312
	General and administrative expenses	13,972,053	13,515,430
	Research and development expenses	1,650,043	1,918,035
	Finance costs	1,327,761	1,439,160
	Including: Interest expenses	1,333,431	1,804,691
	Interest income	206,159	486,908
	Add: Other income	470,783	544,132
	Investment income *("-" indicating losses)*	1,175,825	548,825
	Including: Investment income from associates and joint ventures	-29,100	-50,376
	Gains arising from changes in fair value *("-" indicating losses)*	141,318	45,381
	Credit impairment losses *("-" indicating losses)*	95,401	-239,153
	Asset impairment losses *("-" indicating losses)*	-44,957	-32,519
	Gains on disposal of assets *("-" indicating losses)*	-38,876	46,264

Items		Nine months ended September 30, 2025 RMB'000	2024 RMB'000
III.	**Operating profit *("-" indicating losses)***	10,732,262	10,181,953
	Add: Non-operating income	282,954	226,263
	Less: Non-operating expenses	145,211	260,658
IV.	**Total profit *("-" indicating total losses)***	10,870,005	10,147,558
	Less: Income tax expenses	2,153,656	2,474,554
V.	**Net profit *("-" indicating net loss)***	8,716,349	7,673,004
	(I) Classified by continuity of operations		
	1. Net profit from continuing operations *("-" indicating net loss)*	8,716,349	7,673,004
	2. Net profit from discontinued operations *("-" indicating net loss)*	–	–
	(II) Classified by ownership of the equity		
	1. Net profit attributable to owners of the Company *("-" indicating net loss)*	8,308,256	7,617,120
	2. Minority interests *("-" indicating net loss)*	408,093	55,884
VI.	**Other comprehensive income, net of tax**	611,912	-1,303,654
	Attributable to owners of the Company, net of tax	238,919	-1,321,476
	(I) Other comprehensive income which will not be reclassified subsequently to profit or loss	537,639	-1,337,092
	1. Changes in fair value of investments in other equity instruments	537,639	-1,337,092
	(II) Other comprehensive income which will be reclassified subsequently to profit or loss	-298,720	15,616
	1. Other comprehensive income which will be transferred subsequently to profit or loss under the equity method	-11,252	-10,389
	2. Cash flow hedge reserve	8,118	5,115
	3. Exchange differences on translation of foreign currency financial statements	-295,586	20,890
	Attributable to minority interests, net of tax	372,993	17,822

Items		Nine months ended September 30, 2025 *RMB'000*	2024 *RMB'000*
VII.	**Total comprehensive income**	9,328,261	6,369,350
	(I) Attributable to owners of the Company	8,547,175	6,295,644
	(II) Attributable to minority interests	781,086	73,706
VIII.	**Earnings per share:**		
	(I) Basic earnings per share *(RMB)*	1.67	1.58
	(II) Diluted earnings per share *(RMB)*	1.67	1.58

Legal representative:	Chief Financial Officer:	Accounting director:
Wang Wei	Ho Chit	Hu Xiaofei

CONSOLIDATED CASH FLOW STATEMENT

Nine months ended September 30, 2025

Items		Nine months ended September 30, 2025	2024
		RMB'000	*RMB'000*
I.	**Cash flows from operating activities:**		
	Cash received from sales of goods or rendering of services	233,069,855	214,187,218
	Net decrease in balances with central bank and other banks	359,802	472,460
	Refund of taxes and levies	598,897	1,088,950
	Cash received relating to other operating activities	77,295,434	72,958,568
	Sub-total of operating cash inflows	311,323,988	288,707,196
	Cash paid for goods and services	170,774,710	152,707,705
	Net increase in customer loans and advances	90,204	128,489
	Net decrease in customer deposits and interbank deposits	711	1,334
	Cash paid to and on behalf of employees	27,236,359	25,847,040
	Payments of taxes and levies	6,348,994	4,857,884
	Cash paid relating to other operating activities	87,457,796	82,612,406
	Sub-total of operating cash outflows	291,908,774	266,154,858
	Net cash flows from operating activities	19,415,214	22,552,338

Items		Nine months ended September 30, 2025 *RMB'000*	2024 *RMB'000*
II.	**Cash flows from investing activities: Cash received from disposal of investments**	251,294	398,867
	Cash received from returns on investments	550,020	598,658
	Net cash received from the disposal of fixed assets, intangible assets and other long-term assets	149,997	237,257
	Net cash received from the disposal of subsidiaries and other business units	1,909,311	150,653
	Cash received relating to other investing activities	72,255,072	55,211,564
	Sub-total of investing cash inflows	75,115,694	56,596,999
	Cash paid to acquire fixed assets, intangible assets, and other long-term assets	6,671,789	6,849,320
	Cash paid to acquire investments	1,566,703	86,778
	Net cash paid to acquire subsidiaries and other business units	21,844	636,543
	Cash paid relating to other investing activities	86,029,027	72,569,963
	Sub-total of investing cash outflows	94,289,363	80,142,604
	Net cash flows from investing activities	-19,173,669	-23,545,605
III.	**Cash flows from financing activities:**		
	Cash received from capital contributions	2,988,115	32,929
	Including: Cash received from capital contributions by minority shareholders of subsidiaries	46,081	32,929
	Cash received from borrowings	24,001,914	30,687,274
	Cash received relating to other financing activities	279,179	13,376
	Sub-total of financing cash inflows	27,269,208	30,733,579

Items		Nine months ended September 30, 2025 *RMB'000*	2024 *RMB'000*
	Cash repayments of borrowings	29,237,343	33,152,742
	Cash payments for distribution of dividends, profits or interest expenses	5,792,543	4,509,472
	Including: Dividends and profits paid by subsidiaries to minority shareholders	449,504	282,790
	Cash paid relating to other financing activities	6,615,285	11,234,999
	Sub-total of financing cash outflows	41,645,171	48,897,213
	Net cash flows from financing activities	-14,375,963	-18,163,634
IV.	**Effect of foreign exchange rate changes on cash and cash equivalents**	43,470	2,828
V.	**Net increase in cash and cash equivalents**	-14,090,948	-19,154,073
	Add: Cash and cash equivalents at the beginning of the period	32,646,055	40,448,308
VI.	**Cash and cash equivalents at the end of the period**	18,555,107	21,294,235

(II) Adjustments to Relevant items of the Financial Statements at the Beginning of the Year Against Initial Application of New Accounting Standards Since 2025

□ Applicable ✔ Not applicable

(III) Audit Report

Whether the Third Quarterly Report has been audited

□ Yes ✔ No

The Company's Third Quarterly Report has not been audited.

MANAGEMENT DISCUSSION AND ANALYSIS OF S.F. HOLDING OF THE THREE YEARS ENDED DECEMBER 31, 2022, DECEMBER 31, 2023, DECEMBER 31, 2024 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2025

The following management discussion and analysis of the results of S.F. Holding is extracted from the annual reports of S.F. Holding for the years ended December 31, 2022, 2023 and 2024 and the quarterly report of S.F. Holding for the nine months ended June 30, 2025. It should be read in conjunction with the financial information of S.F. Holding for the years ended December 31, 2022, 2023 and 2024 and the nine months ended June 30, 2025 set forth in this section. The management discussion and analysis of the results of S.F. Holding was issued in English and the Chinese translated version is provided for information purposes only. In case of discrepancies between the two versions, the English version shall prevail.

The Directors wish to emphasise that the extracts reproduced below are not prepared for incorporation into this circular and the Group has not participated in their preparation. As such, the Directors do not express any view as to their truth, accuracy or completeness, and the Shareholders and investors should exercise caution and should not place undue reliance on such information.

(D) MANAGEMENT DISCUSSION AND ANALYSIS OF S.F. HOLDING FOR THE THREE YEARS ENDED DECEMBER 31, 2023

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**

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
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**
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
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 **RMB'000** *(Note 1)*	**Estimated net proceeds from the Global Offering** **RMB'000** *(Note 2)*	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2024** **RMB'000** *(Note 3)*	**Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share** **RMB** *(Note 4)*	**HK$**
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.

(E) MANAGEMENT DISCUSSION AND ANALYSIS OF S.F. HOLDING FOR THE YEAR ENDED DECEMBER 31, 2024

Industry Review in 2024

Domestic Market

China's economy has achieved steady development with an accelerated transition from old to new dynamics. According to the data from National Bureau of Statistics, China's GDP reached RMB134.9 trillion in 2024, representing an increase of 5.0% over the previous year, and continuing to be a significant engine for global economic growth. Large enterprises and strategic emerging industries significantly boosted economic growth, with major companies' value-added industrial output growing by 5.8%, driven by sectors such as intelligent equipment and new energy. High-tech manufacturing was particularly strong, increasing by 8.9%, as the impact of strategic emerging industries on the economy continued to expand. The total retail sales of consumer goods were RMB48.8 trillion, among which, the online retail sales of physical goods reached RMB13.1 trillion, representing a year-on-year increase of 6.5%, showing a stabilization in e-commerce penetration. At the policy level, the state focused on propelling domestic demand and industrial upgradation. The Action Plan for Promoting Large-Scale Equipment Renewals and Consumer Goods Trade-ins issued by the State Council proposed equipment renewal, consumer goods trade-in, recycling and reuse, standard improvement, and other critical actions aiming to stimulate economic vitality through market mechanisms and promote both quantitative and qualitative improvements in economic activities along with structural optimization.

In 2024, China's logistics industry demonstrated enhanced quality and efficiency, supported by advancements in intelligent technologies and strategic depth, contributing to industrial upgrading. According to the data from China Federation of Logistics & Purchasing, the total cost of social logistics in 2024 was approximately RMB19.0 trillion, representing an increase of 4.1% over the previous year and accounting for 14.1% of the GDP, which decreased by 0.3 percentage point over the previous year. In particular, the express industry continuously adhered to the strategy of "go to the countryside, go to factories and go global" to improve people's life quality, promote the industrial supply chain upgrade, and pave the way for the international trade. According to the data from State Post Bureau, express deliveries volume in China in 2024 exceeded 175.08 billion, representing an increase of 21.5% over the previous year. The revenue of China's express delivery business in 2024 was RMB1.4 trillion, representing an increase of 13.8% over the previous year. Moreover, consumers' focus on value-for-money will motivate companies and merchants to seek for efficiency enhancement and cost reduction for the supply chain. The reduced logistics cost and improved timeliness supported the consumer market and the real economy. In the future, logistics companies with capabilities in digital integration and global supply chain optimization are poised for significant growth in emerging industries.

Overseas Market

Amid global economic challenges, policy stimuli and regional cooperation drive resilient growth. The international market environment remains complex and dynamic,

with geopolitical conflicts and intertwined uncertainties in international trade creating multiple constraints on economic recovery. However, global inflation rates have moderated, and major economies have shifted towards interest rate cuts in an effort to stimulate economic recovery. According to the International Monetary Fund (IMF), the global economic growth forecast for 2024 was 3.2%. Emerging markets and developing economies in Asia sustained robust growing headwinds, with a forecasted economic growth rate of 5.2%, continuously outpacing the global economy. Global trade demonstrates resilience under pressure. According to the data from the United Nations Conference on Trade and Development (UNCTAD), trade in goods has gradually rebounded, driven by further regional cooperation, with strong performance in information and communications technology sector and a mild growth in automobile trade.

China's foreign trade realized paralleled growth in overall volume, incremental volume, and quality. According to the data from General Administration of Customs of the PRC, the total value of China's imports and exports in 2024 amounted to RMB43.9 trillion, increased by 5.0% over the previous year. Among them, the total value of exports was RMB25.5 trillion, increased by 7.1% over the previous year. In terms of product categories, the export value of mechanical and electrical products increased by 8.7%, accounting for 59.4% of the total value of exports, with exports of high-end equipment increasing by over 40%. High-tech products gained favorable growth, with new high-tech products increasingly venturing overseas. The exports of self-owned brands in China hit a record high, booming cross-border e-commerce and other emerging business. In terms of business partners, China's exports to over 160 countries and regions increased, including an increase of 9.6% in exports to countries involved in the Belt and Road Initiative and an increase of 13.4% in exports to ASEAN countries.

The international logistics market continued to rebound pillared by increased trade and cross-border e-commerce activities. According to the data from International Air Transport Association (IATA), the global overall demand for air freight in 2024 increased by approximately 11.3% over the previous year, outpacing the growth of air transport capacity over the same period, thereby driving continuous increase in the price of air freight throughout the year. In particular, the annual demand for air freight in Asia-Pacific experienced the fastest increase of 14.5% among all regions. Additionally, the price for sea freight from Asia-Pacific to Europe and to the Americas substantially increased, where the sea freight price for China exports hit its peak in the middle of 2024 and remained stable till the end of the year. Furthermore, along with the in-depth trade cooperation between China and ASEAN, RCEP member countries and countries involved in the Belt and Road Initiative, the industrial chain and supply chain were deeply interconnected with a smoother customs clearance of goods, spurring the growth of demand for international logistics and supply chain.

The globalization of Chinese enterprises in production capacity and brand expansion accelerating the globalization of China's logistics sector. Driven by the restructuring of global industrial chains and China's industrial upgrading, Chinese enterprises are accelerating in globalization and evolving into a new dual-track model that combines "production capacity globalization" and "brand globalization". In production capacity globalization, industries such as 3C electronics, automotive manufacturing, garment OEM, lithium batteries, and photovoltaics have emerged as the main drivers. Enterprises have been actively setting up overseas production facilities,

particularly as uncertainties in international trade and tariff policies intensify. This trend is further accelerating industrial chain restructuring and relocation, creating urgent demand among Chinese enterprises to establish comprehensive and efficient overseas supply chain systems. Regarding brand globalization, sectors including coffee/tea beverages, food & catering, and beauty/personal care have seen rapid growth. These industries are accelerating the establishment of overseas direct-operated stores and sales channels to actively expand in global consumer markets. This dual-track expansion is fundamentally supported by Chinese logistics providers' competitive advantages in efficient supply chain management and cost-effectiveness. Through digital system integration, flexible supply chain network deployment, and large-scale operational capabilities, these enterprises are successfully translating domestic supply chain expertise into international market competitiveness. The continuous enhancement of China's industrial chain capabilities and brand competitiveness, coupled with the global expansion of cross-border e-commerce marketplace and independent e-commerce websites, has created exceptionally favorable conditions and opportunities for Chinese comprehensive logistics service providers to expand globally alongside their clients.

Positioning and Competitive Strengths of the Company in the Logistics Industry

As the largest integrated logistics service provider in China and Asia, and the fourth largest player globally, the Company adheres to long-term sustainable and healthy development as well as foresight strategy. Amidst the ever-changing market, the Company is capable of promptly seizing development opportunities, pursuing continuous innovation and reform, reinforcing service capabilities, and navigating through business cycles together with its clients.

Diversified Logistics Network Connecting Asia and the World. Through organic growth and strategic mergers & acquisitions, the Company has built a one-stop integrated logistics service landscape with a more complete product portfolio, a more comprehensive network, and more diversified service scenarios, covering the end-to-end supply chain from production to sales and from domestic to abroad. The Company's efficient and reliable logistics infrastructure network covered all cities in China and a number of countries and regions around the world, and it owns the largest air cargo fleet in Asia and the Ezhou cargo hub, enabling "reaching nationwide overnight and connecting the world the third day". Meanwhile, the Company leverages extensive maritime, ground, and rail transportation resources and routes to provide clients with multi-modal solutions for domestic and cross-border transportation of LTL and bulk cargo. The acquisition and integration of KLN have further strengthened the Company's local logistics capabilities in Southeast Asia and its international freight forwarding capacity of connecting Asia with the world. Amidst the complex and volatile trade environment and the accelerated restructuring of the global industry chain, the Company is capable of adapting swiftly and flexibly to market shifts with integrated logistics expertise and the solid network coverage overseas, especially in Asia, and reshaping the supply chain structure in China and overseas together with its customers across industries to withstand market risks for a successful international expansion.

Leading Position in Multiple Logistics Sub-Segments in China and Asia. Leveraging the time-definite and high-density network, with the "1-to-n" expansion strategy, the Company has quickly transformed from China's leading time-definite express service provider into a leading global integrated logistics service provider. The Company enjoys an unrivaled leading position in China in terms of time-definite express services and is also a market leader in China in terms of logistics sub-segments including LTL freight, cold chain logistics, third-party intra-city on-demand delivery, and non-state-owned independent third-party supply chain solutions. In particular, SF Freight ranked first in terms of revenue from LTL transportation for five consecutive years (2020-2024) in the List of LTL Transport Enterprises in China* (中國零擔企業排行榜) issued by Wetuc Think Tank* (運聯智庫), and SF Cold Chain ranked first for six consecutive years (2019-2024) in the "China Top 100 Cold Chain Logistics List"* (中國冷鏈物流百強企業榜) issued by the Cold Chain Logistics Committee of China Federation of Logistics & Purchasing. According to Frost & Sullivan, the Company was also Asia's largest provider of overall express delivery, LTL freight delivery and third-party intra-city on-demand delivery, and had the largest international operation among Asia-based integrated logistics service providers.

Unique Business Model — Directly-Operated, Integrated, and Independent Third-Party. Direct operation ensures highly unified top-down strategic alignment and rapid business execution for swift adaptation to market changes and successful incubation of more new business formats within a short period of time, with the strong operational control backing the Company's unrivaled leading position of delivery timeliness and overall customer satisfaction over the years. Second, the Company offers comprehensive logistics solutions, standardized or customized, to address a full range of customers' logistics demand, capture greater share in the customers' supply chain service across industries for better customer stickiness and business growth. Third, the Company is independent of e-commerce platforms, allowing for its impartial services to customers, with over 2.3 million customers with active credit accounts and over 730 million retail customers as of the end of 2024, and is capable of grasping emerging opportunities more quickly and building long-term sustainable relationships with customers under the evolving market of new retail platforms and businesses.

Advanced Technology Empowering a Highly Efficient and Intelligent Supply Chain. Amid the trend of "express-style logistics" and growing customer demand for intelligent, high-efficiency supply chains, technology has become an indispensable driver in building digital, automated, and smart supply chain systems. The Company remains committed to innovative R&D and technological advancement, continuously spearheading internal and external digital-intelligent supply chain transformation. Through its self-developed SF Smart Brain, the Company ensures efficient network operations despite its extensive logistics network, diverse service ecosystem, and global business reach. Furthermore, leveraging its cutting-edge technological solutions, the Company collaborates deeply with cross-industry clients to empower holistic supply chain decision-making, operational efficiency gains, and cost reduction. Notably, the Company has been named a finalist for the 2025 Franz Edelman Award — the highest global accolade in operations research and management science — making it the sole Chinese representative in this year's finals.

Premium Services Forging Unparalleled Brand Value. "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. SF brand means premium services. Many business customers actively advertise their use of SF delivery for consumers' impression and trust on their product quality. As published by the State Post Bureau, the Company has been ranked first for 15 consecutive years (2009 to 2023) and the first three quarters of 2024 (annual results not yet released) for overall customer satisfaction. Attributable to the peer-leading track record and reputation in providing premium services, the Company has accumulated the most extensive customer base across varied industry sub-segments, with high customer loyalty and stickiness, and served as a highly reliable logistics partner for customers.

Overall, both China and Asia have an enormous logistics market. Though securing a leading position across industry verticals, the Company still has tremendous promise for future integration and expansion under the huge and fragmented potential logistics market. The long-term strategic vision, prospective business layout, high-quality service, and strong technology capabilities will contribute to the Company's excelling and everlasting success from the competition.

Business Development of the Company

Accelerating penetration into the supply chains of customers across major industries

In 2024, the Company formulated business strategies aimed at accelerating transformation to industry logistics solutions, shifting from traditional selling standardized products (such as standardized express or freight delivery services) to selling industry logistics solutions. It is committed to providing industry-specific and customized integrated logistics solutions and standardized portfolio service to industry leaders, mid-market enterprises, and SMEs across sectors. Through in-depth analysis of industrial trends and identification of logistics scenario opportunities, the Company enhanced capabilities in developing core scenario-specific logistics solutions and standardized portfolio service. By expanding presence across clients' upstream and downstream supply chain ecosystems, it achieved scalable business growth. Due to deepened penetration into customers' supply chains, in 2024, the Company's logistics revenue saw a year-on-year increase of 20% or above in e-commerce and circulation, telecommunication and high-tech, automobiles, and industrial manufacturing sectors.

E-commerce and Circulation: The Company actively expanded its cooperation with emerging e-commerce platforms in China across various business scenarios and models. By enhancing international air freight, express, and warehousing capabilities, the Company penetrated into more overseas business scenarios of major cross-border e-commerce platforms and secured more customers with self-built overseas e-commerce websites; furthermore, leveraging its robust logistics network and professional cold chain capabilities, the Company swiftly expanded into the thriving online shops on platforms and provided comprehensive O2O services to large-scale supermarkets, continuously solidifying its market share in the e-commerce and circulation industry.

Telecommunication and High-tech: The Company maintained a leading position in the distribution supply chain for consumer electronics, communication equipment,

telecom operators and other segments. Additionally, through B2B bulk cargo transportation and cross-border logistics services, the Company extended services to the production supply chain. In particular, the Company developed end-to-end service capabilities in the import of high-end equipment and partnered with a number of leading high-end equipment manufacturers in the world for the successful completion of multiple import projects, covering the entire process of overseas pickup, export customs clearance, import customs clearance, and delivery.

Automobiles: The Company explored new supply chain scenarios, strengthened cooperation with benchmark brands by leveraging full-scenario service capabilities and boosted the rapid growth of upstream and downstream logistics businesses. In the automobile aftermarket, the Company's integrated warehousing and distribution service for automobile parts has been successfully promoted to a number of automobile brands. Additionally, the Company cooperated with 70% of the Top 20 passenger vehicles brands and established full-scenario collaboration with 11 of these customers in the inbound, in-plant, finished product and after-sales scenarios.

Industrial Manufacturing: The Company built a cost-effective bulk cargo transportation network for the manufacturing industry and integrated the internal supply chain service capabilities, achieving breakthroughs in segments including industrial raw materials, industrial equipment, light manufacturing, energy and chemicals. Penetrating further into the cooperation with key customer groups across segments, the Company gained rapid growth in its business and successfully seized more shares of logistics services.

Meanwhile, the Company designed and optimized dozens of standardized portfolio service solutions for eight major industries to swiftly expand logistics services for customers across industries. The solutions in high-end equipment spare parts warehousing and distribution, cross-border transportation and allocation of consumer electronics raw materials, beauty and cosmetic warehousing and distribution, furniture delivery and assembly, and new energy battery materials logistics and other scenarios have been rapidly promoted, driving rapid revenue growth and significantly improved delivery efficiency. The average time from cooperation to project implementation has been reduced by 20 days, thereby improving the Company's sales efficiency and conversion rate of industry customer business opportunities.

Time-definite Express

In 2024, the Company's time-definite express achieved tax-exclusive revenue of RMB122.21 billion, representing a year-on-year increase of 5.8%, with the year-on-year increase of 11.8% in business volume. The business mix of time-definite parcel steadily expanded from business documents to consumption and industrial manufacturing, with consumption and industrial manufacturing-related delivery became major growth driver for time-definite express.

Continuous Improvement in Competitive Edges: Through leveraging the competitive edges of the Ezhou cargo hub and all-cargo fleet, as well as optimizing the

integration between air and ground networks, the delivery time of SF speedy express has been continuously shortened, which strengthened its core competitiveness. Meanwhile, the Company focused on critical urban routes, the optimization of transportation pattern and the reduction in the number of transits, continuously upgrading the next morning delivery of SF standard express. Additionally, the Company utilized the remaining production capacity, and strategically expanded its presence in low-tier cities to increase network density in lower-tier markets in order to expand the business scale.

Accelerated Expansion of Air Freight Market: The Company's time-definite service offerings expanded from small-parcel express to freight logistics, providing customers with large item air freight services between provinces in as fast as seven hours. In terms of capabilities, the Company leveraged abundant dedicated and chartered aircraft resources and established 24 exclusive intelligent sorting centers. The number of cities with direct pick-up or delivery services between customers and airports has increased to 164 and the next-day timeliness completion rate for large item air freight increased by 7.3 percentage points over the previous year. In terms of business development, the Company dedicated to scenario-customized solutions, offering value-added services such as dedicated personnel and vehicles, as well as nighttime pickup and delivery, and efficiently addressed urgent demands within 24 hours from response to delivery to production line. The Company also customized air freight solutions for oversized and overweight goods or goods with magnetic or electric properties. In 2024, the volume of large item air freight business increased by over 20%.

Strengthening the Efficient Fulfilment of Intra-city Express Delivery: The Company's half-day express delivery service, with an average fulfillment time of 4-6 hours for intra-city and cross-city within economic regions, has been expanded to 291 cities. Meanwhile, the Company has implemented the "upper-layer warehouse, lower-layer sorting" pattern in 104 locations, seamlessly integrating warehouse operations with sorting schedules. Leveraging frequent sorting and transportation schedules to complete rapid distribution, the Company achieved an intra-city express fulfillment time of 4-6 hours, as well as the same-day or next-morning delivery within provinces and for economic regions, enabling efficient order fulfillment for a wide range of businesses. Additionally, leveraging its technological and operational capabilities and integrating external resources, the Company has steadily penetrated the urban freight market, achieving breakthroughs in urban store distribution scenarios such as wholesale snacks, tea beverages, and supermarkets, and established an efficient urban distribution network to enlarge the scale of intra-city logistics services.

Securing Market Share in E-commerce Return Parcels: By leveraging its efficient door-to-door pickup and end-to-end delivery, the Company continuously strengthened its partnership with major e-commerce platforms for return parcel services. Meanwhile, the Company featured a dedicated "Online Shopping Returns" section on SF App and mini-program to address customers' self-service return needs. The Company's e-commerce return parcel services experienced rapid growth and maintained a leading market share.

Strengthening Competitive Edges with the Ezhou cargo hub: Leveraging Ezhou cargo hub's nationwide and global connectivity, the Company offered integrated

warehousing and transit services to support customers in establishing efficient supply chains with its utmost efficiency of "delivery in the evening with arrival in the next morning". By the end of 2024, the Company has operated 55 domestic routes and 15 international routes through the Ezhou cargo hub. Many customers in various industries have already established their presence in relevant warehousing facilities, encompassing high-end industries including 3C high-tech, FMCG, pharmaceuticals, automobiles and engineering machinery. Additionally, the Company actively solicited investment around the Ezhou cargo hub with successful investment projects worth of billions, enriching the hub's supply chain ecosystem and expecting to generate significant growth in air cargo services in the future.

Economy Express

In 2024, the Company's economy express business achieved tax-exclusive revenue of RMB27.25 billion, representing a year-on-year increase of 8.8%. Committed to high-quality business development, the Company completed the sale of Fengwang Express, which operated under the franchise model, in June 2023. Excluding Fengwang Express, the economy express revenue in 2024 increased by 11.8% year-on-year, while the business volume increased by 17.5% compared to the previous year.

Expanding the Scale of Economy Express Business: The Company maintained robust growth in its economy express services, which are pivotal in the e-commerce market for their timely, stable, and high-quality door-to-door services. Leveraging its improvement of digital and intelligent capabilities, the precise matching of resources and the transformation of the operation mode, the Company adopted appropriate business strategies for goods of different weight ranges and further expanded the market for economy express delivery.

Expanding Warehousing and Distribution Integration Services to More Industry Scenarios: Leveraging its nationwide warehouse network, standardized integrated warehousing and distribution products and solutions, professional operational team, and end-to-end system deployment capabilities, the Company provides customers with cost-effective integrated warehousing and distribution services. Compared to its competitors, the Company's self-developed warehousing system and integrated services offer greater flexibility. In B2B2C scenarios across various production and consumption industries, as well as in the optimal deployment of online and offline inventory, the Company has accumulated a wealth of benchmark cases and mature experience. This enables the Company to offer customized solutions tailored to the specific characteristics and diverse needs of different industries. In 2024, the revenue from integrated warehousing and distribution services for the SKA, KA, and SME customers witnessed a year-on-year increase of over 20%.

Leveraging its unique competitive edge as an independent third-party, the Company deepened cooperation with e-commerce platforms and successfully undertook several integrated warehousing and distribution projects for online supermarkets in 2024. By adopting consolidated transportation models and supporting in-warehouse operations, the Company expanded delivery to remote areas and cross-border first-mile

collection scenarios. Moreover, by closely tracking consumer trends, the Company established innovative quality inspection centers within its warehouses for high-value items in cooperation with e-commerce platforms and merchants. Products undergo quality inspections directly in the warehouse before delivery, ensuring product quality and improving fulfillment efficiency. The Company also achieved significant breakthroughs in integrated warehousing and distribution services across multiple sectors, including in-plant logistics for the industrial manufacturing, inventory replenishment for wholesale snack chains, and B2C fulfillment for traditional Chinese medicine and tea beverages. The Company continued to seize new market opportunities for additional business growth.

Freight

In 2024, the Company's freight business achieved a tax-exclusive revenue of RMB37.64 billion, representing a year-on-year increase of 13.8%, with cargo volume increasing by over 20% compared to the previous year.

Under China's industrial upgrading initiatives and the "Large-Scale Equipment Renewals and Trade-ins of Consumer Goods" policy, industries including communication equipment, industrial manufacturing, new energy vehicles/parts, home appliances, and furniture have experienced growing demand, alongside rising consumer spending. Simultaneously, customers have raised higher expectations for freight services, emphasizing fast and precise delivery timelines, stable and reliable service quality, and strict cost control. Adhering to its customer-centric business philosophy, SF Freight provide high-quality products and services, achieving a peak daily LTL volume of over 69,000 tons in its direct operation network and over 32,000 tons in its franchise network, maintaining a leading position in terms of business scale in the industry.

Creating Competitive Edges in the Mid- to High-end Ground Large Parcel Delivery Market: The Company has established a tiered timeliness guarantee system to ensure fast and accurate delivery, speeding up the timeliness for over 400 core routes, enhanced last-mile collection and delivery capabilities and adjusted the standard weight limit for single parcel to one ton. Furthermore, the Company developed differentiated packaging and delivery capabilities, accumulating professional logistics solutions across various industries such as home appliances and automobiles. Meanwhile, the Company focused on core business production areas, by optimizing operations through dedicated direct routes, customer self-delivery to sorting centers, network integration with SX Freight, and integrated loading/shipping mode, to enhance efficiency, reduce costs and secure the Company's market share.

Building a High-quality LTL Logistics Network Tailored for Industrial Manufacturing: The Company has been continuously optimizing its operational model and resource allocation to establish a high-quality LTL logistics network that better aligns with the manufacturing sector's demand — LTL shipment, minimal transfers, and cost control — while rapidly expanding into the industrial freight market. By optimizing its network structure and establishing over 300 direct dispatch routes, the Company significantly enhanced delivery timeliness while reducing operational costs. A dedicated

sales team of several hundred professionals was deployed to provide personalized "concierge-style" services, strengthening the Company's differentiated service advantages. Furthermore, the Company has integrated diversified resources, strengthened collaboration with external specialized transport providers, coordinated small and large parcel couriers, and added over 3,400 large vehicles to enhance its lean logistics capabilities. In 2024, SF Freight deepened its presence in over 20,000 industrial parks, covering more than 300 cities. The cargo volume for industrial large item weighing above 100kg increased by more than 30% over the previous year.

Accelerating Expansion into Lower-tier Markets through Franchise Networks: In 2024, the SX Freight franchise network accelerated its expansion into lower-tier markets. The total number of network outlets exceeded 20,000, with a coverage rate of 85.3% for township deliveries. Its market share remained firmly among the top three in the franchised freight delivery market. SX Freight also introduced products such as light freight and bulk freight, offering a cost-effective network to meet the demands of lower-tier market customers. In terms of core networks, SX Freight continuously optimized operations by reducing distribution nodes and streamlining routes, cutting the average delivery time by 6.5 hours. These measures, combined with route structure optimization and enhanced capacity procurement, have driven a reduction in parcels' per-kilogram operating costs. By investing in technological tools such as sorting equipment and unmanned forklifts, SX Freight enhanced operational efficiency and customer satisfaction. The synergies between SX Freight franchise network and SF Freight direct operation network steadily expanded the cargo volume, continuously improved operational efficiency, and delivered high-quality services to achieve a win-win outcome for its franchisees and customers.

Cold Chain and Pharmaceutical Logistics

In 2024, the Company's cold chain and pharmaceutical logistics business achieved a tax-exclusive revenue of RMB9.81 billion, representing a year-on-year decrease of 4.9%. This decrease was mainly due to the climatic factors, which caused a significant reduction in certain seasonal fresh agricultural products, thereby hampering the growth of fresh produce logistics services.

In 2024, China's overall cold chain logistics market experienced stable growth. The e-commerce of fresh and seasonal food remained active, while catering chain brands accelerated their expansion into lower-tier cities and counties, driving rising demand for cost-effective cold chain services. Additionally, the expansion of large supermarket chains and the rising demand for central warehouse and city warehouse distribution created new opportunities for LTL cold chain logistics. In response to these industry developments and market trends, the Company optimized its cold chain network with a more cost-efficient model, continuously providing customers with intelligent and digitalized cold chain solutions.

Fresh and Seasonal Food Logistics Services

The Company has played a crucial role in enabling fresh agricultural products to reach consumers directly from their place of origin, with services covering over 2,800

county-level cities and more than 5,500 categories of fresh agricultural products nationwide. It is projected to increase farmers' income by over RMB100 billion, thereby driving local agricultural modernization and quality upgrading, while providing robust support for enhancing rural prosperity.

Through close collaboration with local governments, industry associations and leading brands, the Company launched over 50 new regional agricultural brands in 2024. It also organized brand promotion events such as harvest festivals, picking festivals, fishing season opening ceremonies, and trade fairs, implementing various initiatives to enhance the reach and visibility of agricultural brands. Guided by the principle of "Quality-Driven Agriculture and Brand Empowerment", the Company focuses on three strategic dimensions — value enhancement, branding, and standardization — to facilitate the shift of China's agriculture from "volume-driven expansion" to "quality-oriented development". Additionally, the Company has continuously improved packaging solutions by incorporating features such as extended freshness, improved recognizability, cultural attributes, and environmentally friendly materials. More than 40 customized packaging designs have been developed for dozens of fresh produce categories, enhancing the competitiveness of regional specialty agricultural products. The Company has also leveraged multiple resources to explore new e-commerce models such as livestream-assisted agricultural sales, providing one-stop marketing solutions for local specialty products and contributing to the sustainable growth of the agricultural industry.

Food Cold Chain Logistics Services

In 2024, the Company prioritized five core cold chain logistics scenarios — integrated warehousing and distribution, large item, B2C delivery, store delivery, and cross-border cold chain. By optimizing operational processes and developing innovative tools, the Company enhanced its service capabilities and provide high-quality end-to-end cold chain logistics services for customers across the entire supply chain from production to consumption.

Leveraging its full-scenario capabilities in warehousing, LTL, B2B and B2C delivery, the Company penetrated more cold chain segments and scenarios for existing customers, increasing its market share in the cold chain logistics services. The Company leverages its self-operated cold storage facilities and outsourced warehouse resources, utilizing warehousing services as the cornerstone to expand customer distribution operations and scale up integrated warehousing-delivery business. Additionally, by developing new temperature-controlled containers and leveraging its express delivery network, the Company rapidly expanded its presence in China in the cold chain freight logistics services, launching pickup services in 85 cities and delivery services in 131 cities in 2024 to obtain new growth potential. Furthermore, the Company incubated urban cold chain delivery networks in selected cities to provide centralized warehousing and shared distribution services for catering stores, upgraded urban cold chain distribution from local to regional networks, and focused on food cross-border air freight, Southeast Asian cold chain ground transportation, and fresh and seasonal food imports via the Ezhou cargo hub, achieving more breakthroughs in cross-border cold chain logistics services.

Pharmaceutical Logistics Services

The rapid evolution of China's pharmaceutical regulations has had a profound impact on the pharmaceutical logistics industry, requiring logistics providers to accelerate transformation to meet both quality compliance and cost-effectiveness demands. Leveraging its extensive logistics network and specialized service capabilities, the Company delivered high-quality, cost-effective pharmaceutical logistics solutions, achieving growth that outpaced the industry average.

The Company focused on expanding end-to-end supply chain services in ten core scenarios within four major segments of biopharmaceuticals, vaccines, IVD, and samples. It has achieved significant breakthroughs in various aspects, such as from production warehouse to distribution warehouse, from medical institution to testing institution, and vaccine reverse logistics services. In particular, the Company experienced rapid growth in biopharmaceuticals, driven by collaborations with leading pharmaceutical distribution companies and expansions into high-growth scenarios including traditional Chinese medicine and pharmaceutical e-commerce platforms. The Company continued to improve the quality and cost-effectiveness of its self-operated pharmaceutical warehouses. In 2024, The Company's Chengdu warehouse, for example, obtained the Modern Logistics Acceptance Certificate from the National Medical Products Administration. This recognition validated the modern logistics capabilities of the Company's pharmaceutical warehousing and earned it the prestigious supplier and quality awards from leading global pharmaceutical clients. Moreover, the Company also expanded into outsourced warehousing services, offering comprehensive solutions that combine warehouse operations, logistics distribution, and technology systems, deepening the Company's partnership with its customers.

Intra-city On-demand Delivery

In 2024, the Company's intra-city on-demand delivery business achieved a tax-exclusive revenue of RMB8.87 billion, representing a year-on-year increase of 22.4%. Sustained revenue growth in the intra-city on-demand delivery segment, combined with technology and lean management-driven operational enhancements, has led to a doubling of its net profit.

Deepened Cooperation and Service Upgrading, Expanding the Merchant and Consumer Base: In terms of merchant collaboration, it reinforced and deepened its relationships with KA customers by leveraging its stable fulfillment service quality. This enabled the Company to maintain its leading market share while continuing to expand its network of partnered chain brands. In 2024, the Company added more than 7,500 new KA client stores to its network. Additionally, by expanding customer acquisition channels and optimizing collaboration processes, it increased the number of small and medium-sized merchants using its services. Moreover, leveraging its neutral and open market positioning, the Company further deepened cooperation with leading digital platforms to meet the on-demand delivery needs across diversified business verticals. In 2024, the scale of annual active merchants of SF Intra-city reached 650,000, representing a year-on-year increase of 39%. For consumer services, SF Intra-city is committed to providing

industry-leading and professional fulfilment services, strengthening the brand image of "SF Intra-city, the first choice for urgent delivery", and improving consumers' satisfaction by providing high quality services. Through the upgrading of one-on-one "Exclusive Delivery" product and the capability of medium- and long-distance "delivery within an hour" services, the Company addressed the delivery needs for high-value, time-sensitive, and items with high safety requirements products. Meanwhile, the Company optimized its brand promotion and channel marketing strategies, which contributed to the rapid growth of order volume and revenue from proprietary channels, including SF Intra-city's WeChat mini program and App, and an increased user activity. In 2024, the scale of annual active consumers in SF Intra-city exceeded 23.41 million.

Accelerating the Nationwide Network Coverage and Achieving Rapid Market Expansion with Full-scenario Delivery Capabilities: For service scenarios, SF Intra-city optimised products and services around key categories. In 2024, intra-city on-demand delivery achieved high-double-digit growth in industries including tea beverages, supermarkets and convenience stores, cosmetics, pharmaceuticals, and maternity and baby products, especially with a year-on-year increase of 73% for tea beverages delivery revenue, as well as breakthroughs in cooperation with national and regional supermarket chain customers. For regional expansion, SF Intra-city has covered over 2,300 cities and counties in China, including over 1,300 counties. Revenue from counties achieved a year-on-year increase of 121%, highlighting the effective expansion in lower-tier markets. For commercial districts operation, both the number of served business districts and order density continue to grow, with a growing proportion of these areas achieving profitability. Additionally, through resource coordination with other business segments within the Group, the Company developed an integrated supply chain solution that combines warehousing, sortation, and intra-city on-demand delivery. This strategic synergy expanded the Company's customer base while enhancing customer retention.

Full-chain Technology Improving Network Timeliness and Rider Efficiency: SF Intra-city's City Logistics System (CLS) established a full-chain cooperation network to optimally match orders and riders across industries and under multi-scenarios. By leveraging advanced AI-powered models, the system significantly enhanced both service experience and operational efficiency across the entire workflow — from customer demand analysis, merchant operations strategies, intelligent customer service responses to capacity allocation and delivery execution. In terms of rider management, CLS utilized smart algorithms to optimize route planning and dispatch logic, taking into account factors such as rider experience, workload, weather conditions, and peak/off-peak hours. This approach improved rider productivity and income while maintaining stable delivery timeliness through dynamic adjustments.

Supply Chain and International Business

In 2024, the Company's supply chain and international business achieved a tax-exclusive revenue of RMB70.49 billion, representing a year-on-year increase of 17.5%. This business benefited from stable international air and ocean freight demand, rising freight rates, and the Company's strategic focus on capturing growth opportunities in China's production capacity expansion, brand globalization, and cross-border

e-commerce. By deepening its business integration and expanding in both supply chain and international markets, the Company achieved strong growth. The Company is committed to becoming the go-to logistics partner for customers venturing into international markets and "The One in Asia" with global coverage.

Enhancing End-to-end International Network Infrastructure: The Company continued to strengthen its air cargo network, operating over 9,100 all-cargo international flights in 2024, representing a year-on-year increase of 19%. The Company established a global air network centered on the Ezhou cargo hub connecting Europe and Americas, with the Shenzhen Hub as the auxiliary connecting Southeast Asia, Japan and Korea. The number of flights from China to South Asia and certain destinations in Europe and Americas doubled in 2024. Meanwhile, the Company's all-cargo flight routes have expanded to reach 10 international terminals in Asia and 8 in Europe and Americas. With an airside facility in Singapore, the Company enhanced its cross-border next-day delivery capabilities between China and Singapore, as well as China and Southeast Asia. Furthermore, the Company provided cargo customs clearance services across 78 ports worldwide through both self-operated models and partnerships with agents. This includes 10 AEO Advanced Certifications in China and 14 overseas ports with self-operated customs clearance capabilities, further enhancing the clearance efficiency of the Company's parcels. In addition, the Company increased the investment in self-operated overseas warehouses in Asia, Europe and Americas, serving B2B supply chains and B2C cross-border e-commerce businesses. Besides, the Company also continued to collaborate with local express logistics companies in Europe and Americas, establishing stable local pick-up, delivery, and fulfillment capabilities. Through the above-mentioned network capacity building, the Company fulfills the efficiency requirements of cross-border e-commerce and multinational production and distribution supply chains.

Expanding Supply Chain and International Markets: The Company continuously developed cost-effective and high-quality international express and cross-border e-commerce logistics products. Leveraging deep understanding of various industries and integrating the supply chain service capabilities of Fenghao Supply Chain, SXH China Logistics, and KLN, the Company provided domestic and international integrated supply chain solutions tailored to various industries' characteristics and needs. Meanwhile, guided by the keynote of energizing organizational vitality, the Company optimized the incentive mechanisms for international business teams, in order to effectively promote the development and growth of international business.

International Express and Cross-border E-commerce Delivery Services

Outbound logistics demand from China remained robust throughout 2024. Despite challenges such as shifts in e-commerce platforms from full-entrusted to semi-entrusted logistics models and increasing pressure for cost-effective delivery solutions, the Company leveraged its extensive global network and integrated service capabilities to strengthen partnerships with major e-commerce platforms. It expanded its customer base to include more cross-border independent sellers and merchants, leading to a 24% year-on-year increase in cross-border e-commerce clients. Leveraging improved

door-to-door next-day fulfillment capabilities from China to Southeast Asia, the Company provided efficient cross-border B2C services to emerging platforms and brand customers, addressing the pain points of lengthy fulfillment chains, slow delivery, and high damage rates. These efforts empowered customers to rapidly penetrate the Southeast Asian consumer market. Additionally, for the delivery flows to Europe and Americas, the Company quickly established overseas warehouses to provide customers with one-stop solutions that integrate first-mile parcel consolidation and overseas warehousing, focusing on cost-effectiveness and enhancing customer loyalty. For return shipments to China, the Company proactively expanded its import services for fresh and seasonal food specialties and local products from Southeast Asia, Europe and the Americas. This improved the loading rates of all-cargo aircraft on return flights and improved the overall operational efficiency of international business. In 2024, the Company's revenue from international express products increased by over 20% year-on-year.

International Cargo and Freight Forwarding Business

The global economy revived slowly in 2024, where inflation gradually eased, and merchandise trade showed signs of recovery. However, geopolitical instability, rising trade protectionism, and supply chain restructuring introduced new uncertainties. The global freight market faced supply shortages starting in May 2024 due to geopolitical conflicts, driving up ocean and air freight rates, with ocean freight demand exceeding supply in the third quarter. Meanwhile, air freight remained in high demand, particularly for China's thriving cross-border e-commerce sector. The Company flexibly adjusted its strategies to capture market opportunities, leveraging its extensive resources to offer stable and high-quality international freight forwarding services while continuously improving operational efficiency. Benefiting from sustained high freight rates on key trade lanes from China to Southeast Asia, Europe and Americas, as well as stable air cargo volume growth, the Company's international cargo and freight forwarding business recorded over 30% year-on-year revenue growth in 2024.

Supply Chain Services

The Company has capitalized on the growing trend of Chinese enterprises expanding their production capacity and brands overseas, building efficient and reliable international supply chains for clients. It achieved breakthroughs from 0 to 1 to scale across multiple countries, industries, and service scenarios. In 2024, the Company secured contracts for over 100 overseas supply chain projects, with more than 50 successfully implemented. These projects serve leading clients across diverse sectors, including e-commerce and circulation, industrial manufacturing, high-tech, apparel and footwear, home appliances and furniture, automotive, and coffee and tea beverage chains. The services span key markets such as Singapore, Malaysia, Vietnam, Thailand, South Korea, Philippines, Netherlands, Germany, and France.

In the coffee and tea beverage industry, the Company has supported a number of emerging Chinese coffee and tea brands in their overseas expansion, including assisting a coffee brand client in the quick opening and operation of more than 50 stores in Singapore, and as the exclusive supply chain partner of a tea brand client for overseas expansion,

supporting it to open 110 stores in eight countries. **In the automotive industry**, the Company not only provided cross-border air and sea transportation services for new energy materials, batteries and high-end equipment, but also successfully undertook the integrated warehousing and distribution logistics services for overseas auto spare parts of a leading automotive enterprise. This includes integrated supply chain services covering customs clearance of auto spare parts, port-to-warehouse transfer, warehousing and local store distribution. **In the consumer goods sector**, the Company provided efficient air and ground transportation services for the export of raw materials and components in the multinational production supply chain of 3C electronic products. In the consumer goods sector, beyond its existing role in managing cross-border supply chains for 3C electronics, the Company capitalized on the growing trend of Chinese cultural IP brands expanding internationally. It served a top-tier domestic designer toy brand with comprehensive international logistics solutions, including express delivery, cross-border ground transportation, and overseas warehousing. The services covered both online direct-to-consumer channels and offline retail stores, facilitating the brand's entry into the Southeast Asian market. **In the engineering logistics sector**, the Company leveraged its extensive logistics network and integrated capabilities with KLN to successfully execute multiple overseas infrastructure projects for Chinese enterprises. These projects spanned renewable energy sectors such as wind power, photovoltaics, and energy storage, showcasing the Company's leading expertise in complex cross-border logistics solutions.

Operation Optimization

Sorting process

Establishing Efficient Sorting Networks: The Company continues to enhance the efficiency of its network by streamlining its backbone network operations and consolidating multifunctional large-scale sorting centers, reducing the number of sorting centers by 22. Technology has been leveraged to improve sorting center management and efficiency, including the use of software robotics for automated data analysis and process monitoring, simulation models, intelligent warning systems and other tools to assist on-site management and minimize human intervention. The Company deployed hundreds of AGVs and approximately 300 sets of automated equipment to improve sorting efficiency. In 2024, the sorting efficiency of small parcel increased by 13% and the sorting efficiency of large parcel improved by 8.5%.

Improving the Operational Efficiency of Sorting Centers: The Company has been transforming sorting centers into operational centers, enhancing their autonomy and awareness to maximize resource utilization. Initiatives included adding collection function, direct parcel delivery to sorting centers to skip the consolidation at outlets; warehousing functions have been added to achieve "upper-layer warehouse, lower-layer sorting" operations, maximizing the utilization of storage space. Management structures have been streamlined, and performance-driven incentive programs were introduced to enhance employee motivation. The Company streamlined processes, integrated resources, and optimized staffing scheduling to enhance staff efficiency in different functional areas, maximizing operational efficiency.

Establishing the Industry's First Unmanned Sorting Center with Cage Trolleys: The Company established the industry's first unmanned intelligent sorting center,

enabling parcels to be loaded and transferred using cage trolleys. This innovative unmanned sorting mode reduced human labor, and partially implemented fully automatic operations. With a processing capacity of over 1,200 cage trolleys per hour, the sorting center achieved a daily peak sorting efficiency that amounts to four times of the network average, while reducing container handling time by 45% compared to normal parcel handling. The Company has begun collaborating with certain customers to consolidate parcels into cage trolleys at the warehouse level and deliver directly to the destination, reducing the number of sorting. This approach reduced sorting costs per parcel, improved delivery timeliness, and significantly reduced parcel damage rates and customer complaint rates.

Transportation

Optimizing Route Planning for Ground Transportation: With the integration of sorting centers, as well as the consolidated transportation for small and large parcels, the Company continuously refined sorting modes and route planning to streamline the process. In 2024, the Company added nearly 440 direct routes between places of departure and destination cities, increasing city connectivity and reducing the average number of sorting. Additionally, the Company fully leveraged the capacity of the Ezhou cargo hub to create a ground transportation hub. By adopting an optimal planning approach that allowed parcels between north and south China to be consolidated and sorted at the Ezhou cargo hub, the Company maximized direct routes from the Ezhou cargo hub to the destinations on the basis of the guaranteed loading rate, thus reducing transit frequency while improving delivery timeliness.

Optimizing Transportation Resource Allocation: Transportation capacity has also been strategically restructured. In terms of line-haul transportation, the Company prioritized long-term contracts with stable pricing, ensuring that over 95% of transportation needs are fulfilled by self-owned or long-term outsourced fleets, securing cost stability. Fleet upgrades were also a key focus, with more than 1,000 line-haul routes shifting to high-capacity vehicle models, adding over 140,000 long-haul trips in 2024, lowered per-unit transport costs. Additionally, round-trip optimized routes increased by 11 percentage points, and the use of self-owned vehicles was expanded, significantly reducing outsourced transportation costs. For short-haul transportation, the Company reduced costs by implementing standardized pricing for routes and deploying large-capacity vehicles on multi-stop routes to handle small-parcel transport tasks.

Last-Mile Delivery

Enhancing Outlets Efficiency: The Company launched the operational transition of "direct sorting and delivery from sorting centers using cage trolleys to the service outlets" model. Instead of traditional model which requires sorting twice at sorting center and service outlet, this new model only requires one-time sorting at the sorting center with direct delivery to the couriers, effectively enhancing the operational efficiency. This model has been implemented in over 3,400 service outlets and over 9,600 terminal stations by the end of 2024. Through continuous optimization of outlet layouts, integration of nearby areas for consolidated shipping, outlet transportation, and the deployment of unmanned

vehicles in the short-haul and last mile delivery, the Company has achieved continuous cost reduction for the transformation. In the fourth quarter of 2024, the average cost savings per parcel under the transformation areas exceeded the incremental investment, achieving positive operational results. This operational transformation reduced the procedures at the outlets, lowering the labor costs of warehouse management at outlets and branch transfers, and shortened the average distance by 38% for parcel handovers by couriers, thus improving the network efficiency.

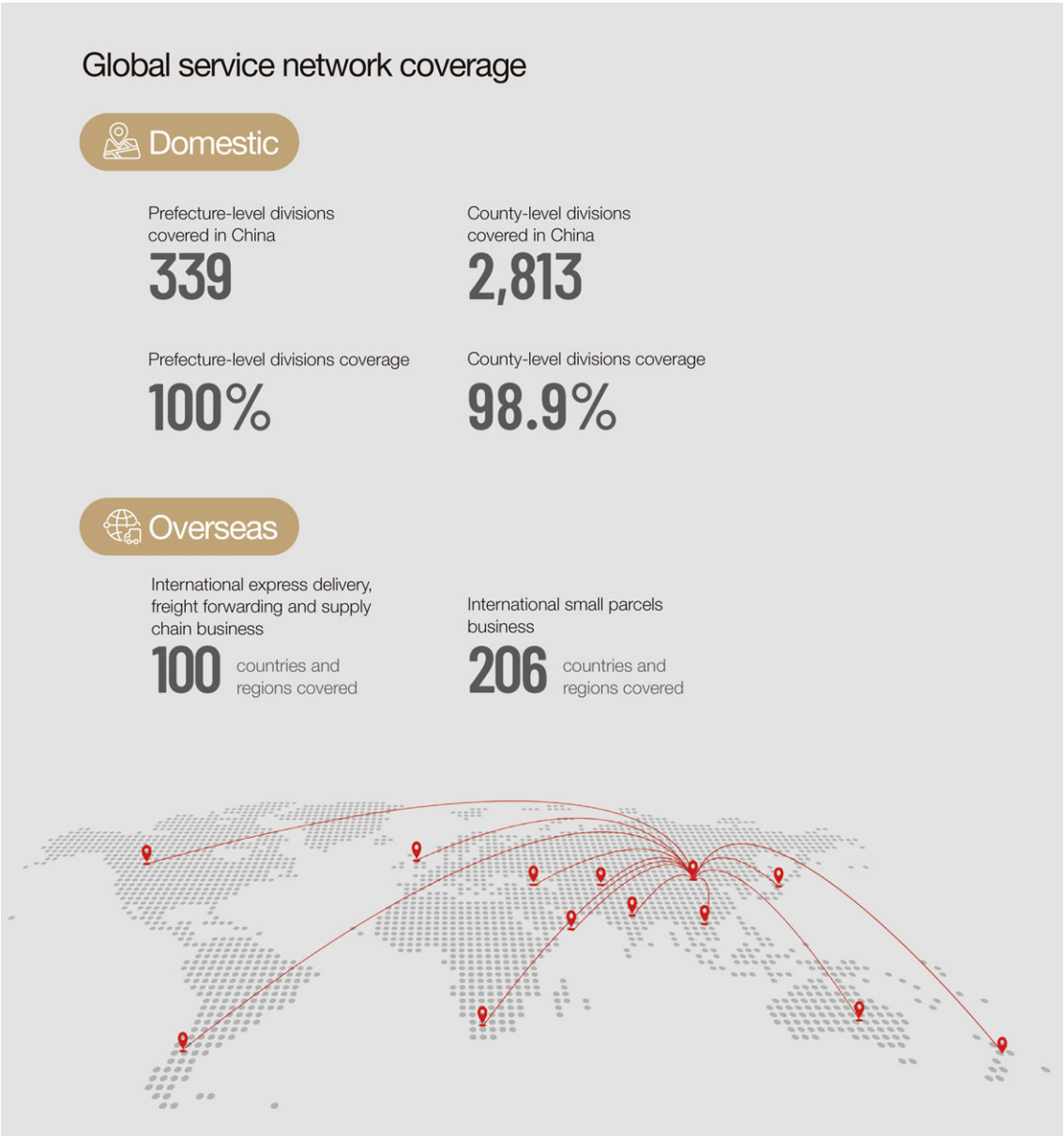
Incentivizing Couriers for Revenue Growth: The Company established a performance evaluation system tailored for couriers. Through regional rankings and incentive mechanisms, cash rewards were provided to top-performing couriers who demonstrated exceptional business development. The Company also identified and incentivized couriers who showed significant sales progress and potential. Additionally, the Company provided training and growth opportunities for lower-performing employees to enhance their competitiveness. Furthermore, the Company continued to build a system of team leaders by nominating couriers with strong sales capabilities and outstanding leadership skills as team leaders in specific regions, with respective titles as well as clear responsibilities and rights. Under this system, team members in the region could work collaboratively and grow their income with increasing business volume.

Enhancing Courier Efficiency: The Company continuously innovated and iterated on tools for courier collection and delivery efficiency and reduce labor intensity. In 2024, the small parcel collection and delivery efficiency increased by 7.8% over the previous year, and the freight collection and delivery efficiency increased by 9.1% over the previous year. With the help of intelligent robots built on a large language model, the Company provided instant answers to various inquiries, accumulating over 5 million inquiries resolved and assisting couriers in standardizing operations and improving customer experiences. By setting up WeCom accounts and integrating them with the courier collection and delivery system, the Company enabled automatic notification of delivery information to customers, improving communication convenience between couriers and customers. Moreover, the Company's marketing strategies could be quickly and efficiently sent to customers through WeChat, empowering couriers in business development and enhancing customer retention. By the end of 2024, the Company's WeCom accounts had engaged over 12 million customers.

Core competitiveness

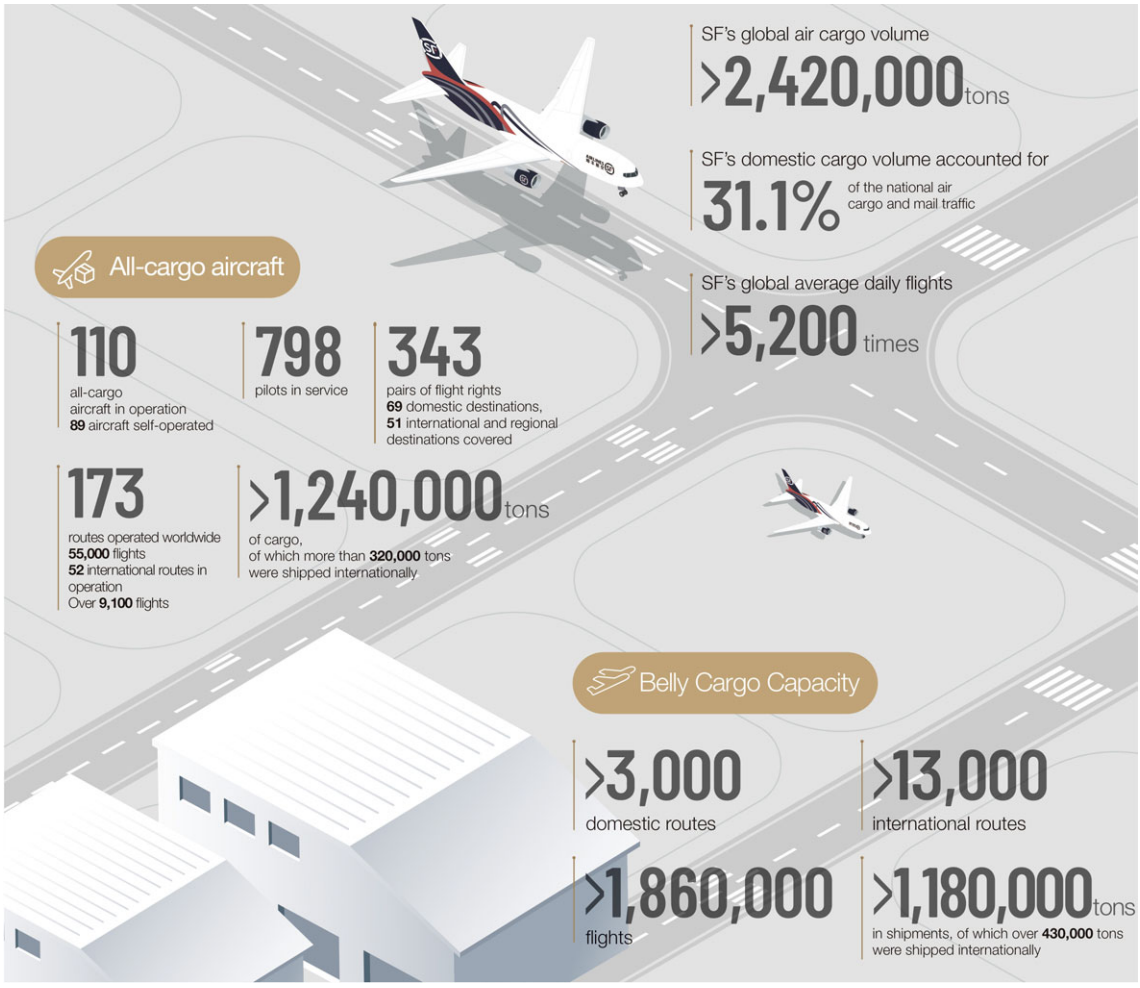
The Company has an efficient and reliable global logistics infrastructure network, rooted in China, radiating to Asia, and connecting the world

Note: The data below are all as of December 31, 2024



We are operating a cargo airline that is the largest in China and maintains leading position in the world, and we are also the largest shipper of air cargo in China

Note: For the data below, the time points are all as of December 31, 2024, and the periods are all from January 1, 2024 to December 31, 2024.



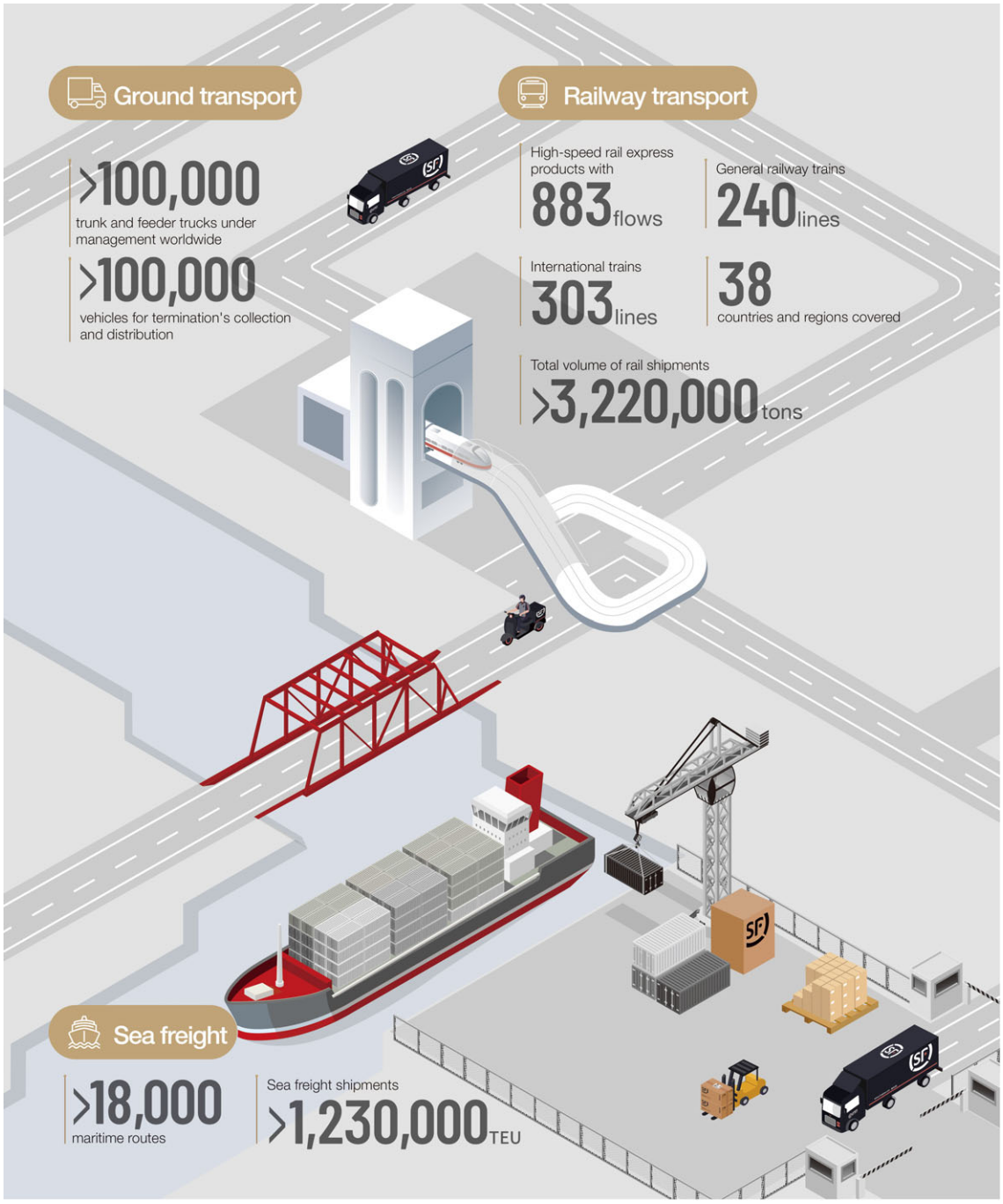
The Ezhou cargo hub is the first dedicated air cargo hub in Asia, and fourth in the world, which is of strategic value and scarce position. The Company officially commenced operation of its logistics complex in the Ezhou cargo hub in September 2023. By the end of 2024, 55 domestic and 15 international cargo routes had been launched at the Ezhou cargo hub. The Ezhou cargo hub features an extensive 52-kilometer intelligent sorting line that can process up to 280,000 parcels per hour at its peak capacity. Additionally, 14 intelligent customs inspection lines featured with a fully automated sorting system ensure efficient customs clearance, pickup and delivery of international parcels. In 2024, the international cargo volume at the Ezhou cargo hub witnessed over 200% growth as compared to 2023.

The strategic vision for the Ezhou cargo hub is not only to become the center of global supply chain, but also as a high-end processing and distribution hub. Top-tier customers from various industries including 3C electronics, cosmetics, and cold-chain pharmaceuticals have established their presence in the Ezhou cargo hub. The

hub-and-spoke mode of the Ezhou cargo hub enables the Company to enhance its aviation network to seamlessly integrate domestic and international routes, thus gradually achieving "overnight nationwide delivery and the third day global connectivity."

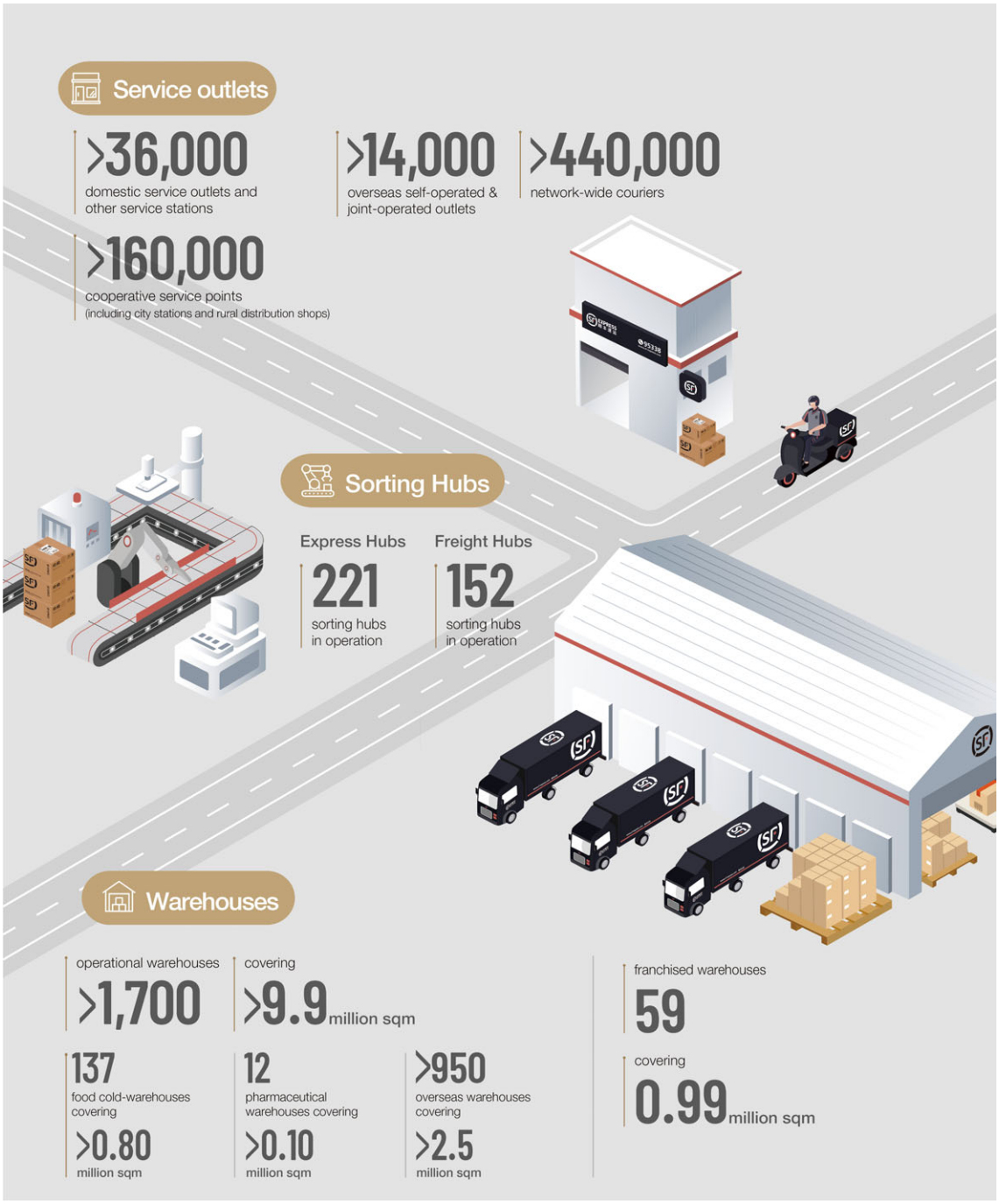
Our extensive transportation resources allow us to provide domestic and cross-border multi-modal transportation services for our customers

Note: For the data below, the time points are all as of December 31, 2024 and the periods are all from January 1, 2024 to December 31, 2024.



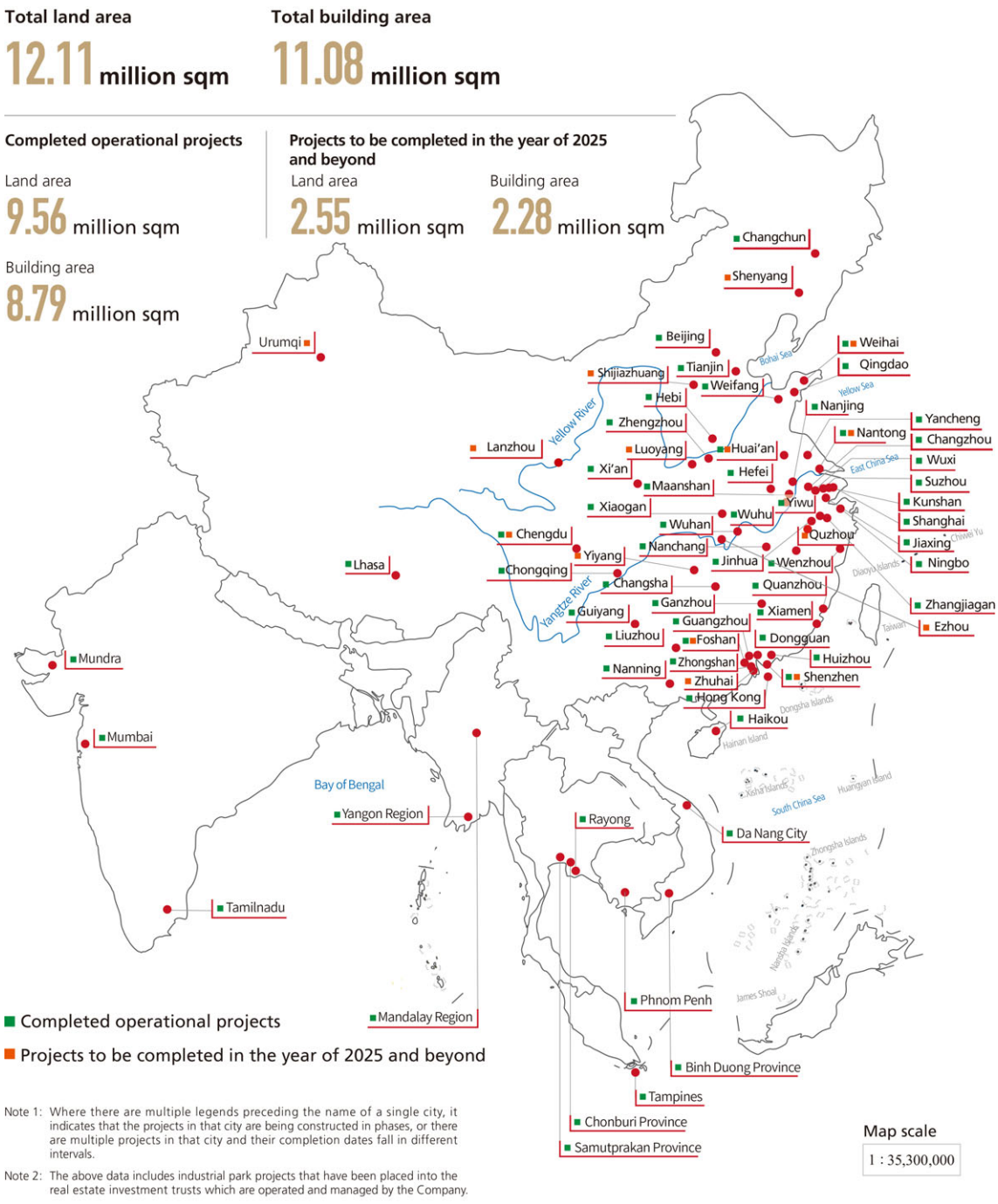
The globally-spread outlets pillaring our international and localized operations

Note: The data below are all as of December 31, 2024



We possess numerous key site resources such as logistics parks and logistics centers in countries including China and Southeast Asian, both through our direct ownership or via REITs

Note: The data below are all as of December 31, 2024



Note 1: Where there are multiple legends preceding the name of a single city, it indicates that the projects in that city are being constructed in phases, or there are multiple projects in that city and their completion dates fall in different intervals.

Note 2: The above data includes industrial park projects that have been placed into the real estate investment trusts which are operated and managed by the Company.

Industry-leading Logistics Technology and Application Facilitating Intelligent Supply Chain

The Company is committed to building an intelligent supply chain ecosystem in the digital era and aims to become the leader in the intelligent supply chain sector. By leveraging deep insights into supply chain scenarios and extensive experience serving top-tier industry clients, along with continuous exploration and application of cutting-edge technologies, the Company enhances the efficiency of its internal logistics network while providing customers with best-in-class digitalized logistics and supply chain solutions.

By the end of the Reporting Period, the Company had 4,180 patents and patent applications with invention patents accounting for 61.5% of the total, and 2,505 software copyrights. The Company actively collaborated with logistics and supply chain organizations, universities, and other social institutions to enhance the social impact of its technological advancements. Meanwhile, the Company was named as one of the top six finalists in the global competition of the prestigious Franz Edelman Award for Operations Research and Management Science for 2025. It was also selected as one of the first batch of benchmark cases for Digital China initiative by the National Data Administration and received recognition in the relevant category of the IDC China Future Enterprise Award. Additionally, the Company was honored with the Science and Technology Award by the China Federation of Logistics & Purchasing in 2024.

The Application of Large Models

SF has developed logistics decision-making models and large language models, tailored to the logistics and supply chain industry. These innovations significantly enhance supply chain decision-making and daily operational efficiency, accelerating the industry's transition to intelligent logistics.

SF Logistics Decision-Making Model: Leveraging years of industry expertise and underlying data, the Company's AI-driven logistics decision-making model overcomes traditional algorithm limitations, significantly enhancing intelligent decision-making in logistics. This model has been successfully implemented in several industries such as cosmetics, 3C, food, and automotive parts. The model is mainly used in the following areas: ① **Volume demand forecasting:** By integrating multi-modal AI technology, the model extracts deep insights from product images and textual information, building multi-scale, multi-channel forecasting models that improve prediction accuracy while reducing resource consumption. In one case study, the model reduced server resource usage by 80%, increased computational efficiency by 120 times, and improved prediction accuracy by 5%. ② **Decision optimization:** The decision-making large model significantly improved computational efficiency in supply chain route planning and packing optimization. For example, in terms of transportation route optimization, the model can quickly respond to complex scenarios involving inbound logistics, store delivery, and short-haul network planning, eliminating tedious customized development processes and responding flexibly to business requirements. ③ **Operational analysis:** By building an intelligent supply chain system and combining professional algorithms and operational

data analysis, the Company provided accurate supply chain solutions. For instance, in addressing out-of-stock scenarios, the AI model identifies root causes and suggests corrective actions to help customers respond to market fluctuations efficiently, enhancing decision-making speed and accuracy.

SF Large Language Model: SF's proprietary large language model is widely applied across over 20 business scenarios, including customs clearance, customer service, pickup and delivery, and marketing, empowering employees with industry knowledge and improving operational efficiency while delivering superior customer experiences. The applications include: ① **Operational optimization:** In sorting process, the AI-driven smart security screening system, combined with full-chain monitoring, automatically detects risks and ensures parcel security. In pickup and delivery operations, AI-powered digital assistants provide real-time training and Q&A support to new couriers, enabling them to quickly learn parcel handling standards and product information. The system achieves a 99% accuracy rate in understanding inquiries. ② **Customs clearance optimization:** During the order placement process, the large language model automatically analyzes customs regulations from multiple countries, ensuring precise clearance procedures. During document verification, the model automatically reviews shipment details, achieving a 97% auto-review rate at selected customs ports. In customs inspection, the multi-modal AI model analyzes product images and determines clearance eligibility, achieving an 83% human-machine match rate, significantly improving customs clearance efficiency. ③ **Enhancing customer experience:** In the parcel ordering process, customers can complete orders using a single voice command. In return logistics, users can upload a product image to automatically generate a return request, with the large language model extracting order details in just nine seconds. In customer service, AI-powered assistants extract key information from conversations and generate real-time summaries, reducing customer service response time by 30%.

The Company will continue to explore the application of large model technology in logistics services across more industries and scenarios, driving the intelligent transformation and upgrades of the logistics and supply chain industry.

The Application of Unmanned Technologies

The Company has extensively explored and implemented automation and unmanned technology across various logistics scenarios, driving transformation in operational models and enhancing network efficiency.

Unmanned Sorting Centers: Through the transformation of transit model, the Company utilized AGV equipment for short-distance automated handling and sorting operations at the sorting centers. The Company's self-developed Xinghe Dispatch Management Platform has been integrated into over 60 large SF sorting centers, managing nearly a thousand AGVs and completing over 5.2 million automated container transits.

Unmanned Vehicles: The Company deployed over 800 customized unmanned vehicles for short-haul transportation between sorting centers and service outlets, the connection between service outlets and couriers' collection and delivery areas, and pickup

and delivery within enclosed areas such as industrial parks and campuses. This automation of short-haul transportation and collection and delivery has improved efficiency and reduced costs. By building a unified platform for unmanned vehicle integration and simplifying loading and unloading operations, the Company effectively reduced the operational costs for future new scenarios and vehicle types.

Unmanned Warehouses: The Company has developed automated warehousing systems that integrate robotic storage and retrieval solutions, offering customized end-to-end automation for various industries. For example, for the cosmetics industry, where SKU complexity, small item handling, and expiration management are critical, the Company's automated warehouses feature high-density storage solutions that optimize space and labor efficiency. These facilities include shuttle-based warehousing systems for accurate pallet and item-level handling, AGVs, lifting mechanisms, and sorting machines, ensuring seamless inventory control and the ability to process over 100,000 daily outbound orders. The system is already implemented in pharmaceuticals, high-tech, home appliances, and other industries.

The Application of Robot Process Automation Technologies

RPA technology simulates human operations to automate repetitive and rule-based business processes across logistics operations, significantly improving efficiency and optimizing workflows. The Company extensively utilized RPA robots, covering various stages of collection, sorting, transportation, and delivery, to improve operational efficiency and optimize business processes. This technology assisted employees in automatically generating daily, weekly, and monthly reports, reducing the burden of repetitive report preparation. It also helped employees monitor performance metrics such as timeliness and delivery efficiency, providing data for analysis and reporting. Currently, these robots are deployed at the Company's various scenarios such as sorting centers and service outlets. In customer-facing processes, RPA applications expanded self-service capabilities for customers, significantly improving response timeliness. In the delivery process, the Company utilized RPA robots to automatically monitor the status of parcels at different time periods and promptly remind couriers at each stage, enhancing on-time delivery rates and overall customer service quality.

Intelligent Supply Chain Solutions

SF provides comprehensive digital supply chain solutions for top-tier industry clients across high-end manufacturing, cosmetics, auto parts, home appliances, and consumer goods industries. The Company has successfully developed hundreds of industry use cases, empowering over 4,000 customers with smart supply chain management.

Energy industry case: The Company partnered with a well-known petrochemical company to provide an end-to-end data-driven supply chain solution. The energy industry supply chain was characterized by high uncertainty and complex processes. Given the customer's relatively independent business management and absence of data communication, the Company built a digital and visualized logistics management

platform that integrates marketing, warehousing, transportation, and settlement processes. This platform made the entire supply chain transparent, reducing information barriers and management costs. In addition, the energy industry often involves bulk commodity trading, and customers tend to use multimodal transportation. The Company intelligently identified rational delivery outlets, return vehicle routes, and orders with the same delivery direction, while smartly dispatching resources such as vehicles and ships to reduce costs and improve transportation efficiency. In terms of warehousing, the Company accurately analyzed inventory level and outputs logistics demand plans to help the company improve its level of intelligent management.

New energy vehicle industry case: The Company cooperated with a leading new energy vehicle brand to create an integrated after-sale solution for auto parts circulation that includes transportation, warehousing and distribution services, based on its self-developed supply chain system. By structured integration of express, FTL, LTL, and store delivery transportation modes, the Company improved transportation flexibility, and intelligently and dynamically distributed transportation resources based on the weight, volume, and flow direction of the shipments, reducing transportation costs. The Company also provided various efficient system access methods and, in conjunction with the transportation execution monitoring module, allowing customers to transparently control logistics performance quality. In addition, with years of experience in self-operated warehousing services, the Company provided standard warehousing and distribution services for the customer's own online store, ultimately forming a comprehensive supply chain technology solution from warehousing to distribution, which currently serves multiple well-known automobile companies.

Consumer goods industry case: The Company cooperated with a top-tier condiment brand to build an all-channel intelligent order center, achieving intelligent distribution ordering and order processing. When distributors place orders, the system can automatically provide ordering suggestions, improving the accuracy of dealer orders and increasing the sales of brand merchants. The intelligent order center aggregates all-channel inventory information, providing real-time scheduling of available inventory resources for each sales channel, achieving all-channel "one inventory" management. At the same time, it manages the order fulfillment status of each channel, realizing automatic order review, allocation, and shipping, improving order processing efficiency and customer experience. Currently, this solution has been replicated and promoted among multiple customers in the food industry.

Intelligent Logistics Products

For small and medium-sized customers, the Company utilized light-version SaaS products to enhance the value-added services in various aspects of its express delivery and logistics services. The Company has successfully deployed dozens of technology-powered SaaS products, enabling SMEs to streamline supply chain operations, reduce costs, and optimize last-mile delivery performance.

Premium service establishing an unparalleled brand value

In China, SF is a household name and has become a synonym for high-timeliness express delivery service. "Let me SF this to you" has been equivalent with "express delivery to you". The Company has built a strong brand reputation centered around "fast", "reliable" and "premium service", setting the industry benchmark for superior customer experiences. As a result, many corporate customers actively advertise their use of SF as a symbol of premium service and brand trustworthiness. By associating their products with SF's premium services, corporate customers are able to enhance consumer perception of their product quality, foster greater trust and improve sales performance.

SF's commitment to excellence has led to unparalleled brand value. The Company has built a loyal and highly engaged customer base across various industries, becoming the go-to logistics partner for many top-tier customers. This dedication to premium service has earned SF wide recognition from customers, industry peers, and the public alike.

In the ranking released by the State Post Bureau, SF has been ranked first in public satisfaction with express delivery services for 15 consecutive years (2009-2023) and the first three quarters of 2024 as well. The Company ranked 415th in the Fortune Global 500 list for 2024 released by Fortune magazine. It has been on this list for three consecutive years, and it is also the first and only Chinese private express delivery enterprise among the Fortune Global 500.

Financial Review

Revenue

In 2024, the Company adhered to sustainable and healthy development and achieved high-quality business growth. The total revenue of the Group reached RMB284.42 billion, representing an increase of 10.07% as compared to the same period in 2023 (excluding Fengwang business, the total revenue increased by 10.35% year-on-year). The breakdown of the revenue categorized by industry, by operating segment and by geographical region is set out below. For details of the development of each major business, please refer to "Business Development of the Company" in this section.

	Year ended December 31,				Amount change over the previous year
	2024		2023		
	Amount *RMB'000*	Percentage of revenue	Amount *RMB'000*	Percentage of revenue	
Total revenue	**284,420,059**	**100.00%**	**258,409,403**	**100.00%**	**10.07%**
Categorized by industry:					
Logistics and freight forwarding	276,275,771	97.14%	251,127,665	97.18%	10.01%
Other non-logistics business[(1)]	8,144,288	2.86%	7,281,738	2.82%	11.85%
Categorized by operating segment:					
Express and freight delivery segment	**200,162,392**	**70.38%**	**186,890,137**	**72.32%**	**7.10%**
Time-definite express	122,205,976	42.97%	115,456,067	44.68%	5.85%
Economy express	27,251,227	9.58%	25,051,548	9.69%	8.78%
Freight	37,641,125	13.23%	33,078,821	12.80%	13.79%
Cold chain and pharmaceutical logistics	9,812,161	3.45%	10,312,988	3.99%	-4.86%
Others[(2)]	3,251,903	1.14%	2,990,713	1.16%	8.73%
Intra-city on-demand delivery segment	**9,010,521**	**3.17%**	**7,371,250**	**2.85%**	**22.24%**
Intra-city on-demand delivery	8,872,800	3.12%	7,249,500	2.81%	22.39%
Others[(2)]	137,721	0.05%	121,750	0.05%	13.12%
Supply chain and international segment	**74,000,342**	**26.02%**	**62,859,302**	**24.33%**	**17.72%**
Supply chain and international business	70,492,482	24.78%	59,978,741	23.21%	17.53%
Others[(2)]	3,507,860	1.23%	2,880,561	1.11%	21.78%
Undistributed units[(3)]	**1,246,804**	**0.44%**	**1,288,714**	**0.50%**	**-3.25%**
Categorized by region:					
Mainland China	242,796,156	85.37%	223,510,607	86.49%	8.63%
Hong Kong, Macao, and Taiwan, China	9,467,291	3.33%	9,134,850	3.54%	3.64%
Other international	32,156,612	11.31%	25,763,946	9.97%	24.81%

Notes:

(1) "Other non-logistics business" categorized by industry mainly represents the ancillary non-logistics services provided by the Company, including the purchase and sales of goods involved in the process of providing end-to-end supply chain services for customers, leasing services and provision of technical services.

(2) "Others" categorized by operating segment mainly comprise the purchase and sale of goods involved in the process of providing end-to-end supply chain services for customers.

(3) "Undistributed units" mainly comprise leasing services and provision of technical services.

(4) Any discrepancies between totals and sums of the numbers are due to rounding.

Cost of Revenue

The cost of revenue of the Group in 2024 amounted to RMB245.52 billion, representing an increase of 8.75% as compared to the same period in 2023, which was in line with the growth trend of revenue during the Reporting Period. The breakdown of the cost categorized by industry is set out below:

	Year ended December 31,				Amount change over the previous year
	2024		2023		
	Amount *RMB'000*	Percentage of cost revenue	Amount *RMB'000*	Percentage of cost revenue	
Total cost of revenue	**245,524,112**	**100.00%**	**225,775,678**	**100.00%**	**8.75%**
Categorized by industry:					
Logistics and freight forwarding	238,694,175	97.22%	219,622,449	97.27%	8.68%
Labor cost[(1)]	112,117,267	45.66%	102,785,140	45.53%	9.08%
Transportation cost[(1)]	93,294,058	38.00%	82,930,208	36.73%	12.50%
Other operating costs	33,282,850	13.56%	33,907,101	15.02%	-1.84%
Other non-logistics business	6,829,937	2.78%	6,153,229	2.73%	11.00%

Note:

(1) The Company calculated the costs and expenses accurately according to the nature of resources in accordance with relevant provisions of the accounting standards. For details, please refer to note 8 to the consolidated financial statements. As outsourced resources were used in some parts of the logistics network operation of the Company, in order to effectively analyze the composition of the operating costs, the Company mainly divided its outsourcing costs into labor outsourcing cost and transportation outsourcing cost, which were aggregated with the employee benefit expenses and transportation expenses as labor cost and transportation cost, respectively.

Among which, the cost of revenue of logistics and freight forwarding business was RMB238.69 billion, representing an increase of 8.68% compared to the same period in 2023. It was mainly affected by changes in the following three major cost items:

The labor cost was RMB112.12 billion, representing an increase of 9.08% compared to the same period in 2023, mainly because the Company has always attached great importance to the salary competitiveness of couriers and other frontline employees, and introduced comprehensive incentive mechanism to encourage the couriers to actively engaging in business development. The growth in business volume further increased the remuneration of employees.

The transportation cost was RMB93.29 billion, representing an increase of 12.50% compared to the same period in 2023, mainly due to the rapid growth of the Company's international cargo and freight forwarding business, as well as the expansion of express logistics business in China, which led to more investment in transportation resources.

The other operating costs was RMB33.28 billion, representing a decrease of 1.84% compared to the same period in 2023. Other operating costs mainly include depreciation and amortization expenses, depreciation charge of right-of-use assets, venue usage expenses, and taxes and surcharges. The Company further developed the centralized construction of sorting centers and continued to invest in automated sorting and smart warehousing equipment to fully utilize the benefits of venues and improve operating efficiency, resulting in the slight decrease in other operating costs as compared to the previous year.

Gross Profit and Gross Profit Margin

The overall gross profit of the Group in 2024 amounted RMB38.90 billion, representing an increase of 19.19% as compared to the same period in 2023. The breakdown of the gross profit categorized by industry is set out below:

	Year ended December 31,					
	2024		2023		Year-on-year change	
	Amount *RMB'000*	Gross profit margin	Amount *RMB'000*	Gross profit margin	Change in amount	Change in gross profit margin
Total gross profit	**38,895,947**	**13.68%**	**32,633,725**	**12.63%**	**19.19%**	**Up by 1.05 percentage points**
Categorized by industry:						
Logistics and freight forwarding	37,581,596	13.60%	31,505,216	12.55%	19.29%	Up by 1.05 percentage points
Other non-logistics business	1,314,351	16.14%	1,128,509	15.50%	16.47%	Up by 0.64 percentage point

Among which, in 2024, the gross profit of logistics and freight forwarding business was RMB37.58 billion, representing an increase of 19.29% as compared to the same period in 2023, and the gross profit margin was 13.60%, representing an increase of 1.05 percentage points as compared to the same period in 2023, reflecting the continuous improvement in profitability. The change in gross profit margin was mainly affected by changes in the percentage of the following three major cost items to revenue:

	Year ended December 31,		
	2024	2023	Year-on-year change
Percentage of labor cost to revenue	40.58%	40.93%	Decreased by 0.35 percentage point
Percentage of transportation cost to revenue	33.77%	33.02%	Up by 0.75 percentage point
Percentage of other operating costs to revenue	12.05%	13.50%	Decreased by 1.45 percentage points

Labor cost-to-revenue ratio decreased by 0.35 percentage point from the same period in 2023, and increased by 0.77 percentage point from the same period in 2023 if KLN1 being excluded. While enhancing the competitiveness of employees' salaries, the Company also improved its operational efficiency and managed to control the rise in labor costs by reforming its operating model and investing in automated and unmanned equipment.

Transportation cost-to-revenue ratio increased by 0.75 percentage point from the same period in 2023, and decreased by 0.78 percentage point from the same period in 2023 if KLN1 being excluded. This was mainly because the Company continued to streamline its network structure, promote consolidated deliveries and streamline routes and reduce transit process, as well as effective control over transportation capacity procurement, which contributed to the continuous optimization of the transportation cost.

Other operating costs-to-revenue ratio decreased by 1.45 percentage points from the same period in 2023, and decreased by 1.15 percentage points from the same period in 2023 if KLN1 being excluded. This was mainly because the Company adhered to lean operations, strengthened the management of resources, effectively controlled the increase in capital expenditure, maintained a healthy ratio of capital expenditure to revenue, thus ultimately achieving better economies of scale along with the growth in parcel volume.

Note 1: There are significant differences between the cost structure of KLN (in which transportation costs of international freight forwarding business account for a large proportion) and that of the Company's express & other logistics business. In order to provide a clearer picture of the changes in the breakdown of the Company's costs, cost analysis above also presents data excluding KLN business.

Selling and marketing expenses

The selling and marketing expenses of the Group in 2024 amounted to RMB3.10 billion, representing a year-on-year increase of 3.50% compared with RMB2.99 billion in 2023, and the selling and marketing expenses ratio was 1.09% in 2024, representing a year-on-year decrease of 0.07 percentage point compared with 1.16% in 2023. This was mainly because the Company's continuous effort to lean operations, resulting in the selling and marketing expenses remained stable.

General and administrative expenses

The general and administrative expenses of the Group in 2024 amounted to RMB18.73 billion, representing a year-on-year increase of 5.44% compared with RMB17.77 billion in 2023, and the general and administrative expenses ratio was 6.59% in 2024, representing a year-on-year decrease of 0.29 percentage point compared with 6.88% in 2023. This was mainly due to the Company's adherence to lean operations, technology empowerment to digitalized and intelligent management, streamlined organizational structure and improved management efficiency.

Research and development expenses

The research and development expenses of the Group in 2024 amounted to RMB2.53 billion, representing a year-on-year increase of 10.86% compared with RMB2.29 billion in 2023, and the research and development expenses ratio was 0.89% in 2024, representing a year-on-year increase of 0.01 percentage point compared with 0.88% in 2023. The overall investment in research and development of the Company remained stable, as detailed in the section "Investment in research and development" under "Investments".

Other income

Other income of the Group in 2024 amounted to RMB0.99 billion, representing a year-on-year decrease of RMB1.29 billion compared with RMB2.28 billion in 2023, which was mainly because the preferential tax policy on VAT (according to the Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration) has expired in December 2023, and the amount of government grants decreased accordingly.

Finance costs, net

The finance costs, net of the Group in 2024 amounted to RMB1.76 billion, representing a year-on-year increase of 7.29% compared with RMB1.64 billion in 2023, mainly due to an increase in interest expenses on borrowings.

Income tax expense

The income tax expense of the Group in 2024 amounted to RMB3.39 billion, representing an increase of 31.59% as compared with the corresponding period in 2023, which was mainly due to the increase in the profit for the year of the Company, and the effective income tax rate remained stable.

Profit

The Group achieved profit of RMB10.22 billion in 2024, representing an increase of 29.16% as compared to the same period in 2023. Of which, profit attributable to owners of the Company amounted to RMB10.17 billion, representing an increase of 23.51% as compared to the same period in 2023, and profit margin attributable to owners of the Company was 3.58%, representing an increase of 0.39 percentage point as compared to the same period in 2023, which was mainly attributable to the Company's continuous improvement on the economies of scale and the pursuit of lean management to constantly lower various expense ratios, thereby enhancing the Company's efficiency.

	Year ended December 31,		
	2024	2023	Change over the previous year
Profit for the year *(RMB'000)*	10,218,845	7,911,609	29.16%
Profit margin for the year	3.59%	3.06%	Up by 0.53 percentage point
Profit attributable to owners of the Company *(RMB'000)*	10,170,427	8,234,493	23.51%
Profit margin attributable to owners of the Company	3.58%	3.19%	Up by 0.39 percentage point

The net profit or loss for each of the Company's operating segments is set forth below:

	Year ended December 31,		
	2024 *RMB'000*	2023 *RMB'000*	Change over the previous year
Express and freight delivery segment	10,981,266	8,452,862	29.91%
Intra-city on-demand delivery segment	132,460	50,595	161.80%
Supply chain and international segment	-1,324,413	-534,501	-147.78%
Undistributed units	395,920	-86,037	560.17%

Net profit of the express and freight delivery segment for 2024 amounted to approximately RMB10.98 billion, representing an increase of 29.91% as compared to the same period in 2023, mainly driven by (1) a steadfast commitment to sustainable and healthy development, focusing on high-quality business growth; (2) continuous efforts to strengthen network integration, optimize lean resource management, and streamline operations to achieve structural cost reductions; and (3) fully leveraging the network's economies of scale to enhance profitability.

Net profit of the intra-city on-demand delivery segment for 2024 amounted to approximately RMB0.13 billion, representing an increase of 161.80% as compared to the same period in 2023 and recording a doubled increase in net profit, mainly attributable to (1) accelerated growth in the revenue scale and order volume, and sustained expansion of the network's economies of scale; (2) optimization of business structure and continued increase in revenue contribution of high-quality customers; and (3) the improvement in operation quality and efficiency driven by technological empowerment and lean management, promoting the continuous enhancement of gross profit margins and expense ratios.

Net loss of the supply chain and international segment for 2024 amounted to approximately RMB1.32 billion, primarily due to increased short-term losses resulting from business adjustments following the organizational restructuring of the Group's subsidiary, KEX.

Net profit of the undistributed units for 2024 amounted to approximately RMB0.40 billion, mainly including segments of non-principal logistics and freight forwarding, such as industrial parks, investment and other functional segments.

Non-IFRS Measures

To supplement the consolidated financial statements which are presented by the Company in accordance with IFRS, the Company also uses certain additional non-IFRS measures, namely, EBITDA and EBITDA margin, as additional financial metrics. These non-IFRS measures are not required by or presented in accordance with IFRS.

The Company believes that these non-IFRS measures facilitate evaluation of its operating performance by eliminating potential impacts of certain items listed below. The Company also believes that such non-IFRS measures present useful information to investors in understanding and evaluating its consolidated results of operations in the same manner as they presented to its management. However, its 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 on an isolated basis, or as substitute for analysis of, the results of operations or financial condition of the Company as reported under IFRS.

The following table reconciles profit for the year of the Company, calculated and presented in accordance with IFRS, to EBITDA (non-IFRS measure) for the years indicated:

	Year ended December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Profit for the year	**10,218,845**	**7,911,609**
Add:		
Depreciation and amortization	17,332,257	17,319,107
– Depreciation of right-of-use assets	6,798,783	7,213,063
– Depreciation and amortization (excluding right-of-use assets)	10,533,474	10,106,044
Finance costs, net	1,755,606	1,636,327
Income tax expense	3,388,416	2,574,896
EBITDA	**32,695,124**	**29,441,939**
EBITDA margin	**11.50%**	**11.39%**

Cash Flow

	Year ended December 31,		
	2024	2023	Change over the previous year
	RMB'000	*RMB'000*	
Net cash generated from operating activities	32,186,373	26,569,819	21.14%
Net cash used in investing activities	-12,054,744	-13,505,617	10.74%
Net cash used in financing activities	-27,979,113	-12,994,685	-115.31%
Net decrease/increase in cash and cash equivalents	-7,847,484	69,517	-11,388.58%
Exchange gains on cash and cash equivalents	45,231	98,844	-54.24%
Cash and cash equivalents at the beginning of the year	40,448,308	40,279,947	0.42%
Cash and cash equivalents at the end of the year	32,646,055	40,448,308	-19.29%

Net cash generated from operating activities: In 2024, net cash generated from operating activities of the Group was RMB32.19 billion, representing an increase of 21.14% as compared to the same period in 2023, mainly due to the combined effect of the Group's profit growth and optimized operating cash flow management. Please refer to note 34(a) to the consolidated financial statements for a detailed explanation of the difference between the Group's net cash generated from operating activities and net profit in 2024.

Net cash used in investing activities: In 2024, net cash used in investing activities of the Group was RMB12.05 billion, representing a decrease of 10.74% as compared to the same period in 2023, mainly attributable to the combined effect of the decrease in the Group's net cash outflow from purchasing property, plant and equipment, the decrease in net cash outflow from acquiring subsidiaries and other investments, and the increase in net cash outflow from purchasing structured deposits.

Net cash used in financing activities: In 2024, net cash used in financing activities of the Group was RMB27.98 billion, representing an increase of 115.31% as compared to the same period in 2023, mainly attributable to the combined effect of the increase in net cash outflow from borrowings, the increase in net cash outflow from dividend distribution, and net cash inflow from the proceeds from the Listing on the Hong Kong Stock Exchange.

Assets and Liabilities

Changes in major items of assets and liabilities

	As of December 31,					
	2024		2023		Amount change over the previous year	Year-on-year changes in the percentage of total assets
	Amount *RMB'000*	Percentage of total assets	Amount *RMB'000*	Percentage of total assets		
Non-current assets						
Property, plant and equipment	59,174,305	27.67%	60,104,416	27.14%	-1.55%	0.53%
Right-of-use assets	19,625,629	9.18%	20,890,047	9.43%	-6.05%	-0.25%
Investment properties	7,241,199	3.39%	6,418,720	2.90%	12.81%	0.49%
Investments in associates and joint ventures	6,203,642	2.90%	7,378,831	3.33%	-15.93%	-0.43%
Current assets						
Inventories	2,432,383	1.14%	2,440,425	1.10%	-0.33%	0.04%
Contract assets	2,740,820	1.28%	1,632,592	0.74%	67.88%	0.54%
Trade and note receivables	27,981,633	13.09%	25,360,433	11.45%	10.34%	1.64%
Financial assets at fair value through profit or loss	11,246,156	5.26%	6,809,742	3.07%	65.15%	2.19%
Cash and cash equivalents	32,646,055	15.27%	40,448,308	18.26%	-19.29%	-2.99%
Non-current liabilities						
Borrowings	26,319,260	12.31%	30,396,912	13.72%	-13.41%	-1.41%
Lease liabilities	7,094,483	3.32%	8,038,495	3.63%	-11.74%	-0.31%
Current liabilities						
Trade and note payables	27,395,524	12.81%	24,914,300	11.25%	9.96%	1.56%
Contract liabilities	2,039,198	0.95%	1,832,018	0.83%	11.31%	0.12%
Borrowings	18,365,122	8.59%	22,309,103	10.07%	-17.68%	-1.48%
Lease liabilities	5,501,314	2.57%	5,769,965	2.61%	-4.66%	-0.04%
Equity						
Treasury shares	758,081	0.35%	2,575,532	1.16%	-70.57%	-0.81%

Contract assets: As of December 31, 2024, the Group's contract assets amounted to RMB2.74 billion, representing an increase of 67.88% as compared with the end of 2023, mainly due to the business growth of the Group.

Financial assets at fair value through profit or loss: As of December 31, 2024, the Group's financial assets at fair value through profit or loss amounted to RMB11.25 billion, representing an increase of 65.15% as compared with the end of 2023, mainly due to the increase in structured deposits.

Borrowings: As of December 31, 2024, the Group's borrowings under non-current liabilities amounted to RMB26.32 billion, representing a decrease of 13.41% as compared with the end of 2023; the borrowings under current liabilities amounted to RMB18.37 billion, representing a decrease of 17.68% as compared with the end of 2023, mainly due to the repayment of borrowings.

Treasury shares: As of December 31, 2024, the treasury shares of the Group amounted to RMB758 million, representing a decrease of 70.57% as compared with the end of 2023, mainly due to the cancellation of the Company's repurchased shares.

Liquidity and Capital Structure

Sources and uses of funds

In 2024, the Group primarily raised funds required for its development through cash generated from operating activities, issuance of shares and bonds, proceeds from external debts and other financing activities. The Group's cash requirements are mainly used for daily operations, repayment of maturing liabilities, capital expenditures, payment of interest and dividends, and other unexpected cash needs. The Group has always adopted a prudent financial management policy, maintaining sufficient and appropriate funds to meet the repayment of matured debts, capital expenditures and normal operations.

As of December 31, 2024, the total amount of cash and cash equivalents and wealth management products in the Group's other financial assets was RMB43.66 billion. For details of the Group's cash flow data during the Reporting Period, please refer to "Cash Flow" in "Financial Review" in this section and note 34 to the consolidated financial statements in the Report.

	As of December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Cash and cash equivalents	32,646,055	40,448,308
Financial assets at fair value through profit or loss		
– Structured deposits	11,015,904	6,542,881
Total	**43,661,959**	**46,991,189**

The free cash inflow of the Group in 2024 was RMB22.30 billion, which was derived from net cash generated from operating activities of RMB32.19 billion less capital expenditures (excluding equity investments) of RMB9.89 billion, representing a year-on-year increase of 70.14% as compared with the free cash inflow in 2023 of RMB13.11 billion. Looking forward, the Group believes that it will be able to meet the liquidity requirements of the Company by using the existing cash and cash equivalents, cash generated from operating activities and financing activities.

As of December 31, 2024, the Group's debt to asset ratio was 52.14%, representing a decrease of 1.23 percentage points from 53.37% at the end of 2023, and the overall capital structure remained stable. (Note: Debt to asset ratio is calculated by total liabilities dividing total assets on the corresponding date)

Borrowings

As of December 31, 2024, the Group's short-term borrowings, long-term borrowings, corporate bonds, short-term bonds and loans from non-controlling interests amounted to RMB44.68 billion in aggregate, which were mainly denominated in RMB, HKD and USD with no significant seasonal demand. Among which, the aggregate amount of non-current corporate bonds with fixed interest rates amounted to approximately RMB19.94 billion, and the rest were carried at floating interest rates. Most of the bank borrowings are unsecured, and the assets involved in some of the secured borrowings are set out in "Limitation of asset rights" under "Assets and Liabilities" in "Financial Review" in this section. The Group did not have any borrowings that were past due during the Reporting Period. Please refer to note 26 to the consolidated financial statements in the Report for details of the bank borrowings and other borrowings of the Group. The details are as follows:

	As of December 31,	
	2024	**2023**
	RMB'000	*RMB'000*
Non-current:	**26,319,260**	**30,396,912**
Long-term bank borrowings	6,186,386	11,355,241
Corporate bonds	19,941,935	18,794,782
Loans from non-controlling interests	190,939	246,889
Current:	**18,365,122**	**22,309,103**
Current portion of long-term bank borrowings	1,677,715	2,813,385
Short-term bank borrowings	15,118,534	18,765,366
Short-term debentures	807,787	–
Corporate bonds	627,779	615,295
Loans from non-controlling interests	133,307	115,057
Total	**44,684,382**	**52,706,015**

Limitation of asset rights

As of December 31, 2024, the Group's assets subject to restricted rights are mainly statutory reserve placed at the Central Bank and the bank borrowing mortgage, as set out below:

	Closing book value *RMB'000*	**Reasons for limitation**
Restricted cash	1,354,303	Mainly statutory reserves in the Central Bank
Property, plant and equipment	490,886	Bank borrowing mortgage
Right-of-use assets	203,922	Bank borrowing mortgage
Investment properties	111,847	Bank borrowing mortgage
Total	**2,160,958**	

External guarantees

As of December 31, 2024, the Group provided guarantees of RMB951 million to investee companies (such amount was RMB946 million as of December 31, 2023).

Contingent liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities.

Investments

Capital expenditures

	Year ended December 31,		
	2024 *RMB'000*	**2023** *RMB'000*	**Year-on-year change**
Total investment amount	**10,714,792**	**17,524,710**	**-38.86%**

The amounts of the Group's capital expenditure items during the Reporting Period are set out below:

	Year ended December 31, 2024 *RMB'000*
Office and buildings	463,150
Land	262,306
Warehouse	1,024,636
Sorting center	3,489,292
Aircraft	2,411,185
Vehicle	801,230
Information technology equipment	455,857
Equity investments	826,633
Others	980,503
Total	**10,714,792**

The Company adhered to lean resource planning and better control over its investment efficiency, which led to a year-on-year decrease in the amounts of capital expenditure in 2024. In 2024, investments in fixed assets (i.e. investments other than equity investments) amounted to RMB9.89 billion in aggregate, representing a decrease of 26.56% compared to the same period in 2023, and accounted for 3.48% of the revenue, representing a decrease of 1.73 percentage points compared to the same period in 2023.

Capital commitments

The Group's capital commitments represent capital commitments contracted but not yet provided for that arise from established contractual relationships, the amounts of which are set out below:

	As of December 31, 2024 *RMB'000*	2023 *RMB'000*
Contracted, but not provided for purchases of property, plant and equipment	1,515,674	1,858,672
Investment to be paid	121,043	131,895
Others	–	944
Total	**1,636,717**	**1,991,511**

Investments in financial assets

Assets and liabilities measured at fair value

Item	Opening balance *RMB'000*	Gains and losses from changes in fair value in the Reporting Period *RMB'000*	Accumulated fair value changes included in equity *RMB'000*	Provision for impairment in the Reporting Period *RMB'000*	Amount of purchase in the Reporting Period *RMB'000*	Decreased amount in the Reporting Period *RMB'000*	Other changes[(2)] *RMB'000*	Closing balance *RMB'000*
Financial assets	**16,889,273**	**-82,984**	**-1,553,885**	**–**	**4,121,474**	**-265,393**	**847,081**	**19,955,566**
Current financial assets at fair value through profit or loss (excluding derivative financial assets)[(1)]	6,809,742	16,492	–	–	4,050,575	-194,624	563,971	11,246,156
Other non-current financial assets at fair value through profit or loss	589,996	-99,476	–	–	21,114	-42,595	8,377	477,416
Investments in other equity instruments	9,489,535	–	-1,553,885	–	49,785	-28,174	274,733	8,231,994
Financial liabilities	**92,120**	**6,927**	**3,185**	**–**	**–**	**–**	**3,232**	**105,464**

Notes:

(1) This item includes structured deposits that do not meet the principal-plus-interest contractual cash flow characteristics. These structured deposits, characterized by short maturities and high liquidity, are presented on a net basis for the current period's purchase and sale amounts. Except for structured deposits, all other items are presented separately with their respective purchase and sale amounts for the current period.

(2) Other changes in current financial assets at fair value through profit or loss are mainly income realized from matured structured deposits, and other changes in investments in other equity instruments are mainly due to exchange differences on translation of foreign currency financial statements.

Investments in securities

Security type	Stock code	Abbreviation of security	Initial investment cost *RMB'000*	Book value at the beginning of the Reporting Period *RMB'000*	Gains and losses from changes in fair value during the Reporting Period *RMB'000*	Accumulated fair value changes included in equity *RMB'000*	Purchase amount during the Reporting Period *RMB'000*	Decreased amount during the Reporting Period *RMB'000*	Other changes *RMB'000*	Book value at the end of the Reporting Period *RMB'000*
Stocks	1519.HK	J&T Express	1,892,944	2,345,581	–	-1,454,140	–	–	47,690	939,131
Stocks	300771.SZ	Zhilai Sci And Tech	13,670	72,394	–	-720	–	-26,872	1	44,803
Stocks	GB00BLH1QT30	Samarkand	28,847	867	–	-136	–	–	22	753
Funds	180302.SZ	China AMC-Shenzhen International REIT	49,750	–	–	-1,219	49,750	–	–	48,531
Total			**1,985,211**	**2,418,842**	**–**	**-1,456,215**	**49,750**	**-26,872**	**47,713**	**1,033,218**

Investments in derivatives

The amounts of the Group's derivatives investments for hedging purpose during the Reporting Period are set out below:

Type of derivatives investment	Initial Investment amount *RMB'000*	Amount at the beginning of the period *RMB'000*	Gains and losses from changes in fair value during the Reporting Period *RMB'000*	Accumulated fair value changes included in equity *RMB'000*	Amount of purchase during the Reporting Period *RMB'000*	Amount of sales during the Reporting Period *RMB'000*	Amount at the end of the Reporting Period *RMB'000*	Percentage of investment amount at the end of the period to net assets of the Company at the end of the Reporting Period
Forward foreign exchange	5,839,480	–	8,991	8,644	N/A	N/A	5,839,480	6.35%
Total	**5,839,480**	**–**	**8,991**	**8,644**	**N/A**	**N/A**	**5,839,480**	**6.35%**

During the Reporting Period, there were no significant changes in the accounting policies and accounting principles of hedging of the Company compared with the previous reporting period.

Actual gains/losses during the Reporting Period: The actual gains/losses of derivatives investments refers to the change in fair value of derivative financial instruments, and the actual losses for the Reporting Period amounted to approximately RMB3.19 million.

Hedging effects: The Company's derivative investment business mainly consists of forward contracts purchased in this year, with the underlying asset being the exchange rate and the currency involving USD and HKD. The main elements are: operation of forward forex hedging for the Company's US dollar bonds, which generates exchange losses on the US dollar bonds and gains on changes in the fair value of the forward exchange contracts when the USD strengthens against the HKD. By utilizing the derivative transactions to lock in costs, the impact of exchange rate fluctuations on the Company's profit was effectively reduced.

Source of fund for the Company's derivatives investment is mainly self-owned funds.

Risk analysis and control measures for derivatives positions during the Reporting Period:

(I) Risk analysis

The foreign exchange hedging business is carried out by the Company based on the principles of legality, prudence, safety and effectiveness, and not for speculative purposes. All foreign exchange hedging transactions are derived from actual foreign currency business, but certain risks may exist in foreign exchange hedging transactions.

1. Market risk: The foreign exchange hedging business carried out by the Company and its holding subsidiaries mainly involves daily international express, international cargo and freight forwarding business and investment and financing activities denominated in foreign currencies related to the main business. The associated market risk refers to losses which may arise from changes in price of foreign exchange hedging products due to fluctuations in market prices of underlying exchange rates and interest rates.

2. Liquidity risk: Since all foreign exchange hedging business is conducted through financial institutions, we are subject to the risk of having to pay fees to banks caused by insufficient liquidity in the market.

3. Non-performance risk: The Company and its holding subsidiaries conduct foreign exchange hedging business mainly based on cash flow rolling forecasts for risk management. We are subject to the risk that the actual cash flow deviates from forecast, resulting in failure to fulfil obligations under relevant hedging contracts when due.

4. Operational risks: In the course of business, if the corresponding personnel fails to report and seek approval in accordance with the prescribed procedures, or fails to make records on foreign exchange hedging business accurately, timely and completely, losses may be incurred. At the same time, if the person concerned fails to fully understand the terms of the transaction contract and product information, we are exposed to related operational risks and transaction losses as a result.

(II) Risk control measures

1. Clarify the criteria of initiating transaction of foreign exchange hedging product: All foreign exchange hedging businesses are derived from actual foreign currency business for the purpose of averting and preventing exchange rate and interest rate risk. No foreign exchange derivatives trading shall be carried out for speculative purposes.

2. Selection of products: Hedging products with simple structure, strong liquidity and manageable risk are selected to carry out foreign exchange hedging business.

3. Counterparty selection: The counterparties of the Company's foreign exchange hedging business are large state-owned commercial banks and international banks with sound operation, good credit, long history of cooperation with the Company and good credit standing.

4. Determination of fair value of foreign exchange hedging products: The foreign exchange hedging products operated by the Company are mainly for the management of foreign exchange transactions in the predictable future period, with high market transparency and active trading; the transaction price and settlement unit price of which can fully reflect their fair value. The Company determines the fair value of the hedging products in accordance with the transaction data provided by or obtained from the public domain including banks and Reuters.

5. Equipped with professional staff: The Company has maintained a team of professionals with expertise in financial derivatives, responsible for the Company's exchange rate risk management, market analysis, product research and the Company's overall management policy recommendations, etc.

6. Establishing a comprehensive risk alarm and reporting mechanism: The Company sets risk limits for foreign exchange hedging business where transactions have been made, timely evaluates changes in risk exposure and derived gains and losses, and provides regular risk analysis report to the management and the Board of Directors. Appropriate risk assessment models or monitoring systems are used to continuously monitor and report various

risks. More frequent reports are made when the market fluctuates drastically or when risks are higher. A response plan will be made promptly.

7. Separation of duties and personnel between the front end and back end is strictly implemented. Dealers cannot concurrently hold the position as accounting personnel and vice versa.

Investment in research and development

The Group's total research and development investment (including research and development expenses and development expenditures) in 2024 amounted to RMB3.09 billion, representing a decrease of 8.02% as compared with the corresponding period in 2023, and its proportion to revenue was 1.09%, representing a decrease of 0.21 percentage point as compared with that of the corresponding period in 2023. The Company's research and development investment mainly focused on digitalized and intelligent upgrading of logistic networks internally and promoting the implementation of intelligent supply chain technology externally, empowering the digitalized and intelligent improvement in customers' supply chains through technology, and ultimately achieving lowering costs, generating revenue, and enhancing operating profits for the Company. For details, please refer to "Industry-leading Logistics Technology and Application Facilitating Intelligent Supply Chain" of "Core Competitiveness" of this section.

	Year ended December 31,		
	2024	**2023**	**Change over the previous year**
Research and development investment amount *(RMB'000)*	3,093,713	3,363,294	-8.02%
Research and development investment as a percentage of revenue	1.09%	1.30%	Decreased by 0.21 percentage point
Amount of capitalized research and development investment *(RMB'000)*	560,106	1,077,980	-48.04%
Capitalized research and development investment as a percentage of research and development investment	18.10%	32.05%	Decreased by 13.95 percentage points

Use of Proceeds

The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on November 27, 2024. A total of 170,000,000 ordinary Shares with a par value of RMB1 per Share were successfully placed and issued at a price of HKD34.3 per share in the global offering, with an aggregate par value of RMB170,000,000. After deducting the underwriting commissions and other estimated expenses related to the global offering, the net proceeds from the share issuance in the global offering for the Company were approximately HKD5,662 million, equivalent to approximately RMB5,299 million at the exchange rate of HKD1.00 to RMB0.9358.

For the year ended December 31, 2024, the proceeds from the global offering were utilized in accordance with the planned uses and proportions as stated in the prospectus. The details are as follows:

	Planned use of proceeds		**As of December 31, 2024**		**Expected timeline for the utilization of the unutilized amount**
	Percentage	**Amount** *RMB'000*	**Utilized amount** *RMB'000*	**Unutilized amount** *RMB'000*	
Strengthening international and cross-border logistics capabilities	45%	2,384,395	–	2,384,395	On or before the end of 2026
Strengthening and optimizing logistics network and service offerings in China	35%	1,854,529	324,410	1,530,119	On or before the end of 2026
Research and development of advanced technologies and digital solutions to upgrade supply chain and logistics services and implement ESG-related initiatives	10%	529,866	1,572	528,294	On or before the end of 2026
Working capital and general corporate purposes	10%	529,866	529,866	–	On or before the end of 2026
Total	**100%**	**5,298,656**	**855,848**	**4,442,808**	

Significant Investments, Acquisitions and Disposals

The Group did not make any significant investments, acquisitions and disposals of equity interests in subsidiaries or investee companies, or any significant investments and disposals of non-equity assets for the year ended December 31, 2024.

Future Plans for Significant Investments and Capital Assets

As of December 31, 2024, the Group did not have any significant investment and capital asset plans.

ESG

SF is committed to integrating corporate value with social value, ensuring a balance between business growth and social responsibility. As a company with a strong sense of social responsibilities, SF adheres to a sustainable and healthy development strategy, continuously advancing smart, efficient, and eco-friendly supply chains to enhance the efficiency and cost-effectiveness of logistics. At the same time, the Company actively supports customer empowerment, environmental protection, employee well-being, and philanthropic initiatives, fulfilling its corporate social responsibilities and demonstrating a strong commitment to social responsibility and leadership.

In response to natural disasters in Hainan in 2024, SF quickly mobilized resources, launching emergency cargo flights to the affected areas. Leveraging its extensive logistics network and rapid-response capabilities, the Company swiftly delivered relief supplies to disaster-stricken regions, providing essential life-supporting assistance to affected communities.

For environment protection, the Company incorporated climate change responses into its business management practices. The Company achieved low-carbon management covering the entire logistics chain through measures including the promotion of low-carbon transportation, construction of green industrial parks, development of sustainable packaging, and application of green technologies. As of the end of the Reporting Period, the Company has utilized over 40,000 new energy vehicles for transportation, covering 253 cities; completed construction of roof photovoltaic power stations in 24 industrial parks, with an annual renewable energy generation exceeding 70 million kWh and a clean energy utilization exceeding 42 million kWh; reduced the use of raw paper by approximately 42 thousand tons and plastic by approximately 155 thousand tons through the implementation of green and minimum packaging; innovatively developed recyclable packaging containers to provide customer with recyclable packaging solutions, and deployed total of 19.18 million recyclable packaging containers with an aggregate reuse exceeding 1 billion times and reducing the greenhouse gas emissions exceeding 472 thousand tons.

SF also continues to refine carbon data standardization and precision management. The company has independently developed the Fenghe Sustainability Platform, an end-to-end logistics carbon footprint management system, which has obtained ISO 14064

certification and, in 2024, received the ISO 14083 global logistics carbon accounting standard certification. As the first digital carbon management platform in the industry to achieve shipment-level carbon footprint tracking, the platform enables precise calculation of greenhouse gas emissions and reductions across the entire logistics process — including collection, transfer, transportation, and delivery. This transparency in data not only helps clients reduce compliance costs and climate risks but also significantly enhances green, low-carbon supply chain operations. As of the end of the Reporting Period, over 60 globally renowned clients have utilized the Fenghe Sustainability Platform for carbon emission monitoring.

The Company's ESG practices achieved constant recognition by the industry. The Company's MSCI ESG rating is BBB, being the first in China's express delivery logistics industry, and is rated as low risk by the Sustainalytics ESG rating, which is the best rating in the global express delivery logistics industry. The Company has been honorably selected into the list of ESG influence in China issued by Fortune for three consecutive years (2022-2024), making it the only selected express delivery logistics company in China.

Looking ahead, the Company will continuously adhere to long-termism as well as the sustainable and healthy development, contribute to the establishment of a green and low-carbon supply chain ecosystem, improve employee benefits and care, fulfil its social responsibilities, and is committed to becoming the benchmark enterprise that consistently generates outstanding social value and delivers enduring impulses for the sustainable development around the world.

For details of the environmental, social and corporate governance content, please refer to the 2024 SF Holding Sustainability Report published by the Company on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on March 28, 2025.

Prospects for Future Development

Industry Trends

The global economic landscape remains complex and volatile, yet China's economy is expected to maintain high-quality and steady growth. According to the latest forecast by the International Monetary Fund (IMF), the global economic growth is forecasted at 3.2% in 2025, a slight downward adjustment from earlier estimates. While advanced economies are expected to lag behind the global average, China and several emerging economies in Asia will continue to exhibit strong development momentum. As a pivotal driver of global economic growth, China's GDP target for 2025 is projected to grow around 5%, demonstrating its economic resilience. In response to the challenging global landscape, China's fiscal policies are expected to be more proactive, focusing on expanding domestic demand, unlocking market potential, advancing technological innovation, strengthening self-sufficiency, and upgrading industries. Additionally, the government will advance high-level opening-up policies to deepen international economic cooperation and trade. Entering a new phase of high-quality development, China will continue to serve as the world's foremost engine of economic growth.

China's Structural Growth Opportunities in Logistics: The stimulation of domestic demand and industrial upgrades in China will create structural growth opportunities in the logistics sector. In 2025, the government is expected to broaden and intensify subsidy policies, covering more industries and product categories while raising subsidy ratios. These measures will effectively stimulate consumer demand, drive industrial development, and consequently accelerate growth in e-commerce logistics, urban delivery, large-item logistics, and reverse logistics. According to projections from the State Post Bureau, China's express delivery industry is expected to handle 190 billion parcels in 2025, with express delivery revenue surpassing RMB1.5 trillion, representing an annual growth rate of approximately 8%. Meanwhile, policy support and logistics infrastructure improvements are fueling the expansion of rural e-commerce, leading to increased demand for cold chain logistics, warehousing, and distribution services as agricultural products are shipped to urban markets. Additionally, the inflow of industrial goods into rural areas is driving rapid growth in last-mile logistics for lower-tier markets. As China's industrial landscape upgrades, high-end manufacturing sectors such as electronic information, biopharmaceuticals, and new energy will experience a surge in logistics demand, particularly for high-precision and time-sensitive services. The shift towards personalized and customized production models will also require logistics providers to offer more flexible and tailored solutions to meet the diverse needs of different industries.

Acceleration of International Expansion for Chinese Logistics Enterprises: Chinese companies are rapidly expanding their international presence, moving beyond traditional markets in Europe and North America and actively exploring Southeast Asia, Africa, and Latin America to unlock new growth opportunities. Many manufacturers are relocating production facilities to lower-cost countries, while brands are establishing overseas sales channels to tap emerging consumer markets. At the same time, the rise of cross-border e-commerce is propelling Chinese products onto the global stage, with leading e-commerce platforms and numerous SMEs leveraging cross-border e-commerce channels to penetrate international markets. In the face of volatile international trade policies and rising tariff barriers, global supply chain restructuring will accelerate. The ongoing wave of Chinese companies expanding abroad is driving increased demand for cross-border logistics and supply chain services, requiring logistics enterprises to provide international transportation, warehousing, customs clearance, and integrated supply chain solutions. To support global expansion, Chinese logistics companies are accelerating the development of global logistics networks, establishing overseas warehouses and distribution centers, integrating multiple transportation modes (including sea, air, and rail), and enhancing customs clearance capabilities. These efforts are crucial in enhancing service quality and securing a competitive position in the international market.

Technological Advancements Driving Logistics Efficiency: The rapid advancement of smart technologies is set to revolutionize the logistics industry, ushering in a new era of automation and intelligence. As technological development accelerates and deployment costs decrease, the industry will shift from labor-intensive operations to technology-driven efficiencies. Logistics infrastructure will undergo a complete transformation, with fully automated warehouses, autonomous driving, unmanned sorting centers, and robotic last-mile delivery solutions becoming increasingly widespread. The traditional logistics platform is evolving from a standalone operational

hub into a real-time digital command center, powered by advanced algorithms that offer full visibility and control across the entire supply chain. With the integration of big data, machine learning, and AI-driven decision-making, logistics service providers can achieve accurate volume demand forecasting, dynamic route planning, optimized warehouse networks, and intelligent inventory management. These technological innovations will fundamentally reshape the logistics industry, significantly enhancing efficiency, reducing costs, and improving customer experience. The sector is moving toward a future defined by intelligence, high efficiency, and sustainability, where automation and data-driven operations will become the new standard.

The Company's Strategic Vision

The Company is accelerating its penetration into the supply chains of customers across major industries, and expanding its market share to drive scaled growth. As industries undergo upgrades and transformation amid increasingly complex market competition, customer demands are becoming more diverse and comprehensive. Rather than focusing solely on cost reduction for single logistics processes, an increasing number of customers are prioritizing holistic supply chain optimization, efficient omnichannel fulfillment, and the digitalization, intelligence, and sustainability of supply chains. For express logistics companies, homogeneous products and price competition alone are not viable for long-term sustainable growth. With a comprehensive product and service portfolio, leading logistics technology capabilities, and extensive expertise in deploying supply chains for top-tier industry clients, the Company continues to refine standardized service capabilities tailored to specific industries and business scenarios. This enables the development of customized, scalable logistics solutions that can be rapidly implemented and replicated across mid-sized enterprises in different sectors. In the future, the Company will continue to expand its presence in various industry verticals, identify new supply chain scenarios, and convert emerging business opportunities. By deepening its penetration from top-tier to mid-sized industry customers, the Company aims to expand its logistics market share across different industries, driving sustained business growth at scale.

Further developing globalization, enhancing the connection between Asia and the world, and offering one-stop solutions. The Company is committed to becoming "The One in Asia" and connecting the world with end-to-end integrated logistics service across diversified scenarios. It strives to be the go-to logistics partner for the global expansion of China's enterprises, meeting the diverse needs of cross-border supply chains and cross-border e-commerce. In key Asian markets, the Company will build comprehensive service capabilities, covering international express delivery, freight forwarding, supply chain management, and last-mile logistics, to achieve its strategic goal of being "The One In Asia". Concurrently, it will enhance the density of its logistics network within Asia and between Asia and the rest of the world, leveraging the Ezhou cargo hub and domestic and international infrastructure to increase resource allocation flexibility and improve global and cross-border service capabilities. To strengthen its international competitiveness, the Company will pursue a diversified strategy that includes mergers and acquisitions, strategic investments, and partnerships to fill key resource gaps and enhance capabilities. As global trade uncertainties rise and supply

chain restructuring accelerates, the Company will leverage its comprehensive logistics solutions, international network integration, and robust risk management capabilities to help customers build resilient and efficient global supply chains, enabling them to navigate challenges in international business operations.

Building a Digitalized Supply Chain Ecosystem through Technological Leadership: With its cutting-edge technological capabilities and continuous innovation, the Company is committed to establishing a digital supply chain ecosystems. The Company's efforts will focus on end-to-end digital transformation across logistics networks, improving automation levels and operational efficiency. Leveraging SF Smart Brain, the Company will promote digital transformation among the whole chain of collection, transit and delivery, and comprehensively enhance the intelligence of the Company's logistics network. Supported by the Company's rich supply chain service experience and domain-specific insights in multiple industries, combined with advanced data prediction algorithms, application of visualization monitoring and early warning systems, the Company will strive in achieving intelligent route planning and scheduling in the whole field, as well as the dynamic and optimal allocation of resources and facilities. Furthermore, the Company is intensifying its investment in emerging technologies such as IoT, blockchain, cloud computing, AI-driven models, and automation technologies to deliver comprehensive solutions for complex logistics scenarios. By continuously enhancing its technological edge, the Company will not only strengthen its competitive positioning but also advance the digital transformation of the entire logistics and supply chain industry.

Business Plan in 2025

Industry-Specific Strategy: To rapidly expand logistics market share across various industries, the Company will implement three key initiatives: organizational upgrades, strategy iteration, and capability enhancement. In terms of organizational upgrades, the Company will establish industry business units to strengthen organizational capacity, with each region formulating and executing development paths tailored to its local market. For strategy iteration, the Company will focus on deepening engagement with key industry clients, enhancing core service capabilities, and iterating logistics service packages, accelerating adoption among mid-sized enterprises to achieve a multi-dimensional strategy upgrade. In capability enhancement, the Company will strengthen warehousing infrastructure, flexible resource allocation, operational security measures, and talent development programs, ensuring the Company's long-term competitive edge.

Time-Definite Express Strategy: The Company will position SF Express as the flagship high-end express service, solidifying its reputation for premium time-definite delivery. By expanding high-speed rail and same-day air freight routes, the Company will densify its same-day delivery network coverage. The Company will also secure priority access to high-quality air cargo capacity, expand its sales force and intensify sales incentives, and continuously enhance operational capabilities and regulatory compliance to widen the range of air-transportable goods. The expansion of large-item air freight will remain a key focus area. The Company will also deepen penetration across multiple sales

channels, leveraging differentiated resource allocation and evolving business models to enhance market competitiveness. Additionally, by increasing investments in lower-tier cities and adopting flexible external collaboration models, the Company aims to accelerate network expansion and gain market share in lower-tier markets.

Economy Express Strategy: The Company will focus on structural cost reduction in its economy express service by innovating operational processes, optimizing transportation models, and enhancing last-mile delivery methods. Through cost efficiencies and an incentivized sales model, the Company will stimulate frontline sales engagement and market competitiveness, exploring growth potential in lower-tier markets and capturing additional economy express market share.

Freight Strategy: For B2B production scenarios, the Company will expand its sales force, strengthen customer relationship management, and implement incentive mechanisms to drive lead generation and business conversion. Additionally, by straightening out the routes, optimizing freight consolidation models, and expanding air freight utilization, the Company will enhance service efficiency and pricing competitiveness for industrial freight solutions. For B2C life scenarios, the Company will build integrated warehouse and distribution capabilities, optimize line-haul routes and last-mile delivery models, and enhance delivery, installation, and reverse logistics services (including returns and recycling solutions). By deepening service capabilities and improving cost efficiency, the Company aims to enhance its competitive positioning in the B2C logistics market.

Cold Chain and Pharmaceutical Logistics Strategy: In terms of fresh and seasonal food delivery, the Company will adopt a multi-pronged approach by building regional agricultural brands, developing customized packaging, leveraging technology for efficiency, investing in automation, and utilizing livestreaming to expand sales and marketing efforts, all aimed at accelerating growth in fresh and seasonal food delivery business. In terms of food cold chain, the Company will focus on developing its service capabilities in integrated warehousing and distribution, oversized items, B2C delivery, store delivery, and cross-border cold chain. In terms of pharmaceutical logistics, the Company will continue to build a compliant, lean, and professional service network in the field of precise temperature control, benchmark against peers to continuously optimize internal resources and costs, and expand business scale. In terms of warehousing, it will innovate and expand various modes of flexible warehousing resources, including external cooperation warehouses and warehousing operations, to develop pharmaceutical warehousing and distribution business.

Intra-city On-demand Delivery Strategy: Adhering to "high-quality and sustainable growth", the Company embraces the continuous penetration of third-party on-demand delivery services under opportunities including traffic diversification, local retail development and accelerated intra-city logistics, and continuously dedicates to scaling up, full-scenario coverage, premium services and strengthened network. Additionally, the Company will extend the boundaries of real-time logistics fulfillment, accelerate the deployment of automation and AI-driven innovations, and collaborate with more strategic partners to support the growth of new consumption models. By doing so,

the Company will enhance its ability to provide seamless urban logistics solutions, contributing to a more convenient and efficient lifestyle for consumers.

Supply Chain and International Business Strategy: The Company will seize opportunities presented by China's expanding global presence, actively focusing on cross-border supply chain solutions and international e-commerce logistics. The goal is to strengthen end-to-end integrated solutions and enhance competitiveness in international express, overseas warehousing, and integrated warehousing and distribution services. In Asia, the Company will align with each country's key industries and major Chinese enterprises expanding overseas by reinforcing self-operated resources and capabilities in both cross-border and localized logistics. The Company will develop customized supply chain solutions tailored to client needs, driving the successful implementation of more overseas supply chain projects. In Europe and North America, with a focus on cross-border e-commerce, the Company will expand its overseas warehouse network and optimize partnerships with external service providers. By developing a diverse portfolio of products, the Company aims to meet customer expectations for service quality and cost-effectiveness, further enhancing its market competitiveness.

Network Development Strategy: The Company will continue its customer-centric approach, optimizing the logistics network by implementing lean operations, including network restructuring, node simplification, process optimization, and model diversification. These initiatives will enhance end-to-end network efficiency, lower operational costs, and improve business competitiveness.

In terms of the transit, the Company will accelerate the integration of sorting centers to enhance scale effect; build unmanned container sorting centers to meet the needs of parcel flow between economic circles; adhere to the customer-centered approach, deepen the independent operation of transfer stations, and through technological innovations, workflow improvements, and operational refinements, fully expand the functions of sorting centers and enhance transit benefits. In terms of the transportation, the Company will continue to refine transfer models and route planning, increase direct shipping routes, improve city-to-city connectivity, and deploy larger transport vehicles. It will also strategically open new routes and optimize spare-cabin sales, increase round-trip route utilization, and expand self-operated fleet deployments. Additionally, the Company will scale up the adoption of the Ezhou cargo hub's ground-network transfer model, enabling northward shipment consolidation, which will boost efficiency and reduce costs in the ground transportation network. In terms of last-mile delivery, the Company will continue to streamline operations through workforce model optimization, smart technology adoption, and direct dispatch between sorting centers and final delivery zones. This will reduce costs while improving operational efficiency; furthermore, the Company will enhance courier satisfaction and engagement by taking measures in seven key dimensions: income growth, operational efficiency, workload reduction, fairness, recognition, emotional well-being, and career development. By improving employee satisfaction, the Company will ultimately enhance service quality and customer satisfaction.

(F) MANAGEMENT DISCUSSION AND ANALYSIS OF S.F. HOLDING FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

I. Key Financial Data

(I) Key Accounting Data and Financial Indicators

Whether the Company needs to make retrospective adjustments or restatements of accounting data of prior years

❑ Yes ☑ No

Items	Three months ended September 30, 2025	Changes over the the same period of the preceding year	Nine months ended September 30, 2025	Changes over the same period of the preceding year
Revenue *(RMB'000)*	**78,402,808**	8.21%	225,260,982	8.89%
Net profit attributable to owners of the Company *(RMB'000)*	**2,570,557**	-8.53%	8,308,256	9.07%
Net profit attributable to owners of the Company after deducting non-recurring profit or loss *(RMB'000)*	**2,227,033**	-14.17%	6,778,020	0.52%
Net cash flows from operating activities *(RMB'000)*	**–**	–	19,415,214	-13.91%
Basic earnings per share *(RMB/share)*	**0.51**	-13.56%	1.67	5.70%
Diluted earnings per share *(RMB/share)*	**0.51**	-13.56%	1.67	5.70%
Return on weighted average net assets	**2.60%**	Decreased by 0.53 percentage point	8.65%	Increased by 0.31 percentage point

Items	As at September 30, 2025	As at December 31, 2024	Changes
Total assets *(RMB'000)*	**217,925,217**	213,824,213	1.92%
Equity attributable to owners of the Company *(RMB'000)*	**98,273,846**	91,993,286	6.83%

(II) Non-recurring Gain and Loss Items and Amounts

☑ Applicable ❑ Not applicable

Items	Three months ended September 30, 2025 *RMB'000*	Nine months ended September 30, 2025 *RMB'000*	Notes
Gains on disposal of investments in subsidiaries	–	777,717	The gain on disposal of equity interest (being the amount after taxation of approximately RMB590 million) arising from the transfer by the Company of three property-holding wholly-owned subsidiaries to Southern SF Logistics REIT in the second quarter.
Profit or loss from disposal of non-current assets (including write-offs of accrued asset impairment provisions)	18,957	-13,361	
Government grants recognized in profit or loss for the current period (except for those closely related to the Company's normal business operations, compliant with national policies, granted according to established standards and have continuous effect on the profit and loss of the Company)	165,887	520,953	Mainly fiscal appropriations, tax refunds, and transportation subsidies for the logistics industry.

Items	Three months ended September 30, 2025 *RMB'000*	Nine months ended September 30, 2025 *RMB'000*	Notes
Profit or loss from changes in the fair value of financial assets and financial liabilities held by non-financial entities, as well as profit or loss from the disposal of financial assets and financial liabilities, excluding effective hedging activities related to the Company's normal operations	181,724	540,263	Mainly due to the income from structured deposits.
Reversal of impairment provision for receivables individually assessed for impairment	20,354	54,478	
Other non-operating income and expenses other than the aforesaid items	80,349	134,236	
Less: Income tax effect	104,436	431,292	
Non-recurring profit or loss attributable to minority shareholders (after tax)	19,311	52,758	
Total	**343,524**	**1,530,236**	

Details of other profit or loss items that meet the definition of non-recurring profit or loss

❑ Applicable ☑ Not applicable

Explanation on defining the non-recurring profit or loss items listed in the "Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities — Non-recurring Profit or Loss" (《公開發行證券的公司信息披露解釋性公告第 1 號 — 非經常性損益》) as recurring profit or loss items

❑ Applicable ☑ Not applicable

(III) Accounting Data Differences under Domestic and Overseas Accounting Standards

The net profit attributable to owners of the Company and the equity attributable to owners of the Company in the consolidated financial statements prepared under the Chinese Accounting Standards for the reporting period are consistent with those financial data prepared under the International Financial Reporting Standards.

(IV) Changes in Key Accounting Data and Financial Indicators and Reasons for Changes

☑ Applicable ❑ Not applicable

The Company has remained steadfast in its commitment to long-termism, adhering to the vision of becoming a well-respected and the world's leading digital intelligence logistics solution provider. It is committed to continuously enhancing its long-term core competitiveness in order to achieve sustainable and healthy development. Since the second half of 2024, the Company has advanced the "Stimulate Operation Vitality" strategy, exploring the implementation of an empowered management and results-sharing incentive mechanism focused on frontline operations. This initiative promotes a top-down enhancement of entrepreneurial awareness and business accountability, inspiring innovation, agility and a stronger sense of ownership among employees. Through this alignment of organizational and individual goals, the Company fosters collaborative growth and symbiotic development between its employees and the enterprise.

In 2025, the Company has continued to advance the implementation of the "Stimulate Operation Vitality", granting greater managerial autonomy and incentive-based empowerment to frontline business teams. This approach has effectively strengthened the organization's motivation for market expansion and responsiveness to customer needs. At the same time, the Company reinvested the efficiency gains from cost optimization into front-end business development, further enhancing the market competitiveness of its products and services. As a result, in the third quarter of 2025, the Company maintained a strong growth trajectory, with parcel volume growth outpacing the overall average for the domestic express delivery industry and market share continuing to expand steadily. The scaling up of both business volume and network capacity has enabled the Company to fully leverage economies of scale within its logistics network, deepen innovations in operational models, and advance a flatter and more differentiated network structure. These initiatives collectively support the establishment of a long-term structural mechanism for enhanced efficiency and sustainable cost reduction, reinforcing the Company's foundation for durable, high-quality growth.

Amid a complex and evolving market backdrop, the Company has remained strategically disciplined and proactive in addressing challenges. It continued to upgrade its operational network and strengthen the service assurance framework supporting its premium, time-definite service offerings, thereby consolidating its competitive advantages in standardized products and reaffirming its commitment to delivering exceptional value to customers. As a result, revenue growth for the Company's mid-to-high end time-definite express services accelerated quarter-on-quarter in the third quarter of 2025. The Company's superior service experience has further deepened customer engagement and loyalty, driving sustained expansion of its customer base. As of the end of the third quarter of 2025, the Company served more than 2.4 million customers with active credit accounts and over 780 million retail customers.

Building upon this foundation, the Company continued to advance along its dual strategic pillars of industry specialization and globalization. It increased investment in strategic resources, enhanced its portfolio of integrated industry logistics solutions, and strengthened the development of international network capabilities — all aimed at establishing a more resilient and differentiated foundation for long-term competitive advantage.

In terms of industry-specific solutions, the Company continued to strengthen its capabilities in delivering tailored industry-specific logistics solutions, cultivating professional talent, and expanding its service coverage across both upstream and downstream supply chain scenarios for key industry clients, successfully establishing multiple flagship domestic and international supply chain projects. In the third quarter of 2025, logistics revenue from sectors such as industrial equipment, telecommunications and high technology, automotive and consumer goods recorded robust year-on-year growth of over 25%, underscoring the Company's accelerating progress in deepening its industry-focused transformation.

Under its globalization strategy, the Company continued to expand and strengthen its global network, accelerating investment in and development of international air freight routes, customs clearance capabilities, overseas airside facilities, warehousing resources and last-mile delivery infrastructure. Complemented by cross-border end-to-end digital enablement, these initiatives have driven the establishment of an integrated international express and supply chain service platform across the Asia-Pacific, Europe and North America regions, benchmarking against top-tier global standards. Although the Company's international freight forwarding revenue was affected by fluctuations in global trade and a notable decline in ocean freight rates, it capitalized on its extensive global network and diversified product portfolio to flexibly navigate market volatility and capture new opportunities arising from the growing overseas expansion of Chinese enterprises. As a result, in the third quarter of 2025, the Company's international express and cross-border e-commerce logistics revenue recorded a year-on-year increase of 27%, with growth momentum accelerating from the first half of the year.

In the third quarter of 2025, the Company achieved solid overall performance, with total revenue reaching RMB78.40 billion, representing a year-on-year increase of 8.2%, and total parcel volume amounting to 4.31 billion, representing an increase of 33.4% year-on-year. By business segment, the express logistics segment recorded a 14.4% year-on-year increase in revenue, reflecting steady expansion in business scale. Meanwhile, revenue from the supply chain and international segment declined 5.3% year-on-year, primarily due to the significant retreat in ocean freight rates from last year's high levels, which affected the freight forwarding business. Nevertheless, the Company's achieved strong growth in international express and cross-border e-commerce logistics revenue.

Driven by the Company's proactive market expansion strategy and necessary long-term strategic investments, profitability experienced short-term fluctuations in the third quarter of 2025. The Company recorded a gross profit of RMB9.79 billion in the third quarter of 2025, representing a 4.4% year-on-year decrease. In terms of expenses, the Company adhered to a lean management philosophy and continued to strengthen organizational efficiency. As a result, the administrative expense ratio remained broadly stable, while the R&D expense ratio decreased by 0.2 percentage point year-on-year, and the finance expense ratio declined by 0.3 percentage point. The sales and marketing expense ratio rose by 0.2 percentage point, primarily due to the Company's continued investment in expanding its sales force to enhance market development capabilities for end-to-end industry supply chain and international businesses.

In summary, the Company recorded a net profit attributable to owners of the Company of RMB2.57 billion in the third quarter of 2025, representing a year-on-year decrease of 8.5%. While profitability experienced temporary pressure, the ongoing structural upgrades across the Company's operational network, along with the continuous strengthening of its industry-focused and international strategic capabilities, are expected to further enhance customer stickiness and enable the Company to swiftly capture emerging opportunities in both domestic and international markets. These efforts will reinforce the Company's strategic leadership position, unlock its second growth curve, and establish a differentiated, strategically resilient and defensible integrated logistics ecosystem, laying a solid foundation for sustainable mid- to long-term growth.

Meanwhile, while maintaining its long-term strategic direction, the Company continued to fine-tune its market strategies dynamically in response to evolving market conditions and operational rhythms. It advances mechanisms to stimulate operational vitality progressions, implementing differentiated authorizations across business regions and shifting its incentive framework from scale-driven growth to value-driven development, thereby ensuring the sustained growth of high-value businesses and laying a solid foundation for high-quality, sustainable expansion. In addition, by leveraging its diverse logistics ecosystem, the Company will continue to integrate internal and external resources, deepen operational model innovation, and advance network and resource stratification to better accommodate multi-scenario logistics business development. These efforts have led to further

structural improvements in efficiency and cost reduction. Building upon the above initiatives and based on the information currently available to management, the Company's management remains firmly committed to achieving a year-on-year stable level of net profit attributable to owners of the Company in the fourth quarter of 2025 and a steady year-on-year growth for the full-year 2025 net profit attributable to owners of the Company.

The explanation of changes in key financial data is as follows:

Items	Nine months ended September 30, 2025 *RMB'000*	2024 *RMB'000*	Changes	Notes
Revenue	**225,260,982**	206,860,993	8.89%	No material change.
Cost of revenue	**196,057,604**	177,993,370	10.15%	No material change.
Selling and marketing expenses	**2,773,627**	2,238,312	23.92%	Mainly driven by the Company's accelerated expansion of its sales team to bolster business development.
Investment income	**1,175,825**	548,825	114.24%	Mainly attributable to the gain on the transfer by the Company of its property-holding subsidiaries to Southern SF Logistics REIT in the second quarter.
Losses/(reversal) of credit impairment	**-95,401**	239,153	-139.89%	Mainly attributable to the reversal of the credit impairment as a result of the recovery of aged accounts receivable.

Items	**As at September 30, 2025** ***RMB'000***	As at December 31, 2024 *RMB'000*	**Changes**	**Notes**
Financial assets held for trading	**25,647,106**	11,246,156	128.05%	Mainly due to the increase in structured deposits.
Long-term equity investments	**7,216,771**	6,203,642	16.33%	Mainly due to an increase in investments in associates and joint ventures.
Fixed assets	**51,299,749**	54,058,101	-5.10%	Mainly attributable to a decrease in properties as a result of the transfer by the Company of its property-holding subsidiaries to Southern SF Logistics REIT in the second quarter.
Right-of-use assets	**15,183,352**	12,842,101	18.23%	Mainly due to an increase in property leasing.
Short-term borrowings	**7,274,468**	15,003,336	-51.51%	Mainly due to repayment of borrowings.
Employee benefits payable	**4,750,222**	6,151,172	-22.78%	Mainly due to payment of staff salary.
Other current liabilities	**5,765,439**	918,429	527.75%	Mainly attributable to the issuance of Super Short-Term Commercial Paper and convertible bonds.
Lease liabilities	**9,601,517**	7,094,483	35.34%	Mainly due to an increase in leasing.
Retained earnings	**42,974,087**	39,140,246	9.80%	Mainly due to profit for the period.

Items	Nine months ended September 30, 2025 *RMB'000*	2024 *RMB'000*	Changes	Notes
Net cash flows from operating activities	**19,415,214**	22,552,338	-13.91%	No material change.
Net cash flows from investing activities	**-19,173,669**	-23,545,605	18.57%	Mainly due to a decrease in the net outflow of structured deposits.
Net cash flows from financing activities	**-14,375,963**	-18,163,634	20.85%	Mainly due to the decrease in the acquisition of minority interests, and the reduction in the repurchase of the Company's shares.

II. Use of Proceeds

(I) Issuance of H Shares by the Company on the Hong Kong Stock Exchange

The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on November 27, 2024. A total of 170,000,000 ordinary shares with a par value of RMB1 per Share were successfully placed and issued at a price of HKD34.3 per share in the global offering, with an aggregate par value of RMB170,000,000. After deducting the underwriting commissions and other estimated expenses related to the global offering, the net proceeds from the share issuance in the global offering for the Company were approximately HKD5,662 million, equivalent to approximately RMB5,299 million at the exchange rate of HKD1.00 to RMB0.9358.

As at September 30, 2025, the proceeds from the global offering were utilized in accordance with the planned uses and proportions as stated in the prospectus. The details are as follows:

	Planned use of Proceeds		**As at September 30, 2025**		**Expected timeline for the utilization of the unutilized amount**
	Percentage	**Amount** *RMB'000*	**Utilized amount** *RMB'000*	**Unutilized amount** *RMB'000*	
Strengthening international and cross-border logistics capabilities	45%	2,384,395	800,325	1,584,070	On or before the end of 2026
Strengthening and optimizing logistics network and service offerings in China	35%	1,854,529	1,842,127	12,402	On or before the end of 2025
Research and development of advanced technologies and digital solutions to upgrade supply chain and logistics services and implement ESG-related initiatives	10%	529,866	437,285	92,581	On or before the end of 2025
Working capital and general corporate purposes	10%	529,866	529,866	–	–
Total	**100%**	**5,298,656**	**3,609,603**	**1,689,053**	

(II) Placing of New H Shares by the Company under General Mandate

Pursuant to the general mandate approved at the 2024 Annual General Meeting of the Company, the Company convened the 22nd meeting of the Sixth Session of the Board of Directors on June 25, 2025, during which the Proposal on the Exercise of General Mandate to Place Shares on the Main Board of The Stock Exchange of Hong Kong Limited was considered and approved. The Board of Directors approved the allotment and issuance of an aggregate of 70,000,000 new H shares at a placing price of HKD42.15 per H share. On July 4, 2025, the Company successfully completed the Placing. The net proceeds from the placing were approximately HKD2,934 million, and were equivalent to approximately RMB2,681 million based on the exchange rate of HKD1.00 to RMB0.9139 after deducting the underwriting commissions and other estimated expenses related to the Placing.

As at September 30, 2025, the proceeds from the placing have been utilized according to the planned uses and proportions set out in the placing announcement. The details are as follows:

	Planned use of Proceeds		**As at September 30, 2025**		**Expected timeline for the utilization of the unutilized amount**
	Percentage	**Amount** *RMB'000*	**Utilized amount** *RMB'000*	**Unutilized amount** *RMB'000*	
Strengthening international and cross-border logistics capabilities	30%	804,317	–	804,317	On or before the end of 2027
Research and development of advanced technologies and digital solutions	30%	804,317	43,410	760,907	On or before the end of 2027
Optimizing the capital structure of the Company	30%	804,317	804,317	–	–
General corporate purposes	10%	268,106	268,106	–	–
Total	**100%**	**2,681,057**	**1,115,833**	**1,565,224**	

(III) Issuance by the Company of Convertible Bonds Convertible into H Shares of the Company Through its Wholly-owned Overseas Subsidiary

Pursuant to the Proposal on the Issuance of Debt Financing Instruments by Wholly-owned Subsidiaries in Domestic and Overseas Markets and the Proposal on Providing Guarantees for the Issuance of Debt Financing Instruments by Wholly-Owned Overseas Subsidiaries considered and approved at the 2023 Annual General Meeting of the Company, and the general mandate to the Board of Directors considered and approved at the 2024 Annual General Meeting, the Company convened the 22nd meeting of the Sixth Session of the Board of Directors on June 25, 2025, at which the Proposal on the Issuance of Corporate Bonds Convertible into H shares of the Company by a Subsidiary was considered and approved. The Board of Directors approved the issuance by the wholly-owned overseas subsidiary of convertible corporate bonds convertible into H shares of the Company (hereinafter referred to as the "**Convertible Bonds**") and provided guarantees for the said issuance by the wholly-owned overseas subsidiary. On July 10, 2025, the issuance of the Convertible Bonds was completed. After deducting the underwriting commissions and other estimated expenses related to the issuance of the Convertible Bonds, the net proceeds raised from the Convertible Bonds were approximately HKD2,909 million, which is equivalent to approximately RMB2,666 million based on the exchange rate of HKD1.00 to RMB0.9165.

As at September 30, 2025, the proceeds from the Convertible Bonds have been utilized according to the planned uses set out in the issuance announcement. The Company has cumulatively utilized RMB2,410 million to strengthen the Group's international and cross-border logistics capabilities, research and develop advanced technologies and digital solutions, and optimize the capital structure of the Company, and for general corporate purposes. The utilized amount accounted for approximately 90.40% of the net proceeds.

III. Information of Shareholders

(I) Statement of the Total Number of Shareholders of Ordinary Shares and Shareholders of Preference Shares with Restored Voting Rights and the Shareholdings of the Top 10 Shareholders

Unit: Share

Total number of shareholders of ordinary shares as at the end of the reporting period	269,654 (269,570 holders of A shares and 84 holders of H shares)	**Total number of shareholders of preference shares with restored voting rights as at the end of the reporting period (if any)**	–

Shareholdings of the top 10 shareholders (excluding shares lent under refinancing arrangement)

Name of shareholder	Nature of shareholder	Percentage of shares held	Number of shares held	Number of restricted shares held	Pledged, marked or locked-up	
					Status	Number
Shenzhen Mingde Holding Development Co., Ltd.* (深圳明德控股發展有限公司)	Domestic non-state-owned legal person	46.87%	2,361,920,119	–	Pledged	862,592,980
Hong Kong Securities Clearing Company Limited	Foreign legal person	5.15%	259,290,665	–	–	–
HKSCC Nominees Limited	Foreign legal person	4.76%	239,979,704	–	–	–
S.F. Holding Co., Ltd. Employees "Grow Together" Shareholding Scheme (A Shares)	Others	3.97%	200,000,000	–	–	–
Shenzhen Weishun Enterprise Management Co., Ltd.* (深圳市瑋順企業管理有限公司)	Domestic non-state-owned legal person	1.98%	100,000,000	–	–	–
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)* (寧波順達豐潤創業投資合夥企業(有限合夥))	Domestic non-state-owned legal person	1.62%	81,450,959	–	Pledged	11,523,500

Shareholdings of the top 10 shareholders (excluding shares lent under refinancing arrangement)

Name of shareholder	Nature of shareholder	Percentage of shares held	Number of shares held	Number of restricted shares held	Pledged, marked or locked-up	
					Status	Number
Industrial and Commercial Bank of China Limited – Huatai-Pine Bridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund* (中國工商銀行股份有限公司－華泰柏瑞滬深300交易型開放式指數證券投資基金)	Others	0.81%	40,990,119	–	–	–
Lin Zheying	Domestic natural person	0.80%	40,159,543	–	–	–
Liu Jilu	Domestic natural person	0.71%	35,793,780	26,845,335	Pledged	5,000,000
China Construction Bank Corporation – E Fund CSI 300 Exchange-traded Open-end Index Initiated Securities Investment Fund* (中國建設銀行股份有限公司－易方達滬深 300 交易型開放式指數發起式證券投資基金)	Others	0.59%	29,648,152	–	–	–

Shareholdings of the top 10 holders of unrestricted tradable shares (excluding shares lent under refinancing arrangement and lock-up shares for senior management)

Name of shareholder	Number of unrestricted tradable shares held	Class and number of shares	
		Class	Number
Shenzhen Mingde Holding Development Co., Ltd.* (深圳明德控股發展有限公司)	2,361,920,119	RMB ordinary shares	2,361,920,119
Hong Kong Securities Clearing Company Limited	259,290,665	RMB ordinary shares	259,290,665

Shareholdings of the top 10 holders of unrestricted tradable shares (excluding shares lent under refinancing arrangement and lock-up shares for senior management)

Name of shareholder	Number of unrestricted tradable shares held	Class and number of shares	
		Class	Number
HKSCC Nominees Limited	239,979,704	Overseas-listed foreign shares	239,979,704
S.F. Holding Co., Ltd. Employees "Grow Together" Shareholding Scheme (A Shares)	200,000,000	RMB ordinary shares	200,000,000
Shenzhen Weishun Enterprise Management Co., Ltd.* (深圳市瑋順企業管理有限公司)	100,000,000	RMB ordinary shares	100,000,000
Ningbo Shunda Fengrun Investment Management Partnership (Limited Partnership)* (寧波順達豐潤創業投資合夥企業(有限合夥))	81,450,959	RMB ordinary shares	81,450,959
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-traded Open-end Index Securities Investment Fund* (中國工商銀行股份有限公司－華泰柏瑞滬深 300 交易型開放式指數證券投資基金)	40,990,119	RMB ordinary shares	40,990,119
Lin Zheying	40,159,543	RMB ordinary shares	40,159,543
China Construction Bank Corporation – E Fund CSI 300 Exchange-traded Open-end Index Initiated Securities Investment Fund* (中國建設銀行股份有限公司－易方達滬深 300 交易型開放式指數發起式證券投資基金)	29,648,152	RMB ordinary shares	29,648,152
National Social Security Fund Portfolio 112* (全國社保基金一一二組合)	24,585,513	RMB ordinary shares	24,585,513

Shareholdings of the top 10 holders of unrestricted tradable shares (excluding shares lent under refinancing arrangement and lock-up shares for senior management)

Name of shareholder	Number of unrestricted tradable shares held	Class and number of shares	
		Class	Number
Description of the connected relationships or concerted actions among the above shareholders	Shenzhen Mingde Holding Development Co., Ltd.* (深圳明德控股發展有限公司) holds a total of 2,461,920,119 A shares of the Company, accounting for 48.85% of the total share capital of the Company, of which 2,361,920,119 shares are held directly, and 100,000,000 shares are held through its wholly-owned subsidiary, Shenzhen Weishun Enterprise Management Co., Ltd.* (深圳市瑋順企業管理有限公司). The Company is not aware of any connected relationships or concerted actions among the other shareholders above.		
Description of the top 10 shareholders engaging in margin trading and securities lending business (if any)	Lin Zheying, a shareholder of the Company, holds 33,144,110 shares through an ordinary securities account, and also holds 7,015,433 shares through a customer credit transaction secured securities account in Yuekai Securities Co., Ltd.* (粵開證券股份有限公司), amounting to a total of 40,159,543 shares.		

The participation in lending of shares under the refinancing business by shareholders holding more than 5% of the shares, top 10 shareholders and top 10 holders of unrestricted tradable shares.

❑ Applicable ☑ Not applicable

Change of top 10 shareholders and top 10 holders of unrestricted tradable shares as compared to the previous period due to lending/returning of shares under the refinancing business.

❑ Applicable ☑ Not applicable

(II) Statement of the Total Number of Shareholders of Preference Shares and the Shareholdings of the Top 10 Shareholders of Preference Shares

❑ Applicable ☑ Not applicable

IV. Other Significant Events

☑ Applicable ❑ Not applicable

(I) 2025 First A-Share Repurchase Plan

Based on confidence in the Company's future development prospects and a strong recognition of its value, with an aim to further enhance its long-term incentive mechanisms, fully mobilize the enthusiasm of core management and outstanding employees, collectively promoting the Company's sustained growth, and after comprehensively considering its business development outlook, operational status, financial condition, future profitability, and recent stock performance in the secondary market, the Company held the 20th meeting of the Sixth Session of the Board of Directors on April 28, 2025, during which the Proposal regarding the 2025 First A-Share Repurchase Plan was considered and approved. The Company intends to use internal funds to repurchase certain A shares of the Company for the purpose of an employee stock ownership plan or equity incentive. The total funds for the repurchase will be no less than RMB500 million and no more than RMB1 billion, with the repurchase price not exceeding RMB60 per share, and the repurchase period being 12 months from the date the 2025 First A-Share Repurchase Plan was considered and approved by the Board of Directors. As at September 30, 2025, the Company had repurchased 7,432,648 A shares through centralized bidding via the special securities account opened solely for share repurchase, with a total repurchase amount of approximately RMB299,989,306.65 (excluding transaction fees). The number of repurchased shares accounted for 0.15% of the current total share capital of the Company, and the average transaction price was RMB40.36 per share.

Taking into full consideration such factors as the securities market conditions, the Company's financial conditions, and the progress of the share repurchase, the Company held the 25th meeting of the Sixth Session of the Board of Directors on October 30, 2025, during which the Proposal regarding the Adjustment to the 2025 First A-Share Repurchase Plan was considered and approved. The Company adjusted the total funds for the repurchase from "no less than RMB500 million and no more than RMB1 billion" to "no less than RMB1.5 billion and no more than RMB3 billion", with the implementation period for the repurchase extended until October 29, 2026. Other contents of the 2025 First A-Share Repurchase Plan remain unchanged.

(II) The Company's Employees "Grow Together" Shareholding Scheme (A Shares)

In order to establish and improve the interest sharing mechanism between the employees and the Shareholders, enhance the level of corporate governance, motivate the enthusiasm and creativity of employees, and promote the long-term, continuous and healthy development of the Company, the Company convened the 23rd meeting of the Sixth Session of the Board of Directors and the 2025 First Extraordinary General Meeting on August 28, 2025 and September 15, 2025 respectively, at which the S.F. Holding Co., Ltd. Employees "Grow Together" Shareholding Scheme (A Shares) (Draft) and its Summary (the "**Shareholding Scheme**") was considered and approved. The source of shares for the Shareholding Scheme is the voluntary transfer at nil consideration by Shenzhen Mingde Holding Development Co., Ltd.* (深圳明德控股發展有限公司) (hereinafter referred to as "**Mingde Holding**"), the Company's controlling shareholder, involving an aggregate number of not more than 200 million A shares, and accounting for approximately 4% of the current total share capital of the Company.

The Shareholding Scheme is a mid- to long-term incentive scheme. Grants and vesting shall be carried out in nine annual periods during its duration. Participants include Directors (excluding independent directors and the actual controller), Supervisors, senior management personnel, core management personnel and core skeletal personnel who have direct and significant influence and contributions to the Company's future operation and performance growth. The Shareholding Scheme grants an aggregate of no more than 180 million virtual share units to the Participants each year, and the maximum number of Participants in each year shall not exceed 16,000 persons. The specific annual grant shall be determined by the Board of Directors of the Company after taking into consideration the actual situation at the time. In the first quarter of the subsequent year following each grant, the Board of Directors of the Company shall preliminarily calculate the number of the shares to be vested corresponding to the increased value of the accounting price over the grant price of the virtual share units. The final number of shares vested to a Participant is also subject to final determination based on the corporate-level and individual-level performance appraisal results. A 12-month lock-up period shall be set after each vesting, followed by a corresponding service period. Participants holding the units under the Shareholding Scheme are entitled to the right to cash dividends during the lock-up period and the service period, and their complete rights shall be enjoyed upon expiration of the service period.

The first grant date for 2025 was September 15, 2025, with the total number of grantees in the first grant not exceeding 7,186 persons, the number of virtual share units granted not exceeding 81.144 million units, and the grant price being RMB35 per unit.

To actively promote the implementation of the Shareholding Scheme, Mingde Holding transferred 200 million A shares of the Company held by it to the securities account opened by the Shareholding Scheme at China Securities Depository and Clearing Corporation Limited on September 17, 2025.

(III) Domestic Issuance of Debt Financing Instruments by a Wholly-owned Subsidiary of the Company

In alignment with the Company's development strategy and to support its business growth objectives, Shenzhen S.F. Taisen Holding (Group) Co., Ltd.* (深圳順豐泰森控股(集團)有限公司) ("**Taisen Holding**"), a wholly-owned subsidiary of the Company, completed the domestic issuance of debt financing instruments during the reporting period. Pursuant to the Notice of Registration Acceptance (Zhong Shi Xie Zhu [2024] No. DFI31)* (《接受註冊通知書》(中市協註[2024]DFI31號)) issued by the National Association of Financial Market Institutional Investors, Taisen Holding completed the issuance of the fourth tranche of 2025 Super Short-Term Commercial Paper on August 7, 2025, with a total issuance size of RMB1 billion.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following unaudited pro forma consolidated balance sheet of J&T Global Express Limited (the "**Company**") and its subsidiaries (the "**Group**") (the "**Unaudited Pro Forma Financial Information**") has been prepared on the basis of the notes set out below for the purpose of illustrating the effects of the proposed subscription of H Shares of S.F. Holding Co., Ltd. ("**S.F. Holding**") by the Company with the issue of the Class B Shares of the Company to S.F. Holding (the "**Proposed Transaction**") on the financial position of the Group as at 30 June 2025 as if the Proposed Transaction had been completed on 30 June 2025.

The Unaudited Pro Forma Financial Information of the Group as at 30 June 2025 has been prepared based on (i) the unaudited interim condensed consolidated balance sheet of the Group as at 30 June 2025, as set out in the Company's published interim report for the six months ended 30 June 2025; and (ii) the pro forma adjustments prepared to reflect the effects of the Proposed Transaction as explained in the notes set out below that are directly attributable to the Proposed Transaction and not relating to future events or decisions and are factually supportable.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information contained in this circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors for illustrative purposes only and is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Group had the Proposed Transaction been completed as at 30 June 2025 or any future date.

(I) Unaudited Pro Forma Consolidated Balance Sheet of the Group as at 30 June 2025

	Unaudited interim condensed consolidated balance sheet of the Group as at 30 June 2025 *US$'000* *Note 1*	Pro forma adjustment *US$'000* *Note 2*	Unaudited pro forma interim condensed consolidated balance sheet of the Group as at 30 June 2025 *US$'000*
ASSETS			
Non-current assets			
Investment properties	132		132
Property, plant and equipment	1,448,958		1,448,958
Right-of-use assets	438,840		438,840
Intangible assets	1,111,115		1,111,115
Investments accounted for using the equity method	2,241		2,241
Deferred income tax assets	98,964		98,964
Other non-current assets	105,219		105,219
Financial assets at fair value through profit or loss	639,542		639,542
Financial assets at fair value through other comprehensive income	–	1,057,260	1,057,260
	3,845,011		**4,902,271**
Current assets			
Inventories	20,958		20,958
Trade receivables	614,662		614,662
Prepayments, other receivables and other assets	1,129,596		1,129,596
Financial assets at fair value through profit or loss	134,941		134,941
Restricted cash	35,149		35,149
Cash and cash equivalents	1,661,901		1,661,901
	3,597,207		**3,597,207**
Total assets	**7,442,218**		**8,499,478**

	Unaudited interim condensed consolidated balance sheet of the Group as at 30 June 2025 *US$'000* *Note 1*	Pro forma adjustment *US$'000* *Note 2*	Unaudited pro forma interim condensed consolidated balance sheet of the Group as at 30 June 2025 *US$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	2	20
Share premium	9,061,736	1,057,258	10,118,994
Treasury shares	(55,622)		(55,622)
Other reserves	(105,087)		(105,087)
Accumulated losses	(5,939,875)		(5,939,875)
	2,961,170		**4,018,430**
Non-controlling interests	**(303,404)**		**(303,404)**
Total equity	**2,657,766**		**3,715,026**
LIABILITIES			
Non-current liabilities			
Borrowings	1,294,577		1,294,577
Lease liabilities	281,137		281,137
Employee benefit obligations	9,187		9,187
Financial liabilities – redemption liabilities of shares of JNT KSA	72,673		72,673
Financial liabilities at fair value through profit or loss	652,337		652,337
Deferred tax liabilities	23,154		23,154
	2,333,065		**2,333,065**

	Unaudited interim condensed consolidated balance sheet of the Group as at 30 June 2025 *US$'000* *Note 1*	Pro forma adjustment *US$'000* *Note 2*	Unaudited pro forma interim condensed consolidated balance sheet of the Group as at 30 June 2025 *US$'000*
Current liabilities			
Trade payables	552,458		552,458
Advances from customers	310,760		310,760
Accruals and other payables	1,008,826		1,008,826
Financial liabilities at fair value through profit or loss	897		897
Current income tax liabilities	20,782		20,782
Borrowings	412,643		412,643
Lease liabilities	145,021		145,021
	2,451,387		**2,451,387**
Total liabilities	**4,784,452**		**4,784,452**
Total equity and liabilities	**7,442,218**		**8,499,478**

(II) Notes to the unaudited pro forma financial information of the Group

1. The amounts are extracted from the unaudited interim condensed consolidated balance sheet of the Group as at 30 June 2025 as set out in the Company's published interim report for the six months ended 30 June 2025.

2. Upon Completion of the Proposed Transaction, S.F. Holding will not become a subsidiary of the Company and the financial results of S.F. Holding will not be consolidated into the consolidated financial statements of the Group. For the purpose of this Unaudited Pro Forma Financial Information, it is assumed that the H Shares of S.F. Holding to be subscribed by the Company pursuant to the Share Subscription Agreement had been recognised by the Group as financial assets at fair value through other comprehensive income. The adjustment represented (i) the recognition of the share capital at nominal value of approximately US$1,643 and share premium of approximately US$1,057,258,000 to illustrate the impact of the allotment and issue of 821,657,973 Class B Shares of the Company at the Issue Price of HK$10.10 (equivalent to approximately US$1.28674) per Class B Share of the Company as the Consideration Shares for the Proposed Subscription; (ii) the recognition of the Group's subscription of H Shares of S.F. Holding as financial assets at fair value through other comprehensive income initially measured at the amount of approximately HK$8,298,746,000 (equivalent to approximately US$1,057,260,000), which is the consideration payable by the Company based on 225,877,669 H Shares of S.F. Holding at the subscription price of HK$36.74 (equivalent to approximately US$4.68068) per H Share of S.F. Holding pursuant to the Share Subscription Agreement.

   For the purpose of this Unaudited Pro Forma Financial Information, the issue price of the consideration shares and the subscription price of the Proposed Subscription are translated into US$ at the exchange rate of HK$0.1274 to US$1, which was the exchange rate prevailing on 30 June 2025 with reference to the rate published by the People's Bank of China, such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.

   As the actual exchange rate at the Completion Date may be materially different from the amount of this unaudited pro forma financial information, the actual amounts to be recognised in the consolidated balance sheet of the Group upon the Completion may be materially different from the amounts shown in this unaudited pro forma financial information. Subsequent to initial recognition, the amounts of H Shares of S.F. Holding classified as financial assets at fair value through other comprehensive income will be subsequently measured and stated at its quoted market price after the completion of the Proposed Subscription.

3. Apart from the Proposed Transaction, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group subsequent to 30 June 2025.

(B) REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report on the unaudited pro forma financial information of the Group received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of J&T Global Express Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of J&T Global Express Limited (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 consolidated balance sheet as at 30 June 2025 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-1 to III-5 of the Company's circular dated 27 March 2026, in connection with the proposed subscription of H Shares of S.F. Holding Co., Ltd. (the "S.F. Holding") by the Company and the proposed issuance of Class B Shares of the Company to S.F. Holding under the General Mandate (the "**Transaction**") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-5 of the circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2025 as if the Transaction had taken place at 30 June 2025. As part of this process, information about the Group's unaudited interim condensed consolidated financial position has been extracted by the Directors from the Group's financial information for the six months ended 30 June 2025, on which a review 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 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 circular 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 Transaction at 30 June 2025 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.

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, 27 March 2026

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 herein or this circular misleading.

II. DISCLOSURE OF INTERESTS

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

To the best of the knowledge of the Directors and according to the public information available to the Board, as at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive in any Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which have been taken or deemed to have been taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, will be as follows:

Name of Director	Capacity/Nature of interest[1]	Number and class of securities	Approximate % shareholding interest in the relevant class of Shares as of the Latest Practicable Date	Approximate % of the Company's issued shares as of the Latest Practicable Date
Mr. Jet Jie Li[2]	Interest in a controlled corporation	971,390,048 Class A Shares	100.00%	10.92%
		7,943,362 Class B Shares	0.10%	0.09%
Ms. Alice Yu-fen Cheng[3]	Interest in a controlled corporation	40,008,020 Class B Shares	0.50%	0.45%
Mr. Yuan Zhang[4]	Interest in a controlled corporation	349,702,854 Class B Shares	4.41%	3.93%

Notes:

(1) All interests stated are long position.

(2) This includes the 971,390,048 Class A Shares and 7,943,362 Class B Shares held by Jumping Summit Limited; Topping Summit Limited, an entity wholly-owned by Mr. Jet Jie Li, owns 5% equity interest in Jumping Summit Limited; Exceeding Summit Holding Limited, which is held by Vistra Trust (Singapore) Pte. Limited as a trustee for a trust established by Mr. Jet Jie Li for the benefit of Mr. Jet Jie Li and his family members, owns the remaining 95% equity interest in Jumping Summit Limited. Accordingly, Mr. Jet Jie Li is deemed to be interested in the 971,390,048 Class A Shares and 7,943,362 Class B Shares held by Jumping Summit Limited under the SFO.

(3) This includes the 40,008,020 Class B Shares held by Robust Idea Limited, which is wholly-owned by Ms. Alice Yu-fen Cheng. Accordingly, Ms. Alice Yu-fen Cheng is deemed to be interested in the 40,008,020 Class B Shares held by Robust Idea Limited.

(4) This includes the 345,583,289 Class B Shares held by LONG ORIGIN LIMITED and 4,119,565 Class B Shares held by Blink Field Limited. Both of LONG ORIGIN LIMITED and Blink Field Limited are wholly-owned by Mr. Yuan Zhang. Accordingly, Mr. Yuan Zhang is deemed to be interested in the 345,583,289 Class B Shares held by LONG ORIGIN LIMITED and 4,119,565 Class B Shares held by Blink Field Limited.

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

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

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

Name of Shareholder	Capacity/Nature of interest[1]	Number and class of securities	Approximate % shareholding interest in the relevant class of Shares as of the Latest Practicable Date	Approximate % of the Company's issued shares as of the Latest Practicable Date
Jumping Summit Limited[2]	Beneficial owner	971,390,048 Class A Shares	100.00%	10.92%
		7,943,362 Class B Shares	0.10%	0.09%
Exceeding Summit Holding Limited[2]	Interest in controlled corporation	971,390,048 Class A Shares	100.00%	10.92%
		7,943,362 Class B Shares	0.10%	0.09%
Topping Summit Limited[2]	Interest in controlled corporation	971,390,048 Class A Shares	100.00%	10.92%
		7,943,362 Class B Shares	0.10%	0.09%
Vistra Trust (Singapore) Pte. Limited[2]	Trustee	971,390,048 Class A Shares	100.00%	10.92%
		7,943,362 Class B Shares	0.10%	0.09%
Mr. Chen Mingyong[3]	Interest in controlled corporation/ Interest of spouse	700,887,980 Class B Shares	8.84%	7.88%
Ms. Liang Xiaojing[3]	Interest in controlled corporation/ Interest of spouse	700,887,980 Class B Shares	8.84%	7.88%
Tencent Holdings Limited[4]	Interest in controlled corporation	533,278,240 Class B Shares	6.73%	5.99%
Boyu Capital Fund IV, L.P.[5]	Interest in controlled corporation	458,112,913 Class B Shares	5.78%	5.15%

Name of Shareholder	Capacity/Nature of interest[1]	Number and class of securities	Approximate % shareholding interest in the relevant class of Shares as of the Latest Practicable Date	Approximate % of the Company's issued shares as of the Latest Practicable Date
Boyu Capital General Partner IV, Ltd[5]	Interest in controlled corporation	458,112,913 Class B Shares	5.78%	5.15%
Boyu Capital Group Holdings Ltd[5]	Interest in controlled corporation	464,619,113 Class B Shares	5.86%	5.22%
Boyu Group, LLC[5]	Interest in controlled corporation	464,619,113 Class B Shares	5.86%	5.22%
XYXY Holdings Ltd.[5]	Interest in controlled corporation	464,619,113 Class B Shares	5.86%	5.22%
Mr. Tong Xiaomeng[5]	Interest in controlled corporation	464,619,113 Class B Shares	5.86%	5.22%

Notes:

(1) All interests stated are long position.

(2) Topping Summit Limited, an entity wholly-owned by Mr. Jet Jie Li, an executive Director, owns 5% equity interest in Jumping Summit Limited; Exceeding Summit Holding Limited, which is held by Vistra Trust (Singapore) Pte. Limited as a trustee for a trust established by Mr. Jet Jie Li for the benefit of Mr. Jet Jie Li and his family members, owns the remaining 95% equity interest in Jumping Summit Limited. Accordingly, Mr. Jet Jie Li is deemed to be interested in the 971,390,048 Class A Shares and 7,943,362 Class B Shares held by Jumping Summit Limited under the SFO.

(3) This includes the 373,175,910 Class B Shares and 327,712,070 Class B Shares held by Team Spirit Group Limited and Starlight Hero Limited, respectively. Team Spirit Group Limited is wholly-owned by Sky Royal Trading Limited, which is wholly-owned by Guangdong OPlus Holdings Co., Ltd. Guangdong OPlus Holdings Co., Ltd is 64.52% held by the Labor Union Committee of Guangdong OPlus Holdings Co., Ltd, and the Labor Union Committee of Guangdong OPlus Holdings Co., Ltd is controlled by Mr. Chen Mingyong. Accordingly, Mr. Chen Mingyong is deemed to be interested in the 373,175,910 Class B Shares held by Team Spirit Group Limited under the SFO.

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

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

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

(4) This includes the 382,316,440 Class B Shares, 107,829,815 Class B Shares and 43,131,985 Class B Shares held by Huang River Investment Limited, Eternal Earn Holding Limited, and Parallel Cluster Investment Limited, respectively. Huang River Investment Limited is a wholly-owned subsidiary of Tencent Holdings Limited, a company listed on the Stock Exchange (HKEX: 700, "**Tencent**"). Eternal Earn Holding Limited is a wholly-owned subsidiary of TPP Fund II, L.P., whose general partner is TPP GP II, Ltd, which is ultimately indirectly controlled by Tencent through Nasturtium Investment Limited. Parallel Cluster Investment Limited is a wholly-owned subsidiary of Parallel Cluster Investment L.P., whose general partner is Parallel Cluster GP Limited, is a wholly-owned subsidiary of Tencent. Accordingly, Tencent is deemed to be interested in the total of 533,278,240 Class B Shares held by Huang River Investment Limited, Eternal Earn Holding Limited and Parallel Cluster Investment Limited under the SFO.

(5) This includes the 112,468,268 Class B Shares, 285,259,927 Class B Shares and 60,384,718 Class B Shares held by Joyous Tempinis Limited, Jaunty Global Limited, and Jallion Global Limited, respectively. This also includes the 6,506,200 class B shares held by Boyu Capital Opportunities Master Fund. Joyous Tempinis Limited, Jaunty Global Limited, and Jallion Global Limited are directly or indirectly controlled by Boyu Capital Fund IV, L.P., whose general partner is Boyu Capital General Partner IV, Ltd. Boyu Capital General Partner IV, Ltd is wholly-owned by Boyu Capital Group Holdings Ltd. All voting rights of Boyu Capital Opportunities Master Fund are held by Boyu Capital Investment Management Limited which is the wholly-owned subsidiary of Boyu Capital Group Holdings Ltd. Boyu Capital Group Holdings Ltd. is the wholly-owned by Boyu Group, LLC. Boyu Group, LLC is controlled by XYXY Holdings Ltd., which is wholly-owned by Mr. Tong Xiaomeng. Accordingly, Boyu Capital Fund IV, L.P., Boyu Capital General Partner IV, Ltd are deemed to be interested in the total of 458,112,913 Class B Shares held by Jaunty Global Limited, Joyous Tempinis Limited and Jallion Global Limited under the SFO. Boyu Capital Group Holdings Ltd, Boyu Group, LLC, XYXY Holdings Ltd. and Mr. Tong Xiaomeng are deemed to be interested in the total of 464,619,113 Class B Shares held by Jaunty Global Limited, Joyous Tempinis Limited, Jallion Global Limited and Boyu Capital Opportunities Master Fund under the SFO.

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

III. DIRECTORS' INTERESTS

(a) Interest in service contracts

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with any member of the Group (excluding contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation)).

(b) Interest in competing business

As at the Latest Practicable Date, none of the Directors or their respective close associate is or was interested in any business apart from the Group's business, that competes or is likely to compete, either directly or indirectly, with the Group's business.

(c) Interest in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since December 31, 2024, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Interest in contract or arrangement

As at the Latest Practicable Date, there is no contract or arrangement subsisting in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

IV. LITIGATION

As at the Latest Practicable Date, no member of the Group was or is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was or is known to the Directors to be pending or threatened by or against any members of the Group.

V. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since December 31, 2024, the date to which the latest published audited financial statements of the Company were made up.

VI. MATERIAL CONTRACTS

Save for the Share Subscription Agreement, the Group has not entered into any contract (not being a contract entered into in the ordinary course of business) within the two years preceding the Latest Practicable Date and is or may be material.

VII. EXPERTS AND CONSENTS

The following are the qualification of the experts who have been named in this circular or have been given opinion or letter, which is contained in this circular:

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong)

As at the Latest Practicable Date, PricewaterhouseCoopers had given and had not withdrawn its written consent to the issue of this circular with the inclusion of their letters or opinions or reports or references to its names in the form and context in which it appears.

As at the Latest Practicable Date, PricewaterhouseCoopers did not have shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which had been, since December 31, 2024 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

VIII. DOCUMENTS ON DISPLAY

Copies of the below documents will be available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jtexpress.com) from the date of this circular for 14 days thereafter:

(a) the Share Subscription Agreement;

(b) the report on the unaudited pro forma financial information of the Group as set out in Appendix III to this circular;

(c) the written consent of PricewaterhouseCoopers, the auditor of the Company, referred to in the section headed "Experts and Consents" in this appendix; and

(d) this circular.

IX. GENERAL

(a) The address of the registered office of the Company in the Cayman Islands is Harneys Fiduciary (Cayman) Limited, 4th floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

(b) The address of the principal place of business in Hong Kong of the Company is 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

(c) The Company's Hong Kong branch share registrar is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) The joint company secretaries are Ms. Quanxi Shang and Mr. Ching Kit Cheng (*associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom*).

Details of the Proposed Amendments are as follows:

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
1(b)	–	1(b)	***Board Diversity Policy*** means the board diversity policy of the Company as may be adopted, amended, supplemented or restated by the Board from time to time;
	Company means the above named company;		***Company*** means the above named company, i.e. J&T Global Express Limited 極兔速遞環球有限公司;
	Corporate Governance Committee means the corporate governance committee of the Board established in accordance with Article 164;		***Corporate Governance Committee*** means the corporate governance committee of the Board established in accordance with Article ~~164~~165;
	–		***Hybrid Meeting*** means a general meeting that allows physical and virtual attendance, participation, communication and voting by the Shareholders;
	Nomination Committee means the nomination committee of the Board established in accordance with Article 158;		***Nomination Committee*** means the nomination committee of the Board established in accordance with Article ~~158~~159;
	Shareholder means the person who is duly registered in the Register as holder for the time being of any Share and includes persons who are jointly so registered;		***Shareholder or member*** means the person who is duly registered in the Register as holder for the time being of any Share and includes persons who are jointly so registered;
	Transfer Office means the place where the principal register of Shareholders is located for the time being; and		***Transfer Office*** means the place where the principal register of Shareholders is located for the time being; ~~and~~
	US$ means United States dollars, the lawful currency for the time being of the United States of America.		***US$*** means United States dollars, the lawful currency for the time being of the United States of America~~.~~; and
1(b)	–	1(b)	***Workforce Diversity Policy*** means the workforce diversity policy of the Company as may be adopted, amended, supplemented or restated by the Board from time to time.

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
1(d)	At all times during the Relevant Period a resolution shall be a Special Resolution when it has been passed by a majority of not less than three-fourths of the voting rights held by such Shareholders as, being entitled so to do, vote in person or by proxy or,(whether physically or by virtual attendance with the use of technology), or by proxy, or in the case of any Shareholder being a corporation, by its duly authorised representatives at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.	1(d)	At all times during the Relevant Period a resolution shall be a Special Resolution when it has been passed by a majority of not less than three-fourths of the voting rights held by such Shareholders as, being entitled so to do, vote in person ~~or by proxy or,~~(whether physically or by virtual attendance with the use of technology), or by proxy, or in the case of any Shareholder being a corporation, by its duly authorised representatives at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.
1(e)	A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of such Shareholders as, being entitled so to do, vote in person or by proxy or, in the case of any Shareholder being a corporation, by its duly authorised representative at a general meeting held in accordance with these Articles and of which not less than 14 days' notice has been duly given.	1(e)	A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of the voting rights held by such Shareholders as, being entitled so to do, vote in person (whether physically or by virtual attendance with the use of technology) or by proxy or, in the case of any Shareholder being a corporation, by its duly authorised representative at a general meeting held in accordance with these Articles and of which not less than 14 days' notice has been duly given.

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
16(a)	If at any time the share capital of the Company is divided into different classes of Shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person or by proxy at a separate meeting of such holders. For so long as any Class A Share is in issue and unless such change is otherwise required by law or the Listing Rules, (a) any change to the composition of the Board set out in Article 107; (b) any change in the proportion of votes required to pass a resolution of the Shareholders, whether as an Ordinary Resolution or a Special Resolution or in respect of particular matters or generally; (c) any variation to the number of votes attached to a share of any class, except any such variation arising from an automatic conversion of a Class A Share into a Class B Share pursuant to Article 9; and (d) any change to this Article, to the matters in respect of which each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting in Article 12 or to the quorum requirements for meetings of Directors in Article 147, shall require the consent in writing of the holders of not less than three-fourths in nominal value of the issued Class A Shares. To every such separate general meeting the provisions of these Articles relating to general meetings shall apply mutatis mutandis, provided that:	16(a)	If at any time the share capital of the Company is divided into different classes of Shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person (whether physically or by virtual attendance with the use of technology) or by proxy at a separate meeting of such holders. For so long as any Class A Share is in issue and unless such change is otherwise required by law or the Listing Rules, (a) any change to the composition of the Board set out in Article 107; (b) any change in the proportion of votes required to pass a resolution of the Shareholders, whether as an Ordinary Resolution or a Special Resolution or in respect of particular matters or generally; (c) any variation to the number of votes attached to a share of any class, except any such variation arising from an automatic conversion of a Class A Share into a Class B Share pursuant to Article 9; and (d) any change to this Article, to the matters in respect of which each Class A Share and each Class B Share shall entitle its holder to one vote on a poll at a general meeting in Article 12 or to the quorum requirements for meetings of Directors in Article ~~147~~148, shall require the consent in writing of the holders of not less than three-fourths in nominal value of the issued Class A Shares. To every such separate general meeting the provisions of these Articles relating to general meetings shall apply mutatis mutandis, provided that:

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
16(a)(ii)	any holder of Shares of the class present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy may demand a poll	16.(a)(ii)	any holder of Shares of the class present in person (whether physically or by virtual attendance with the use of technology), or in the case of the Shareholder being a corporation, by its duly authorised representative or by proxy may demand a poll.
23(c)	sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association or into Shares without par value, subject nevertheless to the provisions of the Companies Act;	23(c)	sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association or into Shares without par value, subject nevertheless to the provisions of the Companies Act; and/or
23(d)	cancel any Shares which as at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled;	23(d)	cancel any Shares which as at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled~~;~~.
23(e)	make provision for the allotment and issue of Shares which do not carry any voting rights;	~~23(e)~~	~~make provision for the allotment and issue of Shares which do not carry any voting rights;~~
23(f)	change the currency of denomination of its share capital; and/or	~~23(f)~~	~~change the currency of denomination of its share capital; and/or~~
23(g)	reduce its share premium account in any manner authorised, and subject to any conditions prescribed by law.	~~23(g)~~	~~reduce its share premium account in any manner authorised, and subject to any conditions prescribed by law.~~

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
25(a)	Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which expression as used in this Article includes redeemable Shares), provided that the manner and terms of purchase have first been authorised by an Ordinary Resolution, and to purchase or otherwise acquire warrants and other securities for the subscription or purchase of its own Shares, and shares and warrants and other securities for the subscription or purchase of any shares in any company which is its Holding Company and may make payment therefor in any manner and terms authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any Shares or warrants or other securities in the Company or any company which is a Holding Company of the Company. If the Company purchases or otherwise acquires its own Shares or warrants or other securities, neither the Company nor the Board shall be required to select the Shares or warrants or other securities to be purchased or otherwise acquired rateably or in any other manner and terms as between the holders of Shares or warrants or other securities of the same class or as between them and the holders of Shares or warrants or other securities of any other class or in accordance with the rights as to Dividends or capital conferred by any class of Shares, provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the HK Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.	25(a)	Subject to the Companies Act, ~~or any~~these Articles and where applicable, other ~~law~~ applicable laws and regulations, rules of the HK Stock Exchange and/or other competent regulatory authority or so far as not prohibited by any law, regulation or rule, and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which expression as used in this Article includes redeemable Shares), ~~provided that the manner and terms of purchase have first been authorised by an Ordinary Resolution~~ which power shall be exercised by the Board in such manner, upon such terms and subject to such conditions as it thinks fit, and to purchase or otherwise acquire warrants and other securities for the subscription or purchase of its own Shares, and shares and warrants and other securities for the subscription or purchase of any shares in any company which is its Holding Company and may make payment therefor in any manner and terms authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any Shares or warrants or other securities in the Company or any company which is a Holding Company of the Company. If the Company purchases or otherwise acquires its own Shares or warrants or other securities, neither the Company nor the Board shall be required to select the Shares or warrants or other securities to be purchased or otherwise acquired rateably or in any other manner and terms as between the holders of Shares or warrants or other securities of the same class or as between them and the holders of Shares or warrants or other securities of any other class or in accordance with the rights as to Dividends or capital conferred by any class of Shares, provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the HK Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
25(b)	Subject to the provisions of the Companies Act and the Memorandum of Association of the Company, and to any special rights conferred on the holders of any Shares or attaching to any class of Shares, Shares may be issued on the terms that they may, at the option of the Company or the holders thereof, be liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.	25(b)	Subject to the provisions of the Companies Act and the Memorandum of Association of the Company, and to any special rights conferred on the holders of any Shares or attaching to any class of Shares, and where applicable, other applicable laws and regulations, rules of the HK Stock Exchange and/or other competent regulatory authority, Shares may be issued on the terms that they may, at the option of the Company or the holders thereof, be liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.
72	At all times during the Relevant Period, the Company shall in each financial year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it, and such annual general meeting shall be held within six months after the end of the Company's financial year. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meetings.	72	At all times during the Relevant Period, the Company shall in each financial year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it, and such annual general meeting shall be held within six months after the end of the Company's financial year. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the Shareholders or any class thereof may be ~~held~~ conducted as a Hybrid Meeting or by means of ~~such~~ telephone, electronic or other communication facilities ~~as permit~~that enable all persons participating in the meeting to communicate with each other simultaneously and instantaneously, as well as to vote electronically, and participation in such a meeting shall constitute presence at such meetings.

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
75	An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day, the hour and the agenda of the meeting and particulars of the resolutions to be considered at that meeting, and in case of special business (as defined in Article 77), the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Article, if permitted by the Listing Rules, be deemed to have been duly called if it is so agreed	75	An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day, the hour and the agenda of the meeting and particulars of the resolutions to be considered at that meeting, the details for members to attend the meeting virtually with the use of technology (if applicable) and in case of special business (as defined in Article 77), the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Article, if permitted by the Listing Rules, be deemed to have been duly called if it is so agreed
78	For all purposes the quorum for a general meeting shall be two Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative), or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting.	78	For all purposes the quorum for a general meeting shall be two Shareholders present in person (whether physically or, by virtual attendance with the use of technology), or in the case of a Shareholder being a corporation, by its duly authorised representative), or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the time when the meeting proceeds to business and continues to be present until the conclusion of the meeting.

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
79	If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board, and if at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the Shareholder or the Shareholders present in person (or, in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and entitled to vote shall be a quorum and may transact the business for which the meeting was called.	79	If within 15 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board, and if at such adjourned meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, the Shareholder or the Shareholders present in person (<u>whether physically</u> or~~,~~ <u>by virtual attendance with the use of technology), or</u> in the case of a Shareholder being a corporation by its duly authorised representative~~),~~ or by proxy and entitled to vote shall be a quorum and may transact the business for which the meeting was called.

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
81	The chairman of the meeting may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for 14 days or more, at least seven clear days' notice, specifying the place, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no notice of an adjournment or of the business to be transacted at any adjourned meeting needs to be given nor shall any Shareholder be entitled to any such notice. No business shall be transacted at an adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.	81	The chairman of the meeting may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for 14 days or more, at least seven clear days' notice, specifying the place, the day ~~and the hour~~, the hour and the details for members to attend the adjourned meeting virtually with the use of technology (if applicable) of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no notice of an adjournment or of the business to be transacted at any adjourned meeting needs to be given nor shall any Shareholder be entitled to any such notice. No business shall be transacted at an adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
82(a)	at least two Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting;	82(a)	at least two Shareholders present in person (whether physically or~~,~~ by virtual attendance with the use of technology), or in the case of a Shareholder being a corporation, by its duly authorised representative~~)~~, or by proxy for the time being entitled to vote at the meeting;
82(b)	any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or	82(b)	any Shareholder or Shareholders present in person (whether physically or~~,~~ by virtual attendance with the use of technology), or in the case of a Shareholder being a corporation, by its duly authorised representative~~)~~, or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
82(c)	any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.	82(c)	any Shareholder or Shareholders present in person (whether physically or~~,~~ by virtual attendance with the use of technology, or in the case of a Shareholder being a corporation, by its duly authorised representative~~)~~, or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.
83	Where a resolution is voted on by a show of hands as permitted under the Listing Rules, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded in favour of or against such resolution.	83	Where a resolution is voted on by a show of hands (whether physically or by virtual attendance with the use of technology) as permitted under the Listing Rules, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded in favour of or against such resolution.
86	In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote, the chairman of the meeting shall determine the same, and such determination shall be final and conclusive.	86	In the case of an equality of votes, whether on a show of hands or on a poll~~,~~ (whether physically or by virtual attendance with the use of technology), the chairman of the meeting shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote, the chairman of the meeting shall determine the same, and such determination shall be final and conclusive.

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
89	Subject to Articles 4 and 12 and any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of Shares, at any general meeting on a poll every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative), or by proxy, shall have one vote for every Share of which he is the holder which is fully paid or credited as fully paid (provided that no amount paid or credited as paid on a Share in advance of calls or instalments shall be treated for the purposes of this Article as paid on the Share), and on a show of hands every Shareholder who is present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative), or by proxy shall (save as provided otherwise in this Article) have one vote. On a poll a Shareholder entitled to more than one vote need not use all his votes or cast all his votes in the same way. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Shareholder which is a Clearing House (or its nominee(s)), each such proxy shall have one vote on a show of hands and on a poll, each such proxy is under no obligation to cast all his votes in the same way.	89	Subject to Articles 4 and 12 and any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of Shares, at any general meeting on a poll every Shareholder present in person (whether physically or~~,~~ by virtual attendance with the use of technology), or in the case of a Shareholder being a corporation, by its duly authorised representative~~)~~), or by proxy, shall have one vote for every Share of which he is the holder which is fully paid or credited as fully paid (provided that no amount paid or credited as paid on a Share in advance of calls or instalments shall be treated for the purposes of this Article as paid on the Share), and on a show of hands every Shareholder who is present in person (whether physically or~~,~~ by virtual attendance with the use of technology), or in the case of a Shareholder being a corporation, by its duly authorised representative~~)~~), or by proxy shall (save as provided otherwise in this Article) have one vote. On a poll a Shareholder entitled to more than one vote need not use all his votes or cast all his votes in the same way. Notwithstanding anything contained in these Articles, where more than one proxy is appointed by a Shareholder which is a Clearing House (or its nominee(s)), each such proxy shall have one vote on a show of hands and on a poll, each such proxy is under no obligation to cast all his votes in the same way.

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
90	All Shareholders of the Company (including a Shareholder which is a Clearing House (or its nominee(s))) shall have the right to (a) speak at a general meeting and (b) vote at a general meeting except where a Shareholder is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted. No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.	90	All Shareholders of the Company (including a Shareholder which is a Clearing House (or its nominee(s))) shall have the right to (a) speak at a general meeting and (b) vote at a general meeting (whether physically or by virtual attendance with the use of technology), except where a Shareholder is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted. No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
99	The instrument appointing a proxy and, if requested by the Board, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at such place or one of such places (if any) as is specified in the notice of meeting or in the instrument of proxy issued by the Company (or, if no place is specified, at the Registration Office) not less than 48 hours before the time for holding the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 Months from the date of its execution, except at an adjourned meeting where the meeting was originally held within 12 Months from such date. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person (or in the case of a Shareholder being a corporation, its duly authorised representative), at the meeting concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.	99	The instrument appointing a proxy and, if requested by the Board, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at such place or one of such places (if any) as is specified in the notice of meeting or in the instrument of proxy issued by the Company (or, if no place is specified, at the Registration Office) not less than 48 hours before the time for holding the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 Months from the date of its execution, except at an adjourned meeting where the meeting was originally held within 12 Months from such date. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person (whether physically or by virtual attendance with the use of technology), or in the case of a Shareholder being a corporation, by its duly authorised representative), or by proxy at the meeting concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
103(b)	Where a Shareholder is a Clearing House (or its nominee(s)), it may (subject to Article 104) appoint proxies or authorise such person or persons as it thinks fit to act as its representative or representatives, who enjoy rights equivalent to the rights of other Shareholders, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of Shareholders, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised pursuant to the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were an individual Shareholder, including the right to speak and vote individually on a show of hands or on a poll.	103(b)	Where a Shareholder is a Clearing House (or its nominee(s)), it may (subject to Article 104) appoint proxies or authorise such person or persons as it thinks fit to act as its representative or representatives, who enjoy rights equivalent to the rights of other Shareholders, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of Shareholders, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised pursuant to the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were an individual Shareholder, including the right to speak and vote individually (whether physically or by virtual attendance with the use of technology) on a show of hands or on a poll.
119(a)	Notwithstanding any other provisions in these Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every	119(a)	~~Notwithstanding any other provisions in these Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every~~

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
119(a)	Director (including those appointed for a specific term and the Independent Non-executive Directors) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.	119(a)	Every Director (including those appointed for a specific term and the Independent Non-executive Directors) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office
	–	129	An Independent Non-executive Director must not hold directorships in other listed companies in excess of the maximum number permitted under the Listing Rules.
137	Every Director appointed to an office under Article 136 hereof shall, but without prejudice to any claim for damages for breach of any contract of service between himself and the Company, be liable to be dismissed or removed therefrom by the Board	138	Every Director appointed to an office under Article ~~136~~137 hereof shall, but without prejudice to any claim for damages for breach of any contract of service between himself and the Company, be liable to be dismissed or removed therefrom by the Board
138	A Director appointed to an office under Article 136 shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and he shall ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause	139	A Director appointed to an office under Article ~~136~~137 shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and he shall ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
146	The Board may from time to time elect or otherwise appoint one of the Directors to the office of chairman of the Company and another to be the vice chairman of the Company (or two or more vice Chairmen) and determine the period for which each of them is to hold office. The chairman of the Company or, in his absence, the vice chairman of the Company shall preside as chairman at meetings of the Board, but if no such chairman or vice chairman be elected or appointed, or if at any meeting the chairman or vice chairman is not present within five minutes after the time appointed for holding the same and willing to act, the Directors present shall choose one of their number to be chairman of such meeting. All the provisions of Articles 114, 119, 137,138, and 139 shall apply mutatis mutandis to any Directors elected or otherwise appointed to any office in accordance with the provisions of this Article.	147	The Board may from time to time elect or otherwise appoint one of the Directors to the office of chairman of the Company and another to be the vice chairman of the Company (or two or more vice Chairmen) and determine the period for which each of them is to hold office. The chairman of the Company or, in his absence, the vice chairman of the Company shall preside as chairman at meetings of the Board, but if no such chairman or vice chairman be elected or appointed, or if at any meeting the chairman or vice chairman is not present within five minutes after the time appointed for holding the same and willing to act, the Directors present shall choose one of their number to be chairman of such meeting. All the provisions of Articles 114, 119, ~~137~~138,~~138~~139, and ~~139~~140 shall apply mutatis mutandis to any Directors elected or otherwise appointed to any office in accordance with the provisions of this Article.
153	The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not replaced by any regulations imposed by the Board pursuant to Article 151.	154	The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not replaced by any regulations imposed by the Board pursuant to Article ~~151~~152.
157(a)(ii)	the names of the Directors present at each meeting of the Board and of committees appointed pursuant to Article 151; and	158(a)(ii)	the names of the Directors present at each meeting of the Board and of committees appointed pursuant to Article ~~151~~152; and

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
158(a)	review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;	159(a)	review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
	–	159(b)	develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship;
	–	159(f)	review the implementation and effectiveness of the Board Diversity Policy and the measurable objectives that the Board has adopted for implementing the relevant policy, and monitor the progress on achieving the objectives on annual basis to develop a policy concerning diversity of Board members, and disclose the policy or a summary of the policy in the corporate governance report
		159(g)	review the implementation and effectiveness of the Workforce Diversity Policy regularly, and monitor the progress on achieving the measurable objectives (where applicable) adopted for senior management and the workforce (excluding senior management) on annual basis;
		159(h)	support the Company's regular evaluation of the Board's performance; and
		159(i)	review and assess each Director's individual commitment and contribution to the Board as well as the Director's ability to discharge his or her responsibilities effectively.
159	The Nomination Committee shall comprise a majority of Independent Non-executive Directors, and the chairman of the Nomination Committee shall be an Independent Non-executive Director	160	The Nomination Committee shall comprise at least one director of a different gender and a majority of Independent Non-executive Directors, and the chairman of the Nomination Committee shall be an Independent Non-executive Director

Currently in force		Proposed to be amended as	
Article No.	Articles of Association	Article No.	Articles of Association
162	Where the Board proposes a resolution to elect an individual as an Independent Non-executive Director at a general meeting, the circular to the members and/or explanatory statement accompanying the notice of the relevant general meeting shall set out (i) the process used for identifying the individual, the reasons why the Directors believe such individual should be elected and the reasons why the Directors consider such individual to be independent; (ii) if the proposed Independent Non-executive Directors will be holding their seventh (or more) listed company directorship, the reasons why the Board believes the individual would still be able to devote sufficient time to the Board; (iii) the perspectives, skills and experience that the individual can bring to the Board; and (iv) how the individual contributes to diversity of the Board.	163	Where the Board proposes a resolution to elect an individual as an Independent Non-executive Director at a general meeting, the circular to the members and/or explanatory statement accompanying the notice of the relevant general meeting shall set out (i) the process used for identifying the individual, the reasons why the Directors believe such individual should be elected and the reasons why the Directors consider such individual to be independent; (ii) ~~if the proposed Independent Non-executive Directors will be holding their seventh (or more) listed company directorship, the reasons why the Board believes the individual would still be able to devote sufficient time to the Board; (iii)~~ the perspectives, skills and experience that the individual can bring to the Board; and (~~iv~~ iii) how the individual contributes to diversity of the Board.
164(l)	seek to ensure effective and on-going communication between the Company and its members, particularly with regards to the requirements of Article 213;	165(l)	seek to ensure effective and on-going communication between the Company and its members, particularly with regards to the requirements of Article ~~213~~214;
164(m)	report on the work of the Corporate Governance Committee on at least a half-yearly and annual basis covering all areas of this Article 164; and	165(m)	(m) report on the work of the Corporate Governance Committee on at least a half-yearly and annual basis covering all areas of this Article ~~164~~165; and
164(n)	disclose, on a comply or explain basis, its recommendations to the Board in respect of matters in Articles 164(i) to 164(k) in the report referred to in Article 164(m).	165(n)	disclose, on a comply or explain basis, its recommendations to the Board in respect of matters in Articles ~~164~~165(i) to ~~164~~165(k) in the report referred to in Article ~~164~~165(m).

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
166	The Corporate Governance Report produced by the Company pursuant to the Listing Rules shall include a summary of the work of the Corporate Governance Committee, with regards to its duties set out in Article 164, for the accounting period covered by both the half-yearly and annual report and disclose any significant subsequent events for the period up to the date of publication of the half-yearly and annual report, to the extent possible.	167	The Corporate Governance Report produced by the Company pursuant to the Listing Rules shall include a summary of the work of the Corporate Governance Committee, with regards to its duties set out in Article ~~164~~165, for the accounting period covered by both the half-yearly and annual report and disclose any significant subsequent events for the period up to the date of publication of the half-yearly and annual report, to the extent possible.
178(c)	The provisions of paragraph (e) of Article 185 shall apply to the power of the Company to capitalise under this Article as it applies to the grant of election thereunder mutatis mutandis and no Shareholder who may be affected thereby shall be, and they shall be deemed not to be, a separate class of Shareholders by reason only of the exercise of this power.	179(c)	The provisions of paragraph (e) of Article ~~185~~186 shall apply to the power of the Company to capitalise under this Article as it applies to the grant of election thereunder mutatis mutandis and no Shareholder who may be affected thereby shall be, and they shall be deemed not to be, a separate class of Shareholders by reason only of the exercise of this power.

Currently in force		Proposed to be amended as	
Article No.	**Articles of Association**	**Article No.**	**Articles of Association**
180(a)	The Board may subject to Article 181 from time to time pay to the Shareholders such interim Dividends as appear to the Board to be justified by the financial conditions and the profits of the Company and, in particular but without prejudice to the generality of the foregoing, if at any time the share capital of the Company is divided into different classes, the Board may pay such interim Dividends in respect of those Shares in the capital of the Company which confer to the holders thereof deferred or non-preferential rights as well as in respect of those Shares which confer on the holders thereof preferential rights with regard to Dividend and, provided that the Board acts bona fide, it shall not incur any responsibility to the holders of Shares conferring any preference for any damage that they may suffer by reason of the payment of an interim Dividend on any Shares having deferred or non-preferential rights.	181(a)	The Board may subject to Article ~~181~~182 from time to time pay to the Shareholders such interim Dividends as appear to the Board to be justified by the financial conditions and the profits of the Company and, in particular but without prejudice to the generality of the foregoing, if at any time the share capital of the Company is divided into different classes, the Board may pay such interim Dividends in respect of those Shares in the capital of the Company which confer to the holders thereof deferred or non-preferential rights as well as in respect of those Shares which confer on the holders thereof preferential rights with regard to Dividend and, provided that the Board acts bona fide, it shall not incur any responsibility to the holders of Shares conferring any preference for any damage that they may suffer by reason of the payment of an interim Dividend on any Shares having deferred or non-preferential rights.

J&T Global Express Limited
極兔速遞環球有限公司

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

(Stock Code: 1519)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of J&T Global Express Limited (the "**Company**") will be held by way of a virtual meeting through the e-Meeting System on Tuesday, April 21, 2026 at 9:30 a.m. (the "**Extraordinary General Meeting**") (or any adjournment thereof) for the following purposes:

ORDINARY RESOLUTION

1. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

   "**THAT**

   (a) The share subscription agreement (the "**Share Subscription Agreement**") dated January 15, 2026 entered into between the Company and S.F. Holding Co., Ltd. and the acquisition contemplated thereunder, be and hereby confirmed, approved and ratified; and

   (b) any one of the directors of the Company be and is hereby authorized to do all such acts and things incidental to the Share Subscription Agreement and the relevant ancillary agreements as he/she considers necessary, desirable, or expedient in connection with the implementation of or giving effect to the Share Subscription Agreement, the relevant ancillary agreements and the transactions contemplated thereunder."

SPECIAL RESOLUTION

2. To consider and, if thought fit, pass the following resolution as a special resolution:

   "**THAT**

   the eighth amended and restated memorandum and articles of association of the Company (the "**New Articles of Association**") (a copy of which has been produced to this meeting and marked "A" and initialed by the chairman of this meeting for the purpose of identification) be and are hereby approved and

adopted in substitution for and to the exclusion of the existing amended and restated memorandum and articles of association of the Company with immediate effect after the close of this meeting and that any one Director be and is hereby authorized to do all things necessary to implement the adoption of the New Articles of Association of the Company."

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

Hong Kong, March 27, 2026

Note:

1. The EGM will be held by way of a virtual meeting. Shareholders can attend the EGM through online access by visiting the e-Meeting System through the Internet by using their computer device, tablet device or smartphone. Each registered shareholder's personalised username and password will be sent to him/her/it under separate letters. Shareholders will be able to attend the EGM, vote and submit questions online via the designated URL (https://evoting.vistra.com/#/519). Non-registered holders whose Shares are held in the CCASS through banks, brokers, custodians or HKSCC may also be able to attend the EGM, vote and submit questions online. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements and the personalized login and access code will be sent to them by email upon receipt of request through their respective bank, broker, custodian or HKSCC. Shareholders and proxies participating in the Extraordinary General Meeting using the e-Meeting System will also be counted towards the quorum.

2. A Shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a Shareholder of the Company.

3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person through the e-Meeting System or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

4. In order to be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. no later than 9:30 a.m. on Sunday, April 19, 2026). The proxy form will be published on the website of The Stock Exchange Hong Kong Limited. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting through the e-Meeting System at the above meeting (or any adjourned meeting thereof) if they so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

5. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Thursday, April 16, 2026 to Tuesday, April 21, 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Extraordinary General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, April 15, 2026.

6. The Company will adopt the following arrangements at the EGM:

(a) All resolutions at the EGM will be decided on a poll. Shareholders are entitled to attend and vote through online access by visiting the e-Meeting System.

(b) Shareholders can cast their votes and submit questions through online access by visiting the website (https://evoting.vistra.com/#/519). The e-Meeting System will be open for Shareholders to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer device.

(c) Shareholders attending the EGM using the e-Meeting System will be able to submit questions relevant to the Company's proposed resolutions online during the EGM.

(d) Registered shareholders are requested to provide a valid email address of his or her proxy (except appointing "the chairman of the EGM" as proxy) to receive the username and password to cast their votes and submit online questions on the e-Meeting System. Shareholders are requested to complete the form of proxy in accordance with the instructions printed thereon, return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting (i.e. by no later than 9:30 a.m. on Sunday, April 19, 2026) or any adjournment thereof.

(e) Shareholders of the Company whose names appear on the register of members on Tuesday, April 21, 2026 are entitled to attend and vote at the Extraordinary General Meeting or any adjourned meetings.

(f) References to time and dates in this notice are to Hong Kong time and dates.

(g) The meeting is expected to take one hour. Shareholders attending the Extraordinary General Meeting will bear their own transportation and accommodation expenses.

As at the date of this notice, the Board of Directors of the Company comprises Mr. Jet Jie Li as executive Director, Ms. Alice Yu-fen Cheng, Ms. Qinghua Liao and Mr. Yuan Zhang as non-executive Directors, and Mr. Erh Fei Liu, Mr. Peng Shen and Mr. Peter Lai Hock Meng as independent non-executive Directors.