杭州順豐同城實業股份有限公司
HANGZHOU SF INTRA-CITY INDUSTRIAL CO., LTD.

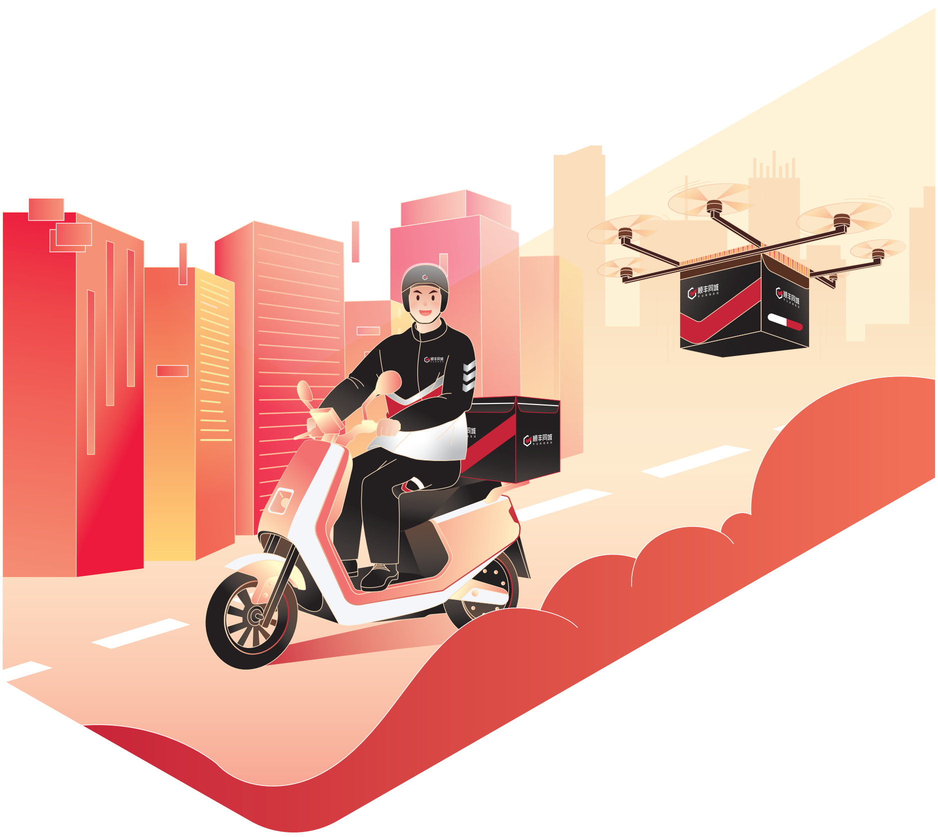
(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code : 9699

2023 | SF Intra-city

ANNUAL REPORT

Contents



Company Profile

We started as a business unit of SF Holding Group, focusing on the emerging opportunities of intra-city on-demand delivery services. On June 21, 2019, our Company was incorporated in the PRC as a joint stock company with limited liability, to operate as an independent legal entity to capture the growth opportunities brought about by the new consumption trends. On December 14, 2021, our Company was listed on the Main Board of Hong Kong Stock Exchange. We provide both (i) intra-city delivery for merchants and consumers and (ii) last-mile delivery mainly for logistics companies. We have rapidly grown into the largest third-party on-demand delivery service platform in China[1].

We have adopted a multi-scenario business model featuring full coverage of delivery scenarios for all types of products and services. Our extensive service coverage, ranging from mature scenarios such as food delivery to growth scenarios such as local retail, local e-commerce and local services, has enabled us to respond to the evolving customer needs brought about by the development and upgrade of the local consumer market. With our emphasis on independence and inclusiveness in serving businesses of all types and sizes in the industries, we are capable of offering delivery options which cater to a full range of budget, delivery coverage, service time and time sensitivity. Our services go beyond delivery. We strive to expand our service boundaries, to provide better product and services, and to bring more extensive value creation to the customers and the society.

1 Such ranking is based on the order volume of independent third party on-demand delivery service in China in 2023 from Frost & Sullivan Report. The calculation of order volume takes into account the order volume generated by independent market participants, but excludes the order volume generated by connected parties.

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Haijin *(Chairman of the Board and Chief Executive Officer)*
Mr. Chan Hey Man
Mr. Chen Lin

Non-executive Directors

Mr. Geng Yankun
Ms. Li Juhua
Mr. Li Qiuyu
Mr. Han Liu

Independent Non-executive Directors

Mr. Chan Kok Chung, Johnny
Mr. Wong Hak Kun
Mr. Zhou Xiang
Ms. Huang Jing

AUDIT COMMITTEE

Mr. Wong Hak Kun *(Chairman)*
Mr. Chan Kok Chung, Johnny
Mr. Li Qiuyu

REMUNERATION COMMITTEE

Mr. Chan Kok Chung, Johnny *(Chairman)*
Mr. Wong Hak Kun
Mr. Sun Haijin

NOMINATION COMMITTEE

Mr. Sun Haijin *(Chairman)*
Mr. Chan Kok Chung, Johnny
Mr. Zhou Xiang

JOINT COMPANY SECRETARIES

Mr. Chan Hey Man
Ms. Liu Jia

AUTHORISED REPRESENTATIVES

Mr. Chan Hey Man
Ms. Liu Jia

LEGAL ADVISORS TO OUR COMPANY

As to Hong Kong laws

Herbert Smith Freehills

23rd Floor, Gloucester Tower
15 Queen's Road Central
Hong Kong

As to PRC laws

Jia Yuan Law Offices

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Pengcheng 1st Road
Futian District
Shenzhen
PRC

AUDITOR

PricewaterhouseCoopers

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

Corporate Information

REGISTERED OFFICE

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Zhejiang Province
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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348 Kwun Tong Road
Kowloon
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

China Merchant Bank Co., Ltd., Shenzhen Branch
Industrial and Commercial Bank Co., Ltd., Shenzhen Branch
Bank of China (Hong Kong) Limited
Industrial Bank Co., Ltd., Shenzhen Branch

COMPANY'S WEBSITE

www.sf-cityrush.com

STOCK CODE

9699

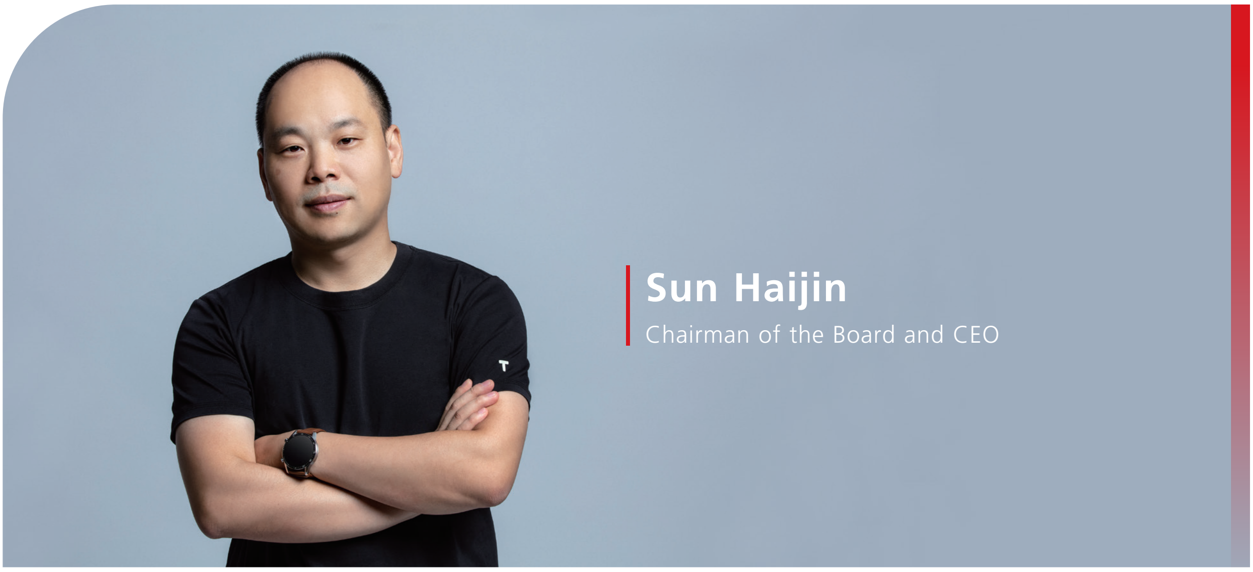
Financial Highlights

	Year ended December 31, 2023 RMB'000	2022 RMB'000 Restated	YoY%
Continuing Operations			
Revenue	**12,387,416**	10,228,787	21.1%
Cost of revenue	**(11,592,676)**	(9,818,060)	18.1%
Gross profit	**794,740**	410,727	
Gross profit margin	**6.4%**	4.0%	
Profit/(loss) from continuing operations	**64,857**	(237,643)	
Loss from discontinued operation	**(14,262)**	(49,260)	
Profit/(loss) attributable to owners of the Company	**50,595**	(286,903)	
Adjusted profit/(loss) (non-IFRS Accounting Standards measure) (unaudited)[1]	**57,400**	(286,903)	

(1) Adjusted item includes share-based compensation expenses.

	As of December 31, 2023 RMB'000	2022 RMB'000
Cash and cash equivalents	**1,901,651**	1,460,024
Total assets	**4,199,691**	4,102,673
Total liabilities	**1,218,597**	1,086,136
Total equity	**2,981,094**	3,016,537

Chairman of the Board and CEO Statement



Dear Shareholders,

On behalf of the Board of Directors of Hangzhou SF Intra-city Industrial Co., Ltd. and its subsidiaries (collectively the "**Group**"), I am pleased to present to you the annual report of the Group for the year ended December 31, 2023 ("**2023**").

Despite facing complex business challenges in 2023, we strived to pursue strategies of high-quality and sustainable and healthy development while embracing traffic decentralisation and optimising the ratio of chain customers. We adopted proactive pricing strategy to enhance product competitiveness, and focussed our efforts on meeting market demand and harnessing scaled expansion while minimising costs through the integration of technology, scaling of economies and optimising operations. In as such, we achieved continuous improvement in gross profit margins and a steady reduction in expenses ratio, enabling us to protect our loyal riders with higher income. This allowed us to successfully deliver a steady revenue growth and achieve full-year profitability. We remain committed to the development concept of "high quality, high efficiency, and multi-scenario" and our mission of "bringing an enjoyable lifestyle to your fingertips" in our relentless pursuit of excellence in the third-party on-demand delivery services industry.

Posting solid revenue growth and achieving comprehensive profitability and positive cash flow

During the year, the Group demonstrated good resilience and realised a year-on-year growth of over 30% in total order volume and 21.1% growth in total revenue to RMB12,387.4 million, thus allowing us to maintain our leading position in China's third-party on-demand delivery market. Relying on the multi-scenario business model, we continued to increase order density and promote business integration. In particular, we made strong progress in more diversified and competitive product capabilities in key accounts' (KA) services. We also demonstrated considerable growth potential in last-mile delivery, personal services, non-food categories and penetration of lower-tier cities and counties, particularly those with strong growth potential. These efforts have broadened our revenue sources and consolidated our core competitiveness.

Based on our healthy business growth, the Group achieved significant results in reducing costs and increasing efficiency, which helped to substantially improve profits. We became the first third-party on-demand delivery service company to achieve profitability in the first half of 2023 – well ahead of schedule – and achieved both business-wide profitability and positive operating cash flow. The Group recorded a gross profit of RMB794.7 million and a net profit of RMB64.9 million from continuing operations. The gross profit margin from continuing operations has improved for six consecutive years, reaching 6.4%, and the net profit margin has significantly improved to 0.5%. As of December 31, 2023, cash and cash equivalents and short-term financial investments were RMB1,901.7 million and RMB516.8 million, respectively, indicating a solid and successful operation with a healthy cash flow and rich capital position.

This success was primarily due to a focus on economies of scale and network optimisation. Our differentiated services have attracted high-value orders, while technology-driven comprehensive scheduling has boosted the efficiency of the delivery network. Continuous fine-tuning of operations and the improvement of operational quality have further enhanced the input-output efficiency of resources. Our integration of delivery scenarios among food and beverage, on-demand retail, personal services and last-mile delivery have unlocked more exciting business opportunities, which will lead to a more even distribution of orders. This has driven improvements in the operational efficiency of riders around-the-clock, allowing us to increase business scale and rider order density. The company has successfully evolved from focusing on a single business for profit to delicately refining the proportion and structure of profitable businesses. By achieving business integration within and across business districts, we have managed to achieve highly efficient matching in riders and orders and intelligent operation within a complex multi-scenario and multi-level delivery network, all bracketed by our industry-leading technology. Our revenue model has improved under a well-defined and phased development progression which has given us the experience and confidence in continuing to effectively maintain a prophetic cycle between future demand and resource investment.

Strengthening core competitiveness and continuing to uphold a win-win and flourishing business ecosystem

As internet platforms and merchants become more attuned to the importance of positioning and the value of local lifestyle services, they are increasingly focusing on on-demand delivery and the essence of service. We remain committed to positioning ourselves as the on-demand service infrastructure in the new era of consumption, adopting a neutral and open attitude towards all participants in the industry. We offer scalable, open, and professional services to merchants, consumers, major traffic platforms, and logistics service providers around-the-clock. We accept orders from diverse channels, actively embrace win-win cooperation with new platforms, and promote the vigorous development of the entire ecosystem. In 2023, we continued to be the preferred service provider for major traffic platforms, vertical platforms, and other industry participants, thus further deepening our cooperation credentials. Together, we explore local lifestyle services, such as live-streaming, on-demand home delivery, group purchase and delivery, freight platform errand running, and other local lifestyle services around the on-demand service ecosystem, and continuously strive to create breakthroughs in this new business landscape. Facing the rapid growth in non-food delivery scenarios, we will further extend and refine our solutions for a wide range of industries by further expanding the coverage of service scenarios.

In terms of merchant cooperation, we believe that the decentralisation of industry channels and the enhancement of self-operated channel capabilities will amplify the voice of merchants and allow them greater freedom to select the best logistics and delivery services. We will continue to strengthen our unique competitive advantages, prioritise customer satisfaction as the foremost goal in enhancing service standards and professional capabilities and establish more efficient and convenient service channels to resolve any issues in a closed-loop manner. In 2023, the satisfaction surveys and store manager tools we introduced greatly promoted the systematization of the feedback function and garnered strong customer accolades. While we deepen our cooperation with leading KAs, the growth of mid-tier and emerging KAs is accelerating. By strengthening our capabilities and expanding our business community network, we can achieve scale operation in seizing opportunities from market cycles more cost-effectively. In 2023, the number of active merchants reached a new record high, with new stores being onboarded swiftly, while our market share in cooperation with some top-tier customers continued to lead.

Facing a vast array of individual consumers, we continue to optimise service quality, allowing consumers to enjoy better and more convenient fulfilment services through our professional, high-standard delivery team. Since emerging from the epidemic, we have observed a continuance of the trend toward working and spending time at home, further stimulating the demand for intra-city delivery. Leveraging our neutral positioning and scale advantage, our services for individual consumers increased rapidly with a three years CAGR of 34%, and the word-of-mouth endorsement of our services has strengthened. In 2024, we aim to further expand our penetration into the intra-city express delivery market with our point-to-point efficient on-demand logistics operation model. By offering “delivery within an hour” (小時達) and “delivery within half a day” (半日達) services, we provide better choices for time-sensitive users and aim to improve our service penetration rate among larger user bases within the cities.

Chairman of the Board and CEO Statement

Fulfilling corporate social responsibility and achieving mutual growth between riders and platforms

We always uphold our dedication to growing with our riders and ensuring their hard work pays off. Over the past year, our platform's riders have diligently delivered professional services as well as positive vibes to customers with every order. We not only provide riders flexible income opportunities, but also cultivate a fair, friendly, and sustainable working environment.

During the reporting period, the number of annual active riders on our platform increased by 21% year-on-year, increasing to around 950,000 individuals. We have been able to retain more exceptional riders by keenly focusing on their safety, health, online fulfillment experience, personal development, skills development, rights protections, platform services, and support and communication enhancement. These efforts have fostered a loyal rider base. On the other hand, while the platform is diversifying its scenarios and accumulating more orders, we are continuously optimising business processes in order to advance the efficiency of our riders and increase their order density, which has bolstered the proportion of riders with mid-to-high income levels. We aim to provide riders with more income opportunities to ensure their hard work pays off. In this process, we implemented more reasonable platform rules to address the riders' concerns and help them develop a sense of belonging.

The Group is committed to evolving our platform into a more inclusive, equitable and mutually beneficial space, offering better protection for our riders. This will instil them with a better sense of security, allowing people of all backgrounds to act as riders and contribute to their overall sense of value as delivery workers on our platform. Ultimately, this approach will align rider services on our platform more closely with the expectations of customers and users.

Prospects

Challenges and opportunities come hand-in-hand, and the more uncertainty there is in the market, the more we need to evaluate opportunities to create for our business. Currently, we are seeing an increasing number of participants from different industries beginning to invest more in local lifestyle services and on-demand retail. As users' consumption habits become further ingrained, all stakeholders are emphasising the value of third-party on-demand delivery service platforms. We believe that third-party on-demand delivery, serving as a foundation for local lifestyle habits, will be crucial in driving domestic demand and future economic growth, including boosting consumption, safeguarding livelihoods, and creating employment opportunities. We will continue to steadily improve our business quality and invest in our core capabilities for long-term business operations. We will seize the following core opportunities and build capabilities to meet the expectations and common needs of the industry, customers, and riders:

1. Strive to implement an intra-city local lifestyle services ecosystem with brands and traffic platforms;
2. Continuously expand our traffic;
3. Further expand the coverage in lower-tier markets and support the development of on-demand delivery infrastructure and new economy at the county-level;
4. Provide multi-scenario, full-coverage, multi-time, multi-distance, and multi-channel services;
5. Prioritise our riders as first partners by protecting their rights and interests and supporting their income opportunities and long-term development; and
6. Continuously improve operation capability and profitability.

Purchase of the Company's listed securities

As stated in the Group's voluntary announcement on October 19, 2023, the Company's Board of Directors decided to exercise the right of share repurchase for up to HK$200 million, and H shares will be repurchased in the open market from time to time depending on market conditions. From the date of the above announcement and up to March 26, 2024, being the date of this report, the Company purchased a total of 10,883,600 shares on the Hong Kong Stock Exchange for a total consideration of approximately HK$109.718 million. The purpose of conducting share repurchases is to demonstrate our long-term confidence in the development prospects of our business and to create value for shareholders in the long term.

Appreciation

On behalf of the Board of Directors and management team, I would like to express my heartfelt gratitude to our consumers, merchants, and partners for their continuous support, to our riders and employees for their enthusiastic dedication and outstanding contributions as well as to our shareholders for their attention and trust.

As local lifestyle consumption scenarios and consumption patterns continue to evolve, we will remain focused on our core value contribution in the industry and urban operations and on expanding the service boundaries of on-demand delivery, strengthening technological innovation capabilities, and collaborating with more partners to protect the prosperous development of new consumption.

Sun Haijin
Chairman of the Board and CEO

March 26, 2024

Management Discussion and Analysis

Business Review

Overview

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

In 2023, remaining committed to a strategy of long-term, sustainable, high-quality, and robust development, we proactively capitalised on market opportunities to offer customers cost-effective products and high-quality services. During the Reporting Period, our revenue achieved healthy growth, and profitability continued to improve significantly, marking the first year of annual profitability. The net cash flow from operating activities turned positive, reflecting an improvement in pre-tax profit. This underscores our strong business quality and operational resilience.

During the Reporting Period, the revenue from continuing operations experienced steady growth, increasing from RMB10,228.8 million in 2022 to RMB12,387.4 million in 2023, representing a growth of 21.1%, and the total order volume increased by over 30% year-on-year. The revenue from intra-city delivery service grew by 12.8% from RMB6,548.4 million in 2022 to RMB7,387.3 million in 2023. The revenue from last-mile delivery service increased by 35.9% from RMB3,680.4 million in 2022 to RMB5,000.2 million in 2023. The table below provides a breakdown of our revenue:

	Year ended December 31	
	2023	2022
	RMB'000	RMB'000
Continuing Operations		
Intra-city on-demand delivery service	**12,387,416**	10,228,787
Intra-city delivery service	**7,387,265**	6,548,394
(1) To merchants (i.e. to B)	**5,219,676**	4,649,671
(2) To consumers (i.e. to C)	**2,167,589**	1,898,723
Last-mile delivery service	**5,000,151**	3,680,393
Total	**12,387,416**	10,228,787

The financial performance during the Reporting Period achieved further improvements, turning from losses to profits. This can be attributed to (i) the robust revenue growth through further leveraging economies of scale and network effects; (ii) optimisation of business structure, with increased contributions to revenue from premium customers; (iii) the advancements in technology and lean management driving operational quality and efficiency; and (iv) the enhanced efficiency in utilisation of resource input, leading to improvements in gross profit margin and expense ratio.

For the year ended December 31, 2023, we recorded a gross profit of RMB794.7 million and a gross profit margin of 6.4% from our continuing operations, showing a significant improvement compared to the gross profit of RMB410.7 million and gross profit margin of 4.0% of the previous year. In 2023, our net profit and net profit margin from our continuing operations were RMB64.9 million and 0.5% respectively, marking a turnaround in profit. We also achieved operating cash inflows of RMB266.3 million in 2023. As at December 31, 2023, our cash and cash equivalents and short-term financial investments were RMB1,901.7 million and RMB516.8 million, respectively, indicating a healthy cash flow and strong capital position.

Intra-city Delivery

Our revenue from intra-city delivery service grew by 12.8% from RMB6,548.4 million in 2022 to RMB7,387.3 million in 2023. The steady revenue growth was mainly attributable to: (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[2] maintaining steady growth with a year-on-year revenue increase of 21.2% to RMB2,929.0 million in 2023; (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 ("**KA**") customers, and achieve expansion of the scale of annual active merchants and consumers; (iii) our focus on lower-tier cities and counties[3], especially strengthening penetration in county areas[4], with county-level revenue rose by 147% year-on-year in 2023; (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 proactive pricing strategy, which has been instrumental to strengthening our production competitiveness.

Intra-city Delivery for Merchants

We empower merchants with an open and inclusive on-demand delivery network and professional, efficient and comprehensive delivery solutions. In 2023, the revenue from intra-city delivery service for merchants reached RMB5,219.7 million, representing a year-on-year growth of 12.3%.

In terms of merchant cooperation, the scale has significantly increased, with improvements in structure and deeper collaboration with brands. In 2023, we deepened cooperation with existing KA brands, enhancing brand adhesiveness through customised and high-quality services. Building on the leading market share in cooperation with some top-tier brand merchants, we have continued to expand coverage and have been quick to take on orders from new stores of the merchants, assisting brand merchants in expanding delivery service to cover more consumers in their expansion and online operations. In terms of new customer acquisition, we broadened channels to onboard high-quality merchants, simplified the onboarding process, optimised the merchants' online experience, improved the merchant benefits system, and enhanced customer acquisition efficiency. By analysing merchant profiles, we dynamically adjusted merchant operation strategies, further expanding the base of high-quality merchants. During the Reporting Period, the scale of annual active merchants[5] on the platform reached close to 470,000, with over half of the new stores coming from lower-tier cities and counties. Among them, the growth momentum of KA customers was strong, with revenue from newly contracted customers achieving high double-digit growth and achieving enhanced business stability given the increasing proportion of chain customers. Throughout the year, we have established collaboration with brand merchants such as CHAGEE (霸王茶姬), Molly Tea (茉莉奶白), Taobao Groceries (淘寶買菜), and Nepstar (海王星辰).

In terms of scenario expansion, leveraging our multi-scenario capabilities, we optimised the services around key categories. By focusing on key industries, major holidays, trending events, and emerging scenarios, we strived to enhance capabilities to offer differentiated services. For example, we provided major service guarantees for tea beverage customers during their marketing campaigns held in summer and holidays, which doubled daily orders during those periods. For our supermarket delivery solutions, whilst maintaining the basic one-hour-delivery from warehouse or store to customers, we further extended the customised same-day delivery services and enhanced the delivery distance and weight, achieving breakthroughs for key supermarket customers during the year. In the pharmaceutical sector, we enhanced our capacity to handle orders with a focus on the two core medical consumption scenarios, namely new pharmaceutical retail and internet hospitals. For enterprise services, leveraging our rider resources, we served flexible scenarios such as sorting goods for supermarkets and information collection. In 2023, income from tea and beverage delivery increased by 75%, and retail categories such as pharmaceuticals, beauty, maternity and baby products, pet-related products, and jewelry achieved high double-digit year-on-year growth in revenue.

2 "non-food delivery scenarios" refer to on-demand retail delivery and fulfillment service unrelated to food delivery scenarios.

3 "lower-tier cities and counties" refer to cities and counties in the third tier or below.

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

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

Regarding coverage, we focused on strengthening the construction of intra-city delivery networks in lower-tier markets. In lower-tier cities and counties where the "acquaintance economy"（「熟人經濟」）is prominent, we provide more convenient on-demand delivery services for differentiated local lifestyle scenarios in counties. Based on this, we also explored to expand into various new business scenarios in lower-tier cities, such as shared delivery ("pick-up, drop-off station"), community group purchase and delivery, and intra-city laundry services, effectively integrating scattered local logistics resources. During the Reporting Period, we have covered more than 1,000 counties throughout the nation, reaching a county coverage rate of 60%. With deepened development and stable operation in the covered county areas, the revenue from such areas in 2023 expanded by 147% from the corresponding period of the previous year.

As one of the third-party on-demand delivery service providers with the broadest and deepest access to the platforms, we actively grasp the trend of diversified traffic by promoting the co-construction of ecosystems with various major local lifestyle service platforms: (i) Douyin: fully integrating into home delivery scenarios such as food delivery, live-streaming e-commerce, and Douyin Supermarket (抖音超市) delivery within an hour, covering more than 200 cities in the country, maintaining deep interconnection as the main supplier in multiple aspects such as co-building on-demand delivery standards, data exchange, and user insights; (ii) Alibaba: cooperation covering most of Alibaba's on-demand delivery business scenarios, such as supermarket to home and food delivery. As one of the main service providers for Tmall Supermarket, we offer service of "delivery within an hour" which achieved a rapid growth in revenue within the year and successfully assisted the platform in providing users with high-quality and efficient fulfillment experiences during multiple e-commerce peak periods; (iii) WeChat: deepening cooperation with them and expanding city coverage under the cooperation with WeChat takeaways delivery locator (微信門店快送); and (iv) Didi: we have integrated with Didi Fast Delivery (滴滴快送), leveraging our leading positions to create a high-quality on-demand delivery experience, providing intra-city courier services in more than 300 cities and further expanding our multi-faceted user service ecosystem. Currently, we continue to explore opportunities and experiment with different new collaborative scenarios alongside multiple strategic partners. By offering high-quality and efficient on-demand delivery experiences, we aim to contribute to the thriving new ecosystem of local lifestyle services.

We rapidly expanded and densified our nationwide delivery network, leading to a growth in the number of business districts covered and order density. The flexible network can swiftly accommodate the needs of different types of customers, such as expanding the number of stores, enlarging the reach of delivery of stores, and extending operating hours. In 2023, we strengthened operational efficiency in business districts around the stores of our top customers, effectively solving pain points such as peak order overload, excessively long waiting times for meals, and idle personnel during off-peak hours. Both parties have been able to achieve cost reduction and efficiency improvement. Our number of profitable business districts increased. We also launched the Store Manager Tool to ensure that when encountering delivery issues, merchants can reach us swiftly, speeding up the problem-solving process. The flexibility of our delivery network remains a significant advantage, with commitments to service quality and stability during special circumstances such as e-commerce festivals, peak periods during holidays, and adverse weather conditions. Fluctuations in the fulfillment in-time rate[6] during holidays and bad weather are narrowed to less than two and three percentage points, respectively. In 2023, the overall average delivery distance[7] increased, with the fulfillment in-time rate of approximately 95%. The average delivery time of orders within 3 kilometers was 22 minutes.

We also collaborated with participants in the SF Holding Group's ecosystem to create an integrated supply chain solution for customers, combining "front-end warehousing + mid-end trunk + intra-city on-demand delivery". Customers can choose their logistics products more easily through integration of our resources and capabilities within the SF Holding Group. The integrated solution helps both us and the SF Holding Group expand the customer base and enhance customer loyalty. In 2023, the Credit Customers[8] that we served together with SF Holding Group brought an external incremental revenue of RMB252.0 million, representing a year-on-year growth of 32.5%.

6 "fulfillment in-time rate" refers to a ratio calculated by the number of orders that are delivered to the right recipients in time divided by the total number of orders placed.

7 "average delivery distance" refers to the average delivery distance per order of intra-city delivery during the prescribed period, excluding the last-mile delivery orders.

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

Intra-city Delivery for Consumers

For consumers, we are committed to creating an industry-leading and professional on-demand fulfillment service. Our "Deliver for Me, Fetch for Me, Purchase for Me, and Solve for Me" services cover personal life and work scenarios such as daily errands, medical healthcare, and business agency, reinforcing the brand image of "SF Intra-city, the first choice for urgent delivery of valuable items." In 2023, the revenue from intra-city delivery for consumers grew by 14.2% year-on-year to RMB2,167.6 million.

During the Reporting Period, we have further enhanced our understanding of consumers and proactively captured new market opportunities. In addition to the demand for daily errand running, there was a significant increase in demand for gift delivery around holidays, leading to a peak in order volume. As consumer habits developed, the demand for personal delivery expanded from daily life to work and business scenarios. We strengthened service capabilities in central business districts (CBDs) and office areas, ensuring quality pickup and delivery experiences and delivery safety by standardising rider appearance, equipment, language, and delivery operations. The order volume recorded from business scenario increased by 27% year-on-year. Through channel partnerships, we increased touchpoints with intra-city express delivery users, allowing consumers to choose "hourly delivery" services on the user interface when placing orders to meet the need for accelerating timeliness. This service is top-rated among users requiring mid-to-short-distance intra-city express delivery. In line with our brand positioning, we provide a range of delivery guarantees for valuable products, including senior rider delivery, pickup and delivery verification codes, strict monitoring of the delivery process, automatic reporting of abnormal issues, and full-speed claims services, ensuring delivery safety from all aspects.

We actively optimised brand promotion and channel marketing strategies, covering target customer groups through various means such as new user acquisition activities, discount promotions, community operations, and city events, improving customer acquisition efficiency and new user conversion rates. As the user base expands, we pay more attention to improving service quality, implementing refined user operations, and optimising the membership system, aiming to promote the retention and repurchase rates of core individual users. The scale of annual active consumers[9] expanded, reaching approximately 20.5 million by the end of 2023.

Last-Mile Delivery

Our last-mile delivery service serves as a flexible supplement to all aspects of courier companies and logistics service providers. We observed increasing synergy between intra-city on-demand delivery and intra-city express delivery. Our scalable and flexible delivery network has catered to the multi-dimensional needs of customers to bolster their supply chain capabilities and accelerate their intra-city logistics as well as intra-city courier service. Regarding timeliness, our flexible and elastic capacity network can provide hour-/minute-level services, helping traditional courier networks improve timeliness. Products such as half-day delivery also bring additional business opportunities to our customers. In terms of services, our flexible network helps clients address challenges in-between unbalanced orders and delivery network during peak order periods, ensuring a seamless and steady fulfillment process. This capability has simultaneously expedited various logistics processes and supported personalised services. In terms of efficiency, through deepening network integration, we assist logistics service providers in improving fulfillment efficiency while reducing operational costs.

The revenue from our last-mile delivery service increased by 35.9% from RMB3,680.4 million in 2022 to RMB5,000.2 million in 2023, mainly benefiting from: (i) leveraging our hour-level and minute-level flexible delivery network to meet the need of traditional logistics services acceleration and to deepen collaboration in diversified delivery scenarios, recording a surge in revenue from services including "parcels collection", "delivery within half a day", and "delivery within an hour"; (ii) the steady increase in cooperation scale with major customers as we solidify their delivery network capabilities; and (iii) a year-on-year increase in delivery volume during peak periods such as the Spring Festival, the "618" and "Double 11" Shopping Festivals, reaching a new peak in by fully utilising our role as the flexible delivery capacity.

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

Management Discussion and Analysis

Our Riders

Riders are our closest business partners. As our business scales, we attract more riders to join the platform. In 2023, the annual active riders[10] on the platform expanded to around 950,000, with a year-on-year growth of 21%. With the goal of "satisfying income, safer deliveries, and a sense of belonging to the platform," we not only create numerous flexible income opportunities but also devote to enhancing the income of riders, which has resulted in the number of riders with mid-to-high level income grew by 31% during the year. We also strictly observe our responsibilities as a platform by continuously expanding services related to protection of the riders' rights, striving to provide them with professional empowerment and comprehensive support.

We prioritise the personal development and skill enhancement of our riders, establishing a rider development system. Riders can freely choose between professional, management, and other paths to achieve personal growth. We encourage riders to participate in professional skills training, providing free access to online and offline courses covering essential skills for beginners, common delivery issue handling, specialised improvement, retraining, health and safety, and rider experience sharing.

We attach great importance to our riders' platform experience, care benefits, and rights protection. We listen to our riders, conduct regular rider satisfaction surveys and address issues that concern riders, fostering a positive community communication and cultural atmosphere. In 2023, we continued to devote to riders' welfare care, allowing more riders to participate through a combination of online and offline methods. We established over 3,000 rider stations in various regions for rest, battery charging, and emergency assistance. Riders can enjoy equipment and uniform subsidies, holiday care, and additional rewards for working in extreme weather conditions. Our annual rider festival provides riders with a stronger sense of platform, belonging, and identity. Additionally, we provide education funds for riders and charitable support for their families, helping riders improve both personal and family lives. We have designed corresponding rider equipment based on different categories, upgrading and iterating equipment based on riders' feedback and business needs. We have upgraded the rider incentive system by enriching benefits, and enhancing missions' attractiveness. The platform maintains an open channel for rider complaints and assistance, ensuring timely resolution of issues. These measures further enhance rider activity and retention rates.

We prioritise the safety and health of our riders. Through providing daily safety training, equipping protective gear and setting up safety reminders, anti-fatigue alerts, special weather warnings, and safety incident reporting services for riders, we strive to enhance the overall safety experience for riders and established a robust rider safety protection system. During the Reporting Period, our safety accident rate decreased by 11% compared to the same period last year.

Our Technologies

Technology is at the core of our business, crucial in efficiency improvement and cost reduction. We are committed to advancing digital operations and AI decision-making intelligence at various stages of our business. Our City Logistics System ("**CLS**"), which has achieved collaborative response in the three core processes, including intelligent business planning and marketing management, integrated rider dispatch and intelligent order distribution, and intelligent operational optimisation. Based on big data analysis and AI algorithms, the system can effectively predict order fluctuations, and comprehensively coordinate factors such as front-end sales and marketing strategy, rider distribution and dispatch, route planning, willingness to pick up and subsidies, store waiting times, and delivery times. It optimally matches orders with riders in different industries, scenarios, and complex delivery networks, improving fulfillment efficiency and reducing delivery costs.

10 "active rider(s)" refers to unique rider(s) who fulfil at least one order during the prescribed period.

We strive to integrate innovative technology services with diverse scenarios. Based on front-end user needs and operational models, we optimise order recommendations and rider dispatching patterns. For KA merchants, we continuously refine customised service capabilities to ensure fulfillment. For small and medium-sized merchants, we enhance order exposure to improve order pick-up rates. For long-distance orders from individual consumers, the system strengthens anomaly monitoring and dispatch anti-cheating supervision, ensuring fair algorithms and safe delivery.

For merchants, as a neutral and open third-party platform, we will continue to strengthen connections with various channels, platforms, and private domains for order sources, providing intelligent distribution and planning to help merchants improve operational efficiency and generate revenue in the trend of decentralised traffic.

For riders, we fully consider the availability and convenience of riders' time and routes. We optimised the rationality of rider dispatch and route planning to improve the efficiency of matching riders with orders, reduce delivery difficulty, and help riders effectively increase productivity and personal income. Our system also enhances rider experiences in combination with rider incentive systems, considering rider delivery experiences, adverse weather conditions, night shifts, and peak times, offering personalised dispatch support to enhance the platform's care with technological backing.

Building on our technological capabilities, we further promote the "SF Intra-city Delivery Cloud" (豐配雲) SaaS real-time logistics system, providing a one-stop intra-city logistics solution for delivery service providers and brands with their own delivery teams. The core functions of the "SF Intra-city Delivery Cloud" system cover various aspects of intra-city on-demand delivery, effectively adapting to the fulfillment requirements of different types of merchants. It empowers delivery service providers and brands to efficiently manage all-channel orders and processes, contributing to efficiency improvement and cost savings. Based on customer feedback, businesses using the "SF Intra-city Delivery Cloud" service can significantly increase order pick-up rates and on-time delivery rates.

We are exploring the commercial application of smart logistics and unmanned delivery technology. In 2023, we tested and achieved significant progress in the delivery planning and operational models of drones and unmanned vehicles in urban business districts, campuses, industrial parks, and other enclosed areas. We will accelerate deployment with the long-term goal of making unmanned delivery an effective supplement to the existing rider network, enhancing efficiency and providing users with a different interactive experience.

Outlook

Looking back at 2023, the pace of recovery in the consumer market remained uncertain. We increasingly focused more on the value of our business, rooting ourselves in the local lifestyle service industry. As part of the intra-city delivery infrastructure, we aim to serve every customer, assist riders in delivering every order, and ultimately achieve good business results. While achieving healthy and high-quality growth in core business, 2023 also marked a significant milestone for us in turning losses into profits.

Looking ahead, we will actively seize market opportunities in the continuous penetration of diversified traffic, local retail development, accelerated intra-city logistics, and the ongoing expansion of third-party on-demand delivery services. We are committed to expanding on a large scale, covering a wide range of scenarios, providing excellent services, and establishing a solid network, in order to enhance medium to long-term revenue and profit potential. We will also continue to invest part of the profit margins brought by operational efficiency improvements and cost reductions into business development and lean operations, to form a virtuous cycle of operations. We will also adapt to evolving consumer trends, focusing on serving customers, industries, and society, creating more flexible income opportunities, bringing broader value creation, and better fulfilling our mission of "bring enjoyable lifestyle to your fingertips".

FINANCIAL REVIEW

The following table sets forth the comparative figures for the years ended December 31, 2022 and 2023.

Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Revenue	**12,387,416**	10,228,787
Cost of revenue	**(11,592,676)**	(9,818,060)
Gross profit	**794,740**	410,727
Selling and marketing expenses	**(212,684)**	(183,410)
Research and development expenses	**(91,717)**	(90,662)
Administrative expenses	**(517,348)**	(481,715)
Other income	**43,487**	50,728
Other gains, net	**6,423**	14,268
Net impairment losses of financial assets	**(3,750)**	(1,920)
Operating profit/(loss)	**19,151**	(281,984)
Finance income	**41,423**	44,905
Finance costs	**(1,296)**	(2,508)
Finance income, net	**40,127**	42,397
Share of profit of a joint venture accounted for using the equity method	**3,311**	–
Profit/(loss) before income tax	**62,589**	(239,587)
Income tax credit	**2,268**	1,944
Profit/(loss) from continuing operations	**64,857**	(237,643)
Discontinued operation		
Loss from discontinued operation	**(14,262)**	(49,260)
Profit/(loss) for the year	**50,595**	(286,903)
Profit/(loss) attributable to		
– Owners of the Company	**50,595**	(286,903)

	Year ended December 31, 2023 RMB'000	2022 RMB'000 (Restated)
Earnings/(loss) per share for profit/loss from continuing operations attributable to owners of the Company (expressed in RMB per share)		
– Basis earnings/(loss) per share (in RMB)	**0.07**	(0.25)
– Diluted earnings/(loss) per share (in RMB)	**0.07**	(0.25)
Earnings/(loss) per share for profit/loss attributable to owners of the Company (expressed in RMB per share)		
– Basis earnings/(loss) per share (in RMB)	**0.05**	(0.31)
– Diluted earnings/(loss) per share (in RMB)	**0.05**	(0.31)
Profit/(loss) for the year	**50,595**	(286,903)
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**3,876**	(5,414)
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**(5,134)**	(589)
Other comprehensive income/(loss) for the year, net of tax	**(1,258)**	(6,003)
Total comprehensive income/(loss) for the year	**49,337**	(292,906)
Total comprehensive income/(loss) for the year attributable to:		
– Owners of the Company	**49,337**	(292,906)
Total comprehensive income/(loss) for the year attributable to owners of the Company arises from:		
Continuing operations	**63,599**	(243,646)
Discontinued operation	**(14,262)**	(49,260)
	49,337	(292,906)

Key Consolidated Statement of Financial Position Items

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Total non-current assets	**419,042**	677,218
Total current assets	**3,780,649**	3,425,455
Total assets	**4,199,691**	4,102,673
Total equity	**2,981,094**	3,016,537
Total non-current liabilities	**11,483**	17,311
Total current liabilities	**1,207,114**	1,068,825
Total liabilities	**1,218,597**	1,086,136
Total equity and liabilities	**4,199,691**	4,102,673
Net current assets	**2,573,535**	2,356,630

CONTINUING OPERATIONS

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

Revenue

The following table sets forth our revenue by line of business for the years ended December 31, 2022 and 2023 respectively.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Intra-city on-demand delivery service	**12,387,416**	10,228,787
Intra-city delivery service	**7,387,265**	6,548,394
(1) To Merchants *(i.e. to B)*	**5,219,676**	4,649,671
(2) To Consumers *(i.e. to C)*	**2,167,589**	1,898,723
Last-mile delivery service	**5,000,151**	3,680,393
Total	**12,387,416**	10,228,787

Revenue increased by 21.1% to RMB12,387.4 million for the year ended December 31, 2023, compared to RMB10,228.8 million for the year ended December 31, 2022, mainly due to (i) the increase in order density which enhanced the economies of scale effect of our network; (ii) our continuous pursuit of a sustainable high-quality development strategy, and optimisation of our business and customer structure; and (iii) the expansion of lower-tier markets development and improved performance capabilities in market segments to attract more premium customers.

Cost of Revenue

The following table sets forth our cost of revenue by category for the years ended December 31, 2022 and 2023 respectively.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Labour outsourcing costs	**11,408,686**	9,629,861
Cost of material	**52,992**	51,224
Amortisation of intangible assets	**30,038**	45,358
Employee benefit expenses	**21,173**	22,856
Depreciation of right-of-use assets	**10,988**	8,019
Depreciation of property, plant and equipment	**1,606**	1,566
Others	**67,193**	59,176
Total	**11,592,676**	9,818,060

Cost of revenue increased by 18.1% to RMB11,592.7 million for the year ended December 31, 2023, compared to RMB9,818.1 million for the year ended December 31, 2022, mainly due to the increase in the delivery cost of the riders as a result of the increase in business scale and order volume.

Gross Profit and Margin

As a result of the foregoing, our gross profit and margin for the year ended December 31, 2023 was RMB794.7 million and 6.4% respectively, compared to the gross profit and margin of RMB410.7 million and 4.0% respectively for the year ended December 31, 2022. The gross profit increase was mainly due to (i) further enhancement of economies of scale as a result of revenue growth; and (ii) technology and on-going management and control refinement which drove improvement in operational quality and efficiency, enhancing resource input and output efficiency.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 16.0% to RMB212.7 million for the year ended December 31, 2023, compared to RMB183.4 million for the year ended December 31, 2022, mainly due to increase in promotion and advertising expenses and customer call center service due to business growth.

Research and Development Expenses

Our research and development expenses increased by 1.2% to RMB91.7 million for the year ended December 31, 2023, compared to RMB90.7 million for the year ended December 31, 2022, mainly due to the increase in research and development investment.

Administrative Expenses

Our administrative expenses increased by 7.4% to RMB517.3 million for the year ended December 31, 2023, compared to RMB481.7 million for the year ended December 31, 2022, mainly due to the increase in employee benefit expenses.

Other Income

Our other income decreased by 14.3% to RMB43.5 million for the year ended December 31, 2023, compared to RMB50.7 million for the year ended December 31, 2022, mainly due to change in the policy on additional deductions for value added tax.

Finance Income, Net

Our finance income, net decreased from RMB42.4 million for the year ended December 31, 2022 to RMB40.1 million for the year ended December 31, 2023, mainly due to decrease in interest rates, resulting in decrease in interest income.

Income Tax Credit

Our income tax credit increased by 16.7% from RMB1.9 million for the year ended December 31, 2022 to RMB2.3 million for the year ended December 31, 2023, mainly due to increased provision for deferred income tax assets.

Profit for the Year from Continuing Operations

As a result of the foregoing, we had a net profit from continuing operations of RMB64.9 million in the year ended December 31, 2023, compared to a net loss of RMB237.6 million in the year ended December 31, 2022, mainly due to (i) strong revenue growth, increase in order density and further enhancement in network economies of scale; (ii) continuous pursuit of sustainable and high-quality development strategies, as well as optimization of business and customer structures; and (iii) technology-driven lean and efficient operational bedrock, enhancement in resource utilization efficiency, and continued improvement in gross profit margin and expense ratio.

Discontinued Operation

Our net loss from discontinued operation for the year ended December 31, 2023 was RMB14.3 million, compared to a net loss of RMB49.3 million for the year ended December 31, 2022.

Profit/(Loss) for the Year and Net Profit/(Loss) Margin

As a result of the foregoing, we achieved a turnaround from loss to profit during the year ended December 31, 2023, recording a net profit and a net profit margin (after taking into account loss from discontinued operation) of RMB50.6 million and 0.4% respectively, as compared to a net loss and a net loss margin of RMB286.9 million and 2.8% respectively in the year ended December 31, 2022.

Non-IFRS Accounting Standards Measure: Adjusted Net profit/(loss)

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

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

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

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

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Reconciliation of adjusted net profit/(loss) (non-IFRS Accounting Standards measure)		
Net profit/(loss) for the year	**50,595**	(286,903)
Add:		
Share-based compensation expenses	**6,805**	–
Adjusted net profit/(loss) (non-IFRS Accounting Standards measure) (unaudited)	**57,400**	(286,903)

Liquidity and Financial Resources

Other than the funds raised through our Global Offering in December 2021, we have historically funded our cash requirements principally from capital contribution from shareholders/financing through borrowings from related party. We had cash and cash equivalents of RMB1,898.7 million as at December 31, 2023, compared to the balance of RMB1,458.0 million as at December 31, 2022. The following table sets forth our cash flows for the years indicated:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Operating cash flows before changes in working capital	**78,163**	(243,059)
Changes in working capital	**155,560**	(216,642)
Interest received	**41,446**	45,009
Income tax paid	**(8,878)**	–
Net cash generated from/(used in) operating activities	**266,291**	(414,692)
Net cash generated from/(used in) investing activities	**294,630**	(644,191)
Net cash used in financing activities	**(120,054)**	(21,899)
Net increase/(decrease) in cash and cash equivalents	**440,867**	(1,080,782)
Cash and cash equivalents at the beginning of the year	**1,458,024**	2,538,226
Effects of exchange rate changes on cash and cash equivalents	**(148)**	580
Cash and cash equivalents at the end of the year	**1,898,743**	1,458,024

Net Cash Generated from Operating Activities

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

For the year ended December 31, 2023, net cash generated from operating activities was RMB266.3 million, which was mainly attributable to our profit before income tax of approximately RMB48.3 million, as adjusted by: (i) non-cash and non-operating items, primarily comprising amortisation and depreciation of assets and gain from fair value adjustments of financial assets of approximately RMB71.3 million, (ii) changes in working capital of approximately RMB155.6 million, and (iii) payment of income tax of approximately RMB8.9 million.

Net Cash Generated from Investing Activities

For the year ended December 31, 2023, net cash generated from investing activities was RMB294.6 million, which was mainly attributable to (i) disposal of Shanghai Fengzan Technology Co., Ltd. and its subsidiaries, (ii) redemption of structured deposit products, and (iii) investments in intangible assets and purchase of fixed assets.

Net Cash Used in Financing Activities

For the year ended December 31, 2023, net cash used in financing activities was RMB120.1 million, which was mainly attributable to payment of lease liabilities and repurchase of shares.

Gearing Ratio

Our gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. As at December 31, 2023, given that the cash and cash equivalents exceed the aggregation of total borrowings and lease liabilities, gearing ratio is no longer calculated.

Financial Assets Measured at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss decreased from RMB812.1 million as at December 31, 2022 to RMB516.8 million as at December 31, 2023, mainly due to our redemption of structured deposit products.

Borrowings

As at December 31, 2023, we did not have outstanding borrowing.

Capital Commitments

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Investment accounted for using the equity method	**25,000**	35,000

Capital Expenditure

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

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Payment for intangible assets	**61,178**	99,214
Payment for property, plant and equipment	**7,814**	9,353
Total	**68,992**	108,567

Lease Commitments and Arrangements

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**739**	2,765
Between 1 to 2 years	**–**	320
	739	3,085

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On May 5, 2023, the Company as vendor and Shenzhen Fengxiang Information Technology Co., Ltd. (深圳豐享信息技術有限公司) as purchaser (the "**Purchaser**", a non-wholly owned subsidiary of one of the Company's controlling shareholders) entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**") pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the sale shares (the "**Sale Shares**") and the sale debts (the "**Sale Debts**").

Pursuant to the Sale and Purchase Agreement, the Sale Shares represented the entire equity interest in the Shanghai Fengzan Technology Co., Ltd. (上海豐贊科技有限公司) (the "**Target Company**", which was a wholly owned subsidiary of the Company before completion of this transaction) and were in the amount of RMB92,438,400 (subject to the adjustment on completion and the amount of the Sale Shares after adjustment on completion was RMB85,187,765), and the Sale Debts represented the debts owed by the Target Company and its subsidiaries to the Company and were in the amount of RMB32,000,000. The final aggregate consideration was RMB117,187,765. The conditions precedent pursuant to the Sale and Purchase Agreement had been fulfilled and the completion took place on May 10, 2023 (the "**Completion Date**").

Within 6 years from the Completion Date, if the Target Company (or its related company, the "**Listing Vehicle**") initiates the last round of financing (as approved by the Company and the Listing Vehicle) before the application for a qualified listing (the "**Pre-IPO Financing**"), the Company shall have the option (the "**Option**") to participate in the Pre-IPO Financing on a preferential basis based on 88% of the valuation of the Listing Vehicle prior to the Pre-IPO Financing, so as to acquire up to 20% of the total share capital of the Listing Vehicle on a fully diluted basis after completion of the Pre-IPO Financing. If the Company exercises the Option, the Target Company and the Purchaser shall procure the Listing Vehicle to issue corresponding shares to the Company in accordance with the relevant provision in the Sale and Purchase Agreement. The Company will comply with the applicable Listing Rules when the Option is exercised. For detail of the same, please refer to the Company's announcement dated May 5, 2023.

Save as disclosed above, for the financial year ended December 31, 2023, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Financial Risks

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

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

As at December 31, 2023, the Group had HK$9 million cash in bank (as at December 31, 2022: HK$7 million cash in bank) which is different from the functional currency of RMB and exposed to foreign exchange risk. If the RMB strengthened/ weakened by 1% against the HK$ with all other variables held constant, net profit before tax for the year would have been RMB93,000 lower/higher (as at December 31, 2022: if the RMB strengthened/weakened by 1% against the HK$ with all other variables held constant, net loss before tax would have been RMB69,000 higher/lower).

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

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

Cash Flow and Fair Value Interest Rate Risk
As at December 31, 2023, we had no significant interest rate risk as we did not hold any long-term interest-bearing debt.

Pledge of Assets

As at December 31, 2023, we did not have any pledge of assets.

Contingent Liabilities

As at December 31, 2023, we did not have any material contingent liabilities.

Future Plans for Material Investments and Capital Assets

As at December 31, 2023, we did not have other plans for material investments and capital assets.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

From January 1, 2024 and up to March 26, 2024, being the date of this report, the Company had repurchased an aggregate of 6,530,600 shares of the Company at an aggregate consideration of approximately HK$66,601,000.

Save as disclosed above, the Group had no other material events during the period from January 1, 2024 to the approval date of the consolidated financial statements by the Board of Directors on March 26, 2024.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2023, the Group had a total of 2,041 full-time employees.

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

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at December 31, 2023, the Company had not entered into any off-balance sheet arrangements.

FINAL DIVIDEND

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

The Board is pleased to present this Corporate Governance Report covering the period from January 1, 2023 to December 31, 2023.

CORPORATE GOVERNANCE PRACTICES

Corporate governance is the collective responsibility of the members of the Board, and we are committed to achieving high standards of corporate governance, which are crucial for the Company in achieving its visions and safeguarding the interests of its stakeholders. To accomplish this, the Board has applied the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

Meanwhile, the Board also actively seeks opportunities to improve its corporate governance methodology, regulates its operations, improves its internal control mechanism, implements sound corporate governance and disclosure measures, and ensures that the Company's operations are in line with the long-term interests of the Company and its Shareholders as a whole.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period and up to the date of this report, the Company has complied with all applicable principles of good corporate governance and code provisions of the CG Code, save and except the following in respect of code provision C.2.1 of the CG Code: during the period from January 1, 2023 to November 30, 2023, the Chairman of the Board and the Chief Executive Officer ("**CEO**") of the Company were two separate positions held by Mr. Chan Fei and Mr. Sun Haijin, respectively. After November 30, 2023, both positions of the Chairman of the Board and the CEO of the Company were held by Mr. Sun Haijin following Mr. Chan Fei's resignation. The Board believes that with the support of the management, vesting the roles of both Chairman of the Board and CEO with the same person can facilitate execution of the Group's business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board, which currently consists of three executive Directors, four non-executive Directors and four independent non-executive Directors, the interest of the Shareholders of the Company will be adequately and fairly represented.

The Company continues to monitor developments in the arena of corporate governance externally to ensure the suitability and robustness of its corporate governance framework in light of the evolving business and regulatory environment and to meet the expectations of stakeholders.

COMPOSITION OF THE BOARD

The Board's structure is governed by the Company's Articles of Association. The Board has an appropriate mix of skills, experience, and diversity that are relevant to the Company's strategy, governance, and business, and underpin its effectiveness and efficiency.

As of the date of this report, the Board comprises eleven Directors, consisting of three executive Directors ("**EDs**"), four non-executive Directors ("**NEDs**") and four independent non-executive Directors ("**INEDs**") as follows:

Executive Directors

Mr. Sun Haijin *(Chairman of the Board and Chief Executive Officer)*
Mr. Chan Hey Man
Mr. Chen Lin

Non-executive Directors

Mr. Geng Yankun
Ms. Li Juhua
Mr. Li Qiuyu
Mr. Han Liu

Independent Non-executive Directors

Mr. Chan Kok Chung, Johnny
Mr. Wong Hak Kun
Mr. Zhou Xiang
Ms. Huang Jing

The biographic information of the Directors is set out in the section headed "Directors, Supervisors and Senior Management" on pages 48 to 54 of this annual report.

The number of INEDs constitutes more than one-third of the members of the Board. Mr. Wong Hak Kun, Chairman of the Audit Committee, is a renowned financial expert with 36 years of experience in auditing, assurance, and management. There is no relationship (including financial, business, family or other material or relevant relationship) among the Board members.

ROLES AND RESPONSIBILITIES

The Articles of Association clearly defines the respective duties of the Board and the management.

Board Functions

Good governance emanates from an effective and accountable Board. The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation by the management. The Board is accountable to the Shareholders' general meetings, and its duties mainly include the execution of resolutions, formulation of major operational, financial and investment decisions, establishment of the Company's basic management system, and examination of the work of the senior management members. In respect of corporate governance, the Board is responsible for:

1. being informed of working reports of the senior management members of the Company and examining the work of the senior management members of the Company;
2. performing other duties and powers as stipulated in the laws and regulations, the Listing Rules, the Articles and as conferred by Shareholders' general meetings; and
3. the following matters:
   - Formulating, reviewing and improving the Company's corporate governance system;
   - Reviewing and supervising the training for and continuous professional development of Directors and senior management members;
   - Making relevant disclosures in accordance with the laws and relevant provisions regulations of the securities regulatory authority; and
   - Working out the Company's code of conduct and relevant compliance manual and supervising the behaviours of its employees and Directors, etc.

Management Functions

The management is responsible for leading the operations, and management of the Company, implementing Board resolutions and the Company's annual business plans and investment schemes, formulating the proposal of the Company's internal administrative organisations and suborganisations, and performing other duties as conferred by the Articles of Association and the Board.

Delegation of Powers

In order to maintain highly efficient operations, as well as flexibility and swiftness in operational decision-making, the Board may delegate its management and administrative powers to the management when necessary, and shall provide clear guidance regarding such delegation so as to avoid impeding or undermining the Board's ability to exercise its powers as a whole. The Board will review these arrangements periodically to ensure they remain appropriate to the Company's needs.

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Although the positions of the Chairman of the Board and the CEO are currently held by the same individual, Mr. Sun Haijin, the respective responsibilities are clearly set out in writing (the Chairman of the Board plays the role of leading the effective operation of the Board, while the CEO focuses on the Group's business strategy, management and operation). The roles of the Chairman of the Board and the CEO are complementary, but they are distinct and separate with a clear and well-established division of responsibilities. In addition, Mr. Sun, as the CEO, has been fully responsible for the Company's business, operation, strategy and other matters since 2016, and is familiar with the Group's business and has excellent knowledge and experience.

In addition, under the overall supervision of the Board, the reasonable structure of the Board and the equal powers afforded to each Director provide sufficient checks and balances to safeguard the interests of the Company and its shareholders.

Accordingly, the Board considers that the current arrangement does not compromise the balance of functions and authorities, and is of the view that it ensures consistent leadership of the Group and more effective and timely planning of the Group's overall strategy and decisions such as the integrated development of the business. However, the Board will conduct regular review and consider to separate the roles of the Chairman of the Board and the CEO in light of the overall situation of the Group as and when appropriate.

Functions of the Chairman of the Board

- to preside over Shareholders' general meetings and to convene and preside over Board meetings;
- to examine the implementation of the resolutions of the Board; and
- to exercise other functions and powers specified in laws, administrative regulations, departmental rules, the Articles or granted by the Board resolutions.

Functions of CEO

- to be in charge of the Company's production, operation, and management, to organise and implement the resolutions of the Board and to report his/her work to the Board;
- to organise and implement the Company's annual business plan and investment scheme;
- to prepare a plan for establishing internal governing bodies of the Company;
- to draft the Company's basic management system;
- to formulate fundamental rules and regulations for the Company;
- to propose to the Board to appoint or dismiss the other senior management members of the Company in accordance with the Articles and the relevant internal control system of the Company;
- to decide to appoint or dismiss managers and general employees other than those appointed or dismissed by the Board according to the Articles and the Company's relevant internal control system;
- to propose to convene an extraordinary Board meeting;
- to decide on the Company's other issues within the scope authorised by the Board;
- to decide on such projects as investment, acquisition or disposal and financing which do not need to be decided by the Board or the Shareholders' general meeting; and
- to exercise other functions and powers as conferred by the Articles and the Board.

INDUCTION, TRAINING AND DEVELOPMENT

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company.

Each newly appointed Director during the Reporting period, namely Mr. Chan Hey Man, Mr. Geng Yankun and Ms. Li Juhua, have obtained legal advice referred to under Rule 3.09D of the Listing Rules on (i) April 2023, (ii) August 2023 and (iii) August and December 2023, respectively and has confirmed that he/she understood his/her obligations as a Director of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses. The Board is responsible for reviewing and supervising the training for and continuous professional development of Directors and senior management members.

The records of the continuous professional development that have been received by the Directors for the year ended December 31, 2023 and up to the date of this report are summarised as follows:

Name of Directors	Attended trainings
Mr. Sun Haijin *(Chief Executive Officer, appointed as Chairman of the Board with effect from November 30, 2023)*	✓
Mr. Tsang Hoi Lam *(ceased to be an executive Director with effect from March 29, 2023)*	–
Mr. Chan Hey Man *(elected on and effective from April 19, 2023)*	✓
Mr. Chen Lin	✓
Mr. Chan Fei *(Chairman of the Board) (ceased to be a non-executive Director and Chairman of the Board with effect from November 30, 2023)*	–
Mr. Geng Yankun *(elected on and effective from September 20, 2023)*	✓
Ms. Li Juhua *(elected on and effective from November 30, 2023)*	✓
Mr. Xu Zhijun *(ceased to be a non-executive Director with effect from August 28, 2023)*	–
Mr. Li Qiuyu	✓
Mr. Han Liu	✓
Mr. Chan Kok Chung, Johnny	✓
Mr. Wong Hak Kun	✓
Mr. Zhou Xiang	✓
Ms. Huang Jing	✓

During the year ended December 31, 2023, the Company organised training sessions on directors' duties and responsibilities conducted by the legal advisers for all Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

BOARD MEETINGS AND GENERAL MEETINGS

During the Reporting Period, the Board scheduled and held 5 meetings in accordance with the CG Code. Apart from Board meetings, the Chairman of the Board held 1 meeting with the INEDs without the presence of other Directors.

During the Reporting Period, the Company held an annual general meeting on June 6, 2023, and three extraordinary general meetings on April 19, 2023, September 20, 2023 and November 30, 2023.

A summary of the attendance records of the Directors at the Board meetings and the general meetings held during the Reporting Period is set out below:

Name of Directors	**Attendance**	
	Board meetings	**General meetings**
Mr. Sun Haijin *(Chief Executive Officer, appointed as Chairman of the Board with effect from November 30, 2023)*	5/5	4/4
Mr. Tsang Hoi Lam *(ceased to be an executive Director with effect from March 29, 2023)*	1/1	–
Mr. Chan Hey Man *(elected on and effective from April 19, 2023)*	4/4	4/4
Mr. Chen Lin	5/5	4/4
Mr. Chan Fei *(Chairman) (ceased to be a non-executive Director and Chairman of the Board with effect from November 30, 2023)*	5/5	3/3
Mr. Geng Yankun *(elected on and effective from September 20, 2023)*	2/2	2/2
Ms. Li Juhua *(elected on and effective from November 30, 2023)*	–	–
Mr. Xu Zhijun *(ceased to be a non-executive Director with effect from August 28, 2023)*	3/3	2/2
Mr. Li Qiuyu	5/5	4/4
Mr. Han Liu	5/5	4/4
Mr. Chan Kok Chung, Johnny	5/5	4/4
Mr. Wong Hak Kun	5/5	4/4
Mr. Zhou Xiang	5/5	4/4
Ms. Huang Jing	5/5	4/4

BOARD COMMITTEE

The Board has established three Board Committees in accordance with the relevant laws and regulations, the Articles of Association, and the CG Code under the Listing Rules, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee. All Board committees of the Company are established with specific written terms of reference which clearly set out their authority and duties.

AUDIT COMMITTEE

The Audit Committee is mainly responsible for the coordination between internal and external auditors, supervision, and inspection of their works as well as the risk management and internal control of the Company.

As at the date of this Report, the Audit Committee consists of three members, namely, Mr. Wong Hak Kun (INED), Mr. Chan Kok Chung, Johnny (INED), and Mr. Li Qiuyu (NED). The majority of the Audit Committee members are INEDs, and none of them are (or were in the past two years) employed by or otherwise affiliated with the Company's external auditor, PricewaterhouseCoopers. Mr. Wong Hak Kun is the chairman of the Audit Committee and he holds the appropriate professional qualifications (including appropriate accounting and financial management expertise) and has over 36 years of experience in audit, assurance and management (refer to the biography in the Directors section for details) as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference detailing the Committee's role and authority, which include duties pertaining to corporate governance functions and the oversight of risk management, are available on both our website, under "Corporate Governance" subsection of the "Investor Relations" section, and the website of HKEx.

The primary responsibilities of the Audit Committee are to conduct independent assessment and supervision on the compliance, legality, and efficiency of the operation of the Company, including:

- to make recommendations to the Board regarding the appointment, reappointment, and removal of external auditor, approve the remuneration and terms of engagement of the external auditor, and deal with all matters relating to the resignation or dismissal of external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policies on engaging an external auditor to provide non-audit services, to discuss with the Board of Directors and the senior management of the Company on such policies, and consider any significant and unusual items;
- to review the financial control, internal control and risk management system of the Company;
- to discuss with the management on risk management and internal control system to ensure that the management has performed its duty to maintain an effective risk management and internal control system;
- to consider major investigation findings on risk management and internal control on its own initiative or as delegated by the Board and the management's response to these findings;
- to monitor internal audit system of our Company and ensure the implementation of such system;
- to facilitate communications between the internal audit department and external auditor;
- to review the financial information and relevant disclosures of our Company;

- to review the external auditor's audit letter to the management, major queries raised by the external auditor about accounting records, financial accounts or control systems and the response of the management and ensure that the Board will provide a timely response to the issues raised in the external auditor's audit letter to the management;

- to monitor our Company in respect of financial reporting system, risk management and internal control system

- to review the following arrangements of the Company: the employees of the Company can, in confidence, raise concerns about possible irregularities in financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for the Company to conduct fair and independent investigations and to take necessary actions accordingly;

- to liaise with the external auditor as the key representative of the Company, and to monitor the relationship between the Company and the external auditor;

- to report to the Board of matters required by the aforementioned terms;

- to deal with other matters as authorised by the Board of Directors and as required by the relevant laws and regulations; and

- to perform other duties as required by the Listing Rules and the listing rules of the jurisdiction in which the securities of the Company are listed, as revised from time to time.

During the Reporting Period, the Audit Committee held 2 meetings and met with the Company's external auditor regarding the review of the Company's financial report and accounts 2 times. A summary of the attendance records is set out below:

Name of Directors	**Attendance**
Mr. Wong Hak Kun *(Chairman)*	2/2
Mr. Chan Kok Chung, Johnny	2/2
Mr. Li Qiuyu	2/2

NOMINATION COMMITTEE

The Nomination Committee is mainly responsible for reviewing the Board's composition and diversity, formulating the policy for nominating Board candidates, make recommendations to the Board on the appointment of Directors and Board committee members, and assessing INED's independence and commitment.

As at the date of this Report, the Nomination Committee consists of three members, namely, Mr. Sun Haijin (ED), Mr. Chan Kok Chung, Johnny (INED), and Mr. Zhou Xiang (INED), a majority of whom are INEDs. Mr. Sun Haijin is the chairman of the Nomination Committee.

The terms of reference detailing the Committee's role and authority are available on both our website, under "Corporate Governance" subsection of the "Investor Relations" section, and the website of HKEx. The primary responsibilities of the Nomination Committee are to further optimise the composition of the Board and the senior management and improve the corporate governance structure, including:

- to review the structure, size, and composition of our Board (including the skills, knowledge, and experience) and make recommendations on any proposed changes to our Board to complement our Company's corporate strategy;
- to identify individuals suitably qualified to become board members and make recommendations to our Board on the selection of individuals nominated for directorships;
- to assess the independence of our independent non-executive Directors;
- to assess the number of directorship of other listed companies held by candidates to be nominated as the independent non-executive Directors of the Company;
- to develop and maintain a policy for the nomination of the Directors which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select, and recommend candidates for directorship;
- to develop, maintain, and review the policy concerning the diversity of the Board of Directors; and
- to review annually the time required from non-executive Directors and independent non-executive Directors; and to make recommendations to our Board on the appointment or re-appointment of our Directors and succession planning for Directors (in particular the Chairman of the Board and the Chief Executive Officer).

During the Reporting Period, the Nomination Committee held 3 meetings. A summary of the attendance records is set out below:

Name of Directors	**Attendance**
Mr. Sun Haijin *(Chairman) (appointed as Chairman of the Nomination Committee with effect from November 30, 2023)*	–
Mr. Chan Fei *(Chairman) (ceased to be a non-executive Director and Chairman of the Nomination Committee with effect from November 30, 2023)*	3/3
Mr. Chan Kok Chung, Johnny	3/3
Mr. Zhou Xiang	3/3

REMUNERATION COMMITTEE

The Remuneration Committee is mainly responsible for formulating standards for appraising Directors and senior management of the Company and reviewing the relevant policies and proposals.

As at the date of this Report, the Remuneration Committee consists of three members, namely, Mr. Chan Kok Chung, Johnny (INED), Mr. Wong Hak Kun (INED), and Mr. Sun Haijin (ED), the majority of whom are INEDs. Mr. Chan Kok Chung, Johnny is the chairman of the Remuneration Committee.

The terms of reference detailing the Committee's role and authority are available on both our website, under "Corporate Governance" subsection of the "Investor Relations" section, and the website of HKEx. The primary responsibilities of the Nomination Committee are to establish a sound system of assessment for Directors and senior management and implement and review the remuneration policies and incentive plans, including:

- to make recommendations to the Board of Directors on the policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board of Directors' corporate goals and objectives;
- to make recommendations to the Board of Directors or determine on the remuneration packages of executive Directors and senior management (the model under Code Provision E.1.2.(c)(ii));
- to make recommendations to the Board of Directors on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions of the Company and its subsidiaries;
- to review and approve the senior management's remuneration proposals with reference to the Board of Directors' corporate goals and objectives;
- to examine and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- to examine and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no Director or any of his associates is involved in deciding his/her own remuneration;
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules and any other employee incentive schemes adopted by the Company from time to time; and
- to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

During the Reporting Period, the Remuneration Committee held 4 meetings. A summary of the attendance records is set out below:

Name of Directors	Attendance
Mr. Chan Kok Chung, Johnny *(Chairman)*	4/4
Mr. Wong Hak Kun	4/4
Mr. Sun Haijin *(appointed as a member of the Remuneration Committee with effect from November 30, 2023)*	–
Mr. Chan Fei *(ceased to be a non-executive Director and a member of the Remuneration Committee with effect from November 30, 2023)*	4/4

Details of the remuneration of the Directors, Supervisors and key management of the Company by band are set out in note 37 and note 43 to the consolidated financial statements.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has adopted a formal, considered, and transparent procedure for the appointment of new directors. In accordance with the Company's Articles of Association, Directors shall be elected or replaced at Shareholders' general meetings, and can be removed from their office prior to the expiry of their term by the general meeting. The term of a Director shall start from the date on which the said Director assumes office until the expiry of the term of the prevailing session of the Board. Directors' term shall be three years. At the expiry of such term of office, the term is renewable upon re-election.

The ordinary resolutions to approve the appointment of Directors shall be passed by votes representing more than one-half of the voting rights represented by the Shareholders (including proxies) present at the meeting.

If the term of office of a Director has expired but re-election is not timely made, or the said Director has resigned within his/her term of office, resulting in the numbers of members of the Board falls short of the quorum, the said Director shall continue to perform his/her duties as Director pursuant to relevant laws, administrative regulations, departmental rules and these Articles until a new Director is elected.

A Director may serve concurrently as general manager or other senior management member, but the Directors serving concurrently as such and the Directors being employees' representatives shall not be more than half of the Directors of the Company.

DIRECTORS NOMINATION POLICY

The Company will identify suitable Director candidates through its Nomination Committee, and the criteria includes but not limited to their perspectives, skills, and experiences and how the individuals can contribute to the diversity of the Board. In the case of INED, the candidates should fulfill the independence requirements set out in the Listing Rules from time to time. After the Nomination Committee and the Board have reviewed and resolved to appoint the appropriate candidate, the relevant proposal will be put forward in writing to the Shareholders' general meeting for approval.

The Shareholders of the Company may also nominate a candidate for election as a Director of the Company at the Shareholders' general meeting in accordance with the "Procedures for Shareholders to Propose a Person for Election as a Director", which is available on the Company's website, under "Corporate Governance" subsection of the "Investor Relations" section, and the HKEx website. The Shareholder who nominates a Director shall provide information about the nominee that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules. The Board shall announce the foregoing in relation to the Director prior to the Shareholders' general meeting at which the Director is to be elected.

BOARD DIVERSITY POLICY

To enhance the effectiveness of the Board and maintain the high standard of corporate governance, the Company has adopted the Board diversity policy, which sets out the objective and approach to achieve and maintain the diversity of our Board. Pursuant to our Board diversity policy, we seek to achieve Board diversity by taking into consideration of various factors, including professional experience, skills, knowledge, gender, age, cultural and educational background, and working experience. The policy focuses on ensuring a balanced composition of skills and expertise at our Board level in order to provide a range of perspectives, insights, and challenges that enable our Board to execute its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of our Group, and support succession planning and development of our Board. The ultimate decision in selecting the members of the Board will be based on merit and contribution that the selected candidates will bring to our Board.

Background Diversity

Our Directors have a balanced mix of knowledge, skills, and experience, including the areas of intra-city delivery and express service, new consumption, online to offline, internet, strategy and investments, accounting and financial management, audit and assurance, risk management, supply chain management and marketing. They obtained academic diplomas and degrees in various majors, including electronic information engineering, logistic and supply chain management, financial investments, business management, and business administration. We have four INEDs with different industry backgrounds, representing over one-third of our Board members.

Gender Diversity

The gender diversity at the Board level has achieved further progress during the Reporting Period with its current composition of two female Directors. We will continue to apply the principle of appointments based on merits with reference to our Board diversity policy as a whole, and are committed to providing career development opportunities for female staff.

The nomination committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing Board diversity under the CG Code as set forth in Appendix C1 of the Listing Rules. It is delegated by our Board to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments to achieve an appropriate balance of gender diversity with reference to Shareholders' expectations and international and local recommended best practices, with the ultimate goal of bringing our Board to mixed gender.

We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including our Board of Directors, Board of Supervisors and the senior management teams. In particular, on June 6, 2022, the Company passed an ordinary resolution at its annual general meeting and elected Ms. Huang Jing as an independent non-executive director of the Company with effect from June 21, 2022. The Company passed an ordinary resolution at its extraordinary general meeting and elected Ms. Gao Yuan as a Supervisor of the Company on and effective from April 19, 2023. The Company further passed an ordinary resolution at its extraordinary general meeting and elected Ms. Li Juhua as a non-executive Director of the Company on and effective from November 30, 2023. Moreover, Ms. Liu Jia, our secretary of the Board and one of the joint company secretaries, who is responsible for the Board related matters, corporate governance, and strategic investment of our Group, is female and forms part of our senior management team. Ms. Su Xiaohui, our employee representative Supervisor and head of human resources department, is also female and is responsible for supervising the operation and financial activities and human resources matters of our Group.

To enhance our corporate governance by promoting gender diversity at the Board, we will continue to implement the following targets and policies:

(i) The Nomination Committee will recommend at least one female Director candidate to the Board for its consideration regularly. The Nomination Committee will review the Board diversity policy and our diversity profile (including gender balance) from time to time and at least annually to ensure its continued effectiveness.

(ii) The Company is committed to providing career development opportunities for female staff and ensuring that there is gender diversity when recruiting staff at mid to senior levels so that our Company will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. We emphasise on training senior female staff who have long contribution to and relevant experience in our business, including on-demand delivery industry and business management. Our Directors believe that this policy will provide the required manpower resources to better achieve gender diversity in our Board.

The Company adheres to the recruitment principles of "fairness, equity and openness" and treats every employee equally, regardless of factors such as gender, region, ethnicity, and religious belief, and fully respects and tolerates the diversity of employees. As of December 31, 2023, we had 2,041 full-time employees, of whom 1,485 were men and 556 were women. The Company aims to achieve a more balanced gender ratio of employees in the future, and will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from January 1, 2023 and up to the date of this report.

The Company has also established written guidelines including the Code of Conduct and Ethics and the Insider Dealing Policy (collectively, the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. For the purpose of effective execution of the Employees Written Guidelines, the Company also provided internal and external training sessions to senior managers and other employees. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Since the Listing Date, the Board at all times met the requirements of the Listing Rules (3.10 and 3.10A) relating to the appointment of at least three INEDs representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. Among our INEDs, Mr. Wong Hak Kun is a renowned financial expert with over 36 years of experience in auditing, assurance, and management; Mr. Chan Kok Chung, Johnny has nearly 40 years of experience in investment banking and investment management industry.

Independent Directors enhance the effectiveness and decision-making of the Board by providing objective judgement and constructive challenge to management. The independence of our INEDs is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration. Each INED is required to inform the Company as soon as practicable if there is any change in his personal particulars that may affect his independence. No such notification was received during the Reporting Period.

The Company has received written annual confirmation from each of the INEDs in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

The Company is of the view that all independent non-executive Directors are independent.

The Company has established formal and informal channels of communication to ensure that independent views and inputs are available to the Board. Our Articles of Association and the terms of references of various board committee have set out a formal framework to ensure that the INEDs remain independent and free to express their views, and their views are systematically considered by the Board. The executive Directors and the Chairman of the Board also engage regularly and directly with the INEDs to receive their independent views and inputs in a relation to a wide variety of matters. The implementation and effectiveness of the above mechanisms are reviewed on an annual basis. The Board considers that such mechanisms had been implemented properly and effectively in the year ended December 31, 2023.

TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

The term of office of our NEDs is determined in accordance with the service agreement entered into with the Company, the relevant laws, regulations and the Listing Rules. An INED shall serve a term of 3 years and is eligible for re-election. Pursuant to our Articles of Association, the maximum consecutive term of office of the INED shall be determined in accordance with the relevant laws, regulations and the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, the Company ensures that all Shareholders are given sufficient notice of Shareholders' general meetings and are familiar with the detailed procedures for conducting a poll. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Shareholders' general meetings are one of the channels for Shareholders to communicate their views on various matters affecting the Company. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. Shareholders may make enquiries to the Company directly by raising questions at general meetings. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditor will use all reasonable efforts to attend annual general meetings and to answer Shareholders' questions.

Procedure for Shareholders to convene Extraordinary General Meetings

- Shareholders individually or jointly holding 10% or more of the Company's shares shall have the right to request the Board to convene an extraordinary general meeting, and such request shall be made in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the Articles, furnish a written reply on whether to convene the extraordinary general meeting within 10 days upon receipt of such proposal.

- If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days upon the passing of the Board resolution. Any changes to the original proposal made in the notice shall approved by the relevant Shareholders.

- If the Board does not agree to convene the extraordinary general meeting or fails to furnish a reply within 10 days upon receipt of such proposal, the Shareholders individually or jointly holding more than 10% of the shares of the Company shall have the right to request the Board of Supervisors to convene an extraordinary general meeting, and such request shall be made in writing.

- If the Board of Supervisors agrees to convene the extraordinary general meeting, it shall issue a notice of general meeting within five days upon receipt of the proposal. Any changes to the original proposal in the notice shall be approved by the relevant Shareholders.

- If the Board of Supervisors fails to issue the notice of the general meeting within the prescribed period, it shall be deemed that the Board of Supervisors does not convene and preside over the Shareholders' general meeting, and Shareholders individually or jointly holding more than 10% of the shares of the Company with voting rights at the proposed meeting may convene and preside over the meeting on their own.

- If the Board of Supervisors or Shareholders decide to convene a Shareholders' general meeting on their own, they shall notify the Board in writing and at the same time make a filing with the Stock Exchange. The shareholding of the convening Shareholders shall not be less than 10% before the announcement of the resolutions of the Shareholders' general meeting. The Board of Supervisors or the convening Shareholders shall submit relevant supporting documents to the Stock Exchange where the shares of the Company are listed when issuing the notice of the Shareholders' general meeting and announcing the resolutions of the Shareholders' general meeting.

- The Board and the secretary to the Board shall cooperate with the Board of Supervisors or the Shareholders to convene the Shareholders' general meeting upon receipt of the notice. The Board shall provide the register of shareholders on the date for registration of shareholding.

All reasonable expenses incurred for the Shareholders' general meeting convened by the Board of Supervisors or Shareholders on their own shall be borne by the Company.

Procedure for Shareholders to Put Forward Proposals in General Meetings

When the Company convenes a Shareholders' general meeting, the Board of Directors, the Board of Supervisors and Shareholders individually or jointly holding 3% or more of the total voting shares of the Company are entitled to propose resolutions in writing to the Company.

Shareholders individually or jointly holding 3% or more of the shares of the Company are entitled to propose new resolutions in writing to the Company and submit them to the convener 10 days before the meeting. The convener of the Shareholders' general meeting shall issue a supplementary notice of the Shareholders' general meeting within 2 days upon the receipt of such proposal and announce the contents of the interim proposals.

Except as provided in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the Shareholders' general meeting or add new proposals after issuing the notice of the Shareholders' general meeting.

Proposals not set out in the notice of the Shareholders' general meeting or not in compliance with the Rules of Procedure for the Shareholders' General Meeting of the Company shall not be voted on or resolved at the Shareholders' general meeting.

Putting forward Enquiries to the Board

Shareholders may at any time send their enquiries, requests, proposals, and concerns to the Board in writing through the Company. The contact details of the Company are as follows:

Address: Floor 21-22, Shunfeng Headquarters Building, No. 3076 Xinghai Road, Nanshan District, Shenzhen City, Guangdong Province, PRC (For the attention of the Board of Directors of SF Intra-city)

Email: TCIR@sf-express.com

Please also refer to the 'Effective Communication with Investor' section below on other means of communication with Shareholders.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company amended the Articles pursuant to the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) issued by the State Council of the PRC (the "**State Council**") on February 17, 2023 and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**") and related guidelines issued by the CSRC which came into effect on March 31, 2023. Meanwhile, the Mandatory Provisions and the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) issued on August 4, 1994 by the State Council had been repealed on the effective date of the Trial Measures. PRC issuers shall formulate their articles of association with reference to the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines**") issued by the CSRC in place of the Mandatory Provisions. Furthermore, holders of domestic shares and H shares are no longer deemed to be different classes of shareholders, thus the class meeting requirement applicable to holders of domestic shares and H shares is no longer necessary and removed. In light of the above, the Stock Exchange also proposed certain amendments to the Listing Rules, which came into effect on August 1, 2023. In view of the amendments to the Articles, corresponding amendments were made to the Rules of Procedures for the General Meeting of Shareholders, Rules of Procedures for the Board of Directors and Rules of Procedures for the Supervisory Committee of the Company. Such amendments to the Articles and the relevant rules of the Company became effective upon the passing of the relevant special resolutions at the 2023 Second Extraordinary General Meeting held on September 20, 2023, the class meetings of the Shareholders of H shares of the Company and the Shareholders of Unlisted Domestic Shares of the Company. For details, please refer to the Company's announcement and circular dated August 28, 2023.

Save as disclosed above, no amendments were made to the Articles of Association in 2023.

EFFECTIVE COMMUNICATIONS WITH INVESTORS

The Board gives high priority to maintaining balanced, clear, and transparent communications with Shareholders and other investors to facilitate their understanding of the Company's performance and prospects, as well as the market environment in which it operates. We have an ongoing dialogue with Shareholders and other investors through various communication channels and take any areas of concern into consideration when formulating our business strategies.

A dedicated "Investor Relation" section is available on the Company's website. We will promptly respond to both telephone and written enquiries from Shareholders of the Company. Shareholders' enquiries and concerns will be forwarded to the Board and/or the relevant Board Committees of the Company, where appropriate, which will answer the Shareholders' questions. Information on the Company's website is updated regularly.

Information will be communicated to the Shareholders through the Company's financial reports, circulars and announcements, AGMs and other general meetings that may be convened, as well as all the disclosures submitted to HKEx. The Company maintains a website as a communication platform with Shareholders and other stakeholders, where Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

The Company undertakes annual review of the implementation and effectiveness of the various channels of communication with investors, including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place. The Company is satisfied that the communication with the Shareholders is effective.

DIVIDEND POLICY

With respect to dividend policy, the Group currently intends to retain all available funds and earnings, if any, to fund the development of its business and it does not anticipate paying any cash dividends in this financial year. Any declaration and payment, as well as the amount of dividends, will be subject to our Articles and the relevant PRC laws. We currently do not have any fixed dividend pay-out ratio. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. According to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will, therefore, only be able to declare dividends after: (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient net profit to our statutory common reserve fund as described above.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the risk management and internal control system of the Company and reviewing their effectiveness. The Audit Committee is delegated to oversee the effectiveness of our risk management system on an ongoing basis.

Risk Management Process

Risks are inherent in every area of our business. It is important to have a risk-aware culture in the Company, as well as a systematic approach to identify and assess risks such that they can be mitigated, transferred, avoided, or understood. We have devoted ourselves to building and maintaining risk management and internal control system consisting of policies, procedures, and risk management methods that we consider to be appropriate for our business operations, and are dedicated to continuously improving these systems. We have also adopted and implemented comprehensive risk management policies in various aspects of our business operations, such as delivery safety and rider safety, financial reporting, legal and compliance, IT systems and human resources management.

Such risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Financial Risks

Financial Reporting Risk Management

We have in place a set of accounting policies and procedures in connection with our financial reporting risk management, such as financial and accounting policies, connected transaction management policy, financial instruction on business operation, budget management procedure and financial statement preparation procedure. We have various procedures in place to implement accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular training to our finance department staff to ensure that they understand our financial management and accounting policies and implement them in our daily operations.

Audit Committee and Internal Audit Function

The Audit Committee assists the board in leading the management to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing, and mitigating risks involved in our business operations.

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee on any issues identified. Our internal audit department members hold regular meetings to discuss any internal control issues we face and the corresponding measures required to resolve such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are channelled to the committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board of Directors if necessary.

Compliance Risks

Legal Compliance Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our internal control team works closely with our business units to: (i) perform risk assessments and give advice on risk management strategies, (ii) improve business process efficiency and monitor internal control effectiveness, and (iii) promote risk awareness throughout our Company.

In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the forms of contracts we enter into with our customers and suppliers. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations under our business contracts and all the necessary underlying due diligence materials before we enter into any contract or business arrangement.

We continuously review the implementation of our risk management policies and measures to ensure that our policies and implementation are effective and sufficient.

Ongoing Measures to Monitor and Evaluate the Implementation of Risk Management Policies

Our Audit Committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure that our policies and implementation are effective and sufficient. The Audit Committee reviewed the 2023 analysis report on risk management and internal control, and put forward relevant opinions and suggestions.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control system for the year ended December 31, 2023, and has conducted in-depth communication with the Board and the Audit Committee on the framework and priorities of the Company's corporate risk management and internal control for 2024.

The Board, as supported by the Audit Committee as well as the management report and the annual internal audit findings, reviewed the risk management and internal control system, including the financial, operational and compliance controls, for the year ended December 31, 2023, and considered that such systems are effective and adequate. Resolutions relating to the Company's risk management and internal control system have been proposed and approved at the annual Board meeting. As of the date of this report, there are no material internal control findings.

Inside Information Policy

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules;
- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission; and
- ensures, through its own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information.

Whistle-blowing Policy

A series of whistle-blowing policies has been put in place to deal with concerns related to fraudulent or unethical conducts or non-compliances with laws and the Company's policies that have or could have significant adverse financial, legal or reputational impacts on the Company. The policies apply to all staff, parties who deal with the Company as well as the general public. Every month, a summary of all whistle-blowing cases is handled by the internal audit department.

Policy and system to support anti-corruption laws and regulations

We provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations.

We provide our directors, senior management and relevant employees with continuing training programs and updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance.

AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

The remuneration paid or payable to the Company's external auditor, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended December 31, 2023 is set out below:

Service Category	**Fees Paid/Payable** (RMB '000)
Audit and audit-related service	3,070
Non-audit services (including tax and other advisory services)	220

The Directors of the Company are responsible for the preparation of consolidated financial statements for the year ended December 31, 2023. The Directors were not aware of any material uncertainties relating to any events or conditions which may cast a serious impact upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 80 to 83.

JOINT COMPANY SECRETARIES

As at the date of this report, the Company has appointed Mr. Chan Hey Man, one of our executive Directors and Ms. Liu Jia, our secretary of the Board as the joint company secretaries. They are jointly responsible for facilitating the Board's processes and communications among Board members, with Shareholders and with management. Each of them has undertaken at least 15 hours of relevant professional training to update their skills and knowledge.

Reference is made to the Company's announcements dated March 28, 2023, and Mr. Chan Hey Man was appointed as a joint company secretary of the Company with effect from March 29, 2023.

All Directors have access to the advice and services of the joint company secretaries to ensure the Board procedures, and all applicable law, rules, and regulations, are followed.

CHANGES IN SHARE CAPITAL

Statement of changes in share capital

The Company received official approval from the CSRC in respect of the conversion of 78,947,684 Unlisted Shares of the Company into H shares and the listing thereof on the Stock Exchange on August 18, 2022, and was granted the listing approval by the Stock Exchange on August 24, 2022.

On February 6, 2023, the conversion of 78,947,684 Unlisted Shares of the Company into H shares had been completed, and the listing of the converted H Shares on the Stock Exchange commenced on February 7, 2023. For details, please refer to the Company's announcements dated May 12, 2022, August 18, 2022, September 9, 2022, February 2, 2023 and February 6, 2023, respectively.

The Company further received the filing notice issued by the CSRC in respect of the conversion of 451,403,783 Unlisted Shares of the Company into H shares and the listing thereof on the Stock Exchange on July 19, 2023, and was granted the listing approval by the Stock Exchange on July 25, 2023.

On July 28, 2023, the conversion of 451,403,783 Unlisted Shares of the Company into H shares had been completed, and the listing of the converted H Shares on the Stock Exchange commenced on July 31, 2023. For details, please refer to the Company's announcements dated July 20, 2023, July 25, 2023 and July 28, 2023, respectively.

	January 1, 2023		Changes during the Reporting Period					December 31, 2023	
Unit: Shares	Number of shares	Percentage (%)	Issues of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Selling-restricted shares	–	–	–	–	–	–	–	–	–
II. Selling-unrestricted circulating shares									
1. Unlisted Domestic Shares	562,615,431	60.27	–	–	–	(390,850,533)	(390,850,533)	171,764,898	18.40
2. H Shares	231,341,342	24.78	–	–	–	530,351,467	530,351,467	761,692,809	81.60
3. Unlisted Foreign Shares	139,500,934	14.95	–	–	–	(139,500,934)	(139,500,934)	0	0
Subtotal	933,457,707	100.00	–	–	–	0	0	933,457,707	100.00
III. Total number of shares	933,457,707	100.00	–	–	–	0	0	933,457,707	100.00

Security issuance and listing

There was no issuance of securities of the Company during the Reporting Period.

SHAREHOLDERS' INFORMATION

Particulars of Controlling Shareholders and de facto controlling party

Pursuant to the voting power entrustment termination agreement entered into between SF Taisen and Ningbo Shunxiang on May 26, 2023 (the "**Voting Power Entrustment Termination Agreement**"), SF Taisen ceased to be entrusted to exercise the voting power attached to the Shares held by Ningbo Shunxiang on behalf of Ningbo Shunxiang. Following the termination of the Voting Power Entrustment Agreement, Ningbo Shunxiang ceased to be a member of the group of Controlling Shareholders of the Company. As of the date of this report, SF Taisen maintains statutory control of our Company through its subsidiaries, SF Holding (HK) Limited, SF Technology, Intra-city Tech and Celestial Ocean Investment Limited. Save for the above, there was no change in the Controlling Shareholders during the Reporting Period.

As of the date of this report, SF Taisen is wholly owned by SF Holding. SF Holding is a joint stock company listed on Shenzhen Stock Exchange (stock code: 002352.SZ), and was held as to approximately 54.38% by Mingde Holding, which in turn was held by Mr. Wang Wei as to approximately 99.90% as of the date of this report.

As such, Mr. Wang Wei and Mingde Holding are deemed to be Controlling Shareholders, and together with SF Holding, SF Taisen, SF Technology, SF Holding (HK) Limited, Intra-city Tech and Celestial Ocean Investment Limited, constitute a group of Controlling Shareholders of our Company.

Information on Shareholders holding more than 5% of equity interest of the Company

As of December 31, 2023, apart from the Controlling Shareholders aforementioned in the section headed "Particulars of Controlling Shareholders and de facto controlling party", (i) Ningbo Shunxiang, a limited partnership which had Tonglu Zhiyuan as its general partner which was in turn owned by Mr. Sun Haijin as to 99.00%, held 61,729,800 H Shares of the Company, representing 6.61% of the total share capital of the company; (ii) Mr. Eric Li, an independent third party, indirectly held 52,699,953 H Shares of the Company, representing 5.65% of the total share capital of the Company; and (iii) Taobao China Holding Limited, a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Alibaba Group Holding Limited, held 51,844,000 H Shares of the Company, representing 5.55% of the total share capital of the Company. For more details of shareholdings, please refer to the section headed "Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company" in the Report of Directors in this annual report.

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. Sun Haijin, aged 44, is our executive Director, Chairman of the Board and CEO. Mr. Sun was appointed as our Chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company with effect from November 30, 2023. Mr. Sun joined SF Holding Group in April 2006. Mr. Sun consecutively served in multiple significant positions within SF Holding Group including human resources director, regional general manager, head of product management from April 2006 to June 2016 and accumulated abundant project experience in areas including human resources management, business operation and management and project incubation. Prior to the incorporation of the Company, Mr. Sun served as the head of the intra-city on-demand delivery business unit since June 2016, being fully responsible for the operation and management of the intra-city on-demand delivery business. Mr. Sun established the Group in March 2019 and continues to be responsible for formulating business strategy, making major corporate and operation decisions, as well as the overall management of the Group. His work experience in the Group mainly includes: served as the executive director and the general manager of Shenzhen Intra-city since October 2018, served as the CEO and the executive Director of the Group since June 2019 and December 2019, respectively, and served as a director of various subsidiaries of the Company.

Mr. Sun has over 20 years of experience in logistics, delivery, and online-to-offline business management, and has a deep understanding of the combination of traditional logistic industry and new business forms. Mr. Sun was awarded "The 14th China Logistics Industry Golden Pegasus Award – '2020 Outstanding Young Logistics Entrepreneur'" (第十四屆中國物流業金飛馬獎– "2020 優秀青年物流企業家") by the Logistics Times Magazine and Committee of China Logistics Industry Pegasus Award in March 2021, "The 5th New Award – '30 New Influencers in 2022'" (第五屆新獎– "2022 新影響力 30 人") by Caijing New Media in January 2023 and 2022 New Young Entrepreneur in Shenzhen (2022 年深圳市新銳青年企業家) by Shenzhen Municipal Committee of the Communist Youth League and Shenzhen Youth Federation in April 2023. Mr. Sun obtained a college degree in administrative management from Nanchang University (南昌大學) in Jiangxi Province, the PRC in June 2005.

Mr. Chan Hey Man, aged 42, is our executive Director, chief financial officer, one of the joint company secretaries and a supervisor of multiple subsidiaries of the Company. He has 20 years of experience in corporate finance, finance and management, and was involved in the listing and multiple corporate financing projects of SF Holding Group. Mr. Chan joined SF Holding Group in February 2014, and served successively as a financial analysis specialist and the deputy director of financial analysis of finance department, and head of investor relations department between February 2014 and February 2023. Mr. Chan also has extensive experience in auditing and financial analysis and worked in KPMG (Beijing office and Hong Kong office) from August 2003 to December 2009 with his last position as an audit manager.

Mr. Chan obtained a bachelor's degree in accounting from City University of Hong Kong in November 2003, and also obtained a master's degree in business administration from Saïd Business School, Oxford University in November 2013. Mr. Chan has been accredited as a certified public accountant by the Hong Kong Institute of Certified Public Accountants (HKICPA) since January 2008.

Mr. Chen Lin, aged 38, is our executive Director, chief technology officer and deputy general manager. Mr. Chen joined SF Holding Group in September 2017, and consecutively served as the director of infrastructure research and development and head of science and technology of the intra-city on-demand delivery business unit, being responsible for the research and development of the core intra-city delivery business system and intra-city delivery product, prior to the incorporation of the Company. Mr. Chen joined the Group in June 2019 and has since then served as the chief technology officer. He has served as the general manager of Shunda Tongxing since September 2019, and the executive director of Shunda Tongxing from September 2019 to September 2020. Mr. Chen was appointed as an executive Director of the Company in June 2021, and appointed in May 2021 and reappointed in March 2024 as a deputy general manager of the Company with effect from May 2024.

Mr. Chen has over 12 years of experience in information technology, system architecture design, especially in the area of the research and development of food delivery and on-demand delivery systems based on AI big data. Prior to joining the Group, Mr. Chen served as a research and development engineer of Baidu, Inc. (a company listed on the NASDAQ (stock code: BIDU) and Hong Kong Stock Exchange, stock code: 9888) from January 2011 to June 2014 and participated in the research and development of products and systems including Baidu Know, Baidu Travel and Baidu Nuomi. Mr. Chen joined Baidu Delivery in November 2015 and consecutively served as architect and senior architect being responsible for the design and research and development of the transaction structure and basic service structure of Baidu Delivery.

Mr. Chen obtained a bachelor's degree in electronic information engineering and a master's degree in electronic science and technology from University of Science and Technology Beijing (北京科技大學) in Beijing, the PRC, in July 2007 and January 2011, respectively.

NON-EXECUTIVE DIRECTORS

Mr. Geng Yankun, aged 38, is our non-executive Director. Mr. Geng was appointed as a non-executive Director in September 2023. Mr. Geng has more than 14 years of experience in technology research and development ("**R&D**") and operation management. He is responsible for technology R&D related business of SF Holding. He joined the SF Holding Group in September 2017, and currently holds various positions within the SF Holding Group, including (i) the chief executive officer and chairman of Intra-city Tech, (ii) the chief technology officer of the SF Holding Group, (iii) the chief executive officer and chairman of SF Technology, and (iv) a deputy general manager of SF Holding. Mr. Geng is also currently a director of several subsidiaries of SF Holding. Prior to joining the SF Holding Group, Mr. Geng was the senior manager of Baidu Online Network Technology (Beijing) Company Limited (百度在線網絡技術(北京)有限公司) from July 2009 to September 2015, and the chief technology officer of Beijing Xiaodu Information and Technology Co., Ltd. (北京小度信息科技有限公司) from October 2015 to September 2017.

Mr. Geng obtained a bachelor's degree in engineering from the Harbin Institute of Technology (哈爾濱工業大學) in July 2007 and a master's degree in engineering from Peking University (北京大學) in July 2009. Mr. Geng was a member of the Professional Science and Innovation Committee of the China Express Association (中國快遞協會科技創新專業委員會) from July 2021 to July 2023. He is the vice chairman of the 2022 China digital logistics development report (2022 中國數字物流發展報告) drafting committee of the China Federation of Logistics & Purchasing (中國物流與採購聯合會) since November 2022, and was recognised by that industry body as the 2016-2021 Double Chain Five Year Anniversary Most Influential Person (中物聯 2016-2021 雙鏈五週年風雲人物) and 2022 China Double Chain Annual Conference Innovative Digital Supply Chain Most Influential Person (中物聯 2022 年中國雙鏈年會數字供應鏈創新風雲人物) in December 2021 and January 2023, respectively. He has been a Youth Science and Innovation Doctoral Supervisor of the Harbin Institute of Technology Business School (哈爾濱工業大學商學院青年科創導師) since May 2023.

Directors, Supervisors and Senior Management

Ms. Li Juhua, aged 45, has more than 21 years of work experience. She is an employee representative supervisor of SF Holding, and is primarily responsible for supervising the performance of duties by the Directors and senior management of SF Holding. Ms. Li successively held various significant positions within the SF Holding Group from May 2012 to August 2021, including the head of accounting department, head of tax department, head of financial shared service centre and head of CFO office. She has been Deputy Chief Financial Officer and head of CFO office of SF Holding Group since January 2024. Ms. Li is currently a director of various subsidiaries of SF Holding. She is also a non-executive director of SF REIT Asset Management Limited (the manager of SF Real Estate Investment Trust (a company listed on the Main Board of the Stock Exchange (stock code: 2191)) since August 2023. Prior to joining the SF Holding Group, Ms. Li was an accountant and a finance manager of Shanghai Totole Food Limited. (上海太太樂調味食品有限公司) from June 2002 to December 2004, an assistant accountant and an assistant finance manager of Wal-Mart (China) Investment Co., Ltd. (沃爾瑪(中國)投資有限公司) from December 2004 to March 2008, a finance manager of Shenzhen B&Q Decoration & Building Material Co., Ltd.* (深圳百安居裝飾建材有限公司) from April 2008 to February 2010, and the financial director of Maoye International Holdings Limited (茂業國際控股有限公司) (a company listed on the Stock Exchange (stock code: 0848)) from January 2011 to May 2012.

Ms. Li obtained her bachelor's degree in Management from Tongji University (同濟大學) in July 2002. Ms. Li is a Fellow of the Chartered Management Accountants (FCMA) and the Chartered Global Management Accountant (CGMA) and a fellow of the Institute of Financial Accountants in the United Kingdom and the Institute of Public Accountants in Australia.

Mr. Li Qiuyu, aged 36, is our non-executive Director. Mr. Li was appointed as a non-executive Director in June 2019 and has been appointed as a member of the Audit Committee with effect from December 14, 2021. Mr. Li has over 13 years of experience in investment. Prior to joining the Group, he served as multiple positions within Huatai United Securities Co., Ltd (華泰聯合證券有限責任公司) from July 2010 to May 2018 with his last position as a director of investment banking division. Mr. Li has served as the head of investment and M&A department of SF Holding since June 2018.

Mr. Li obtained a bachelor's degree in business administration and a master's degree in finance from Wuhan University in Wuhan, the PRC, in June 2008 and June 2010, respectively.

Mr. Han Liu, aged 35, is our non-executive Director. Mr. Han was appointed as a non-executive Director at the annual general meeting of the Company held on June 6, 2022 with effect from June 21, 2022. Mr. Han has over 12 years of experience in logistics and supply chain management. Mr. Han started his career as a senior manager of the warehouse and logistics division of Jingdong E-commerce at JD.com, Inc. (a company both listed on NASDAQ (stock code: JD) and on the Hong Kong Stock Exchange (stock code: 9618)) in 2011, and subsequently became a senior manager of the management supervision division in 2014. From 2015 to 2018, Mr. Han joined the JD Logistics Group and served as the general manager of the international supply chain division. Since January 2019, Mr. Han has been the general manager of the shared retail business unit (共享零售事業部), hyperlocal logistics business unit (同城物流事業部) and supermarket ecological business unit (超市生態事業部) of Alibaba Group Holding Limited ("**Alibaba Group**", a company with its American depositary shares listed on the New York Stock Exchange (stock code: BABA), and its ordinary shares listed on the Hong Kong Stock Exchange (stock code: 9988)). He also served as the vice president of local retail (同城零售) of Alibaba Group between August 2021 and February 2022, since March 2022, the vice president of Alibaba local life (阿里本地生活) and the president of fengniao logistics (蜂鳥即配), and the CEO of Ele Me since March 2024. Mr. Han also serves as the non-executive director of Sun Art Retail Group Limited (a company listed on the Hong Kong Stock Exchange (stock code: 06808)) since November 2021.

In July 2011, Mr. Han obtained a bachelor's degree in Logistics Engineering and Supply Chain Management from Tianjin University in Tianjin, the PRC. Mr. Han served as the supervisor of Guangzhou Xiaohuolu Cultural Tourism Co., Ltd (a company which has never commenced or carried on business and is dissolved by deregistration).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kok Chung, Johnny, aged 64, is our independent non-executive Director. He was appointed as an independent non-executive Director in June 2021 with effect from November 30, 2021 and has been appointed as the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company with effect from December 14, 2021.

He has 40 years of experience in investment banking and investment management industry. Mr. Chan is the chief investment officer of the Hong Kong Cyberport Management Company since September 2018. He is the founder and secretary general of the Asian Venture Capital and Private Equity Council Limited since November 2011. He served as a director of Softech Investment Management Limited from February 2000 to June 2016, and since March 2020. He has been a director of Repton School (Hong Kong) Limited since May 2014 and Repton International (Asia Pacific) Limited since September 2010. He has been a director of Make a Difference Institute Limited since March 2015.

Since January 2021, Mr. Chan has acted as an independent non-executive director of HSBC Provident Fund Trustee (Hong Kong) Limited, a member of HSBC Holdings plc. He has been an independent non-executive director of CNQC International Holdings (a company listed on the Hong Kong Stock Exchange (stock code: 1240)) and a member of its audit, remuneration and strategic investment committees since January 2016. Mr. Chan is a member of the Listing Committee of Hong Kong Stock Exchange since July 2020, deputy chairman of the Listing Committee of the Hong Kong Stock Exchange since July 2022, and has been appointed as an ordinary member of the Market Misconduct Tribunal by the Financial Secretary of the HKSAR since January 2023. Mr. Chan is a member of the assessment panel, enterprise support scheme of the HKSAR Innovation and Technology Commission. He is currently an advisor of Our Hong Kong Foundation Limited and a council member of the HK Startup Council of the Federation of HK Industries.

Mr. Chan served as a co-founder and executive director of Techpacific Capital Limited (currently known as 8088 Investment Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 8088)) from April 2000 to March 2008 and from October 2010 to March 2013, and non-executive director from April 2008 to October 2010. He was the director of Crosby Asset Management (Hong Kong) Limited from November 2002 to December 2015 and the director of Crosby Wealth Management (Hong Kong) Limited since May 2004.

Mr. Chan holds a bachelor's degree (majoring in economics) from London Metropolitan University in July 1982, a master's degree in business administration from City University London in November 1983 and a postgraduate diploma from the Securities Institute of Australia in April 1989.

Mr. Wong Hak Kun, aged 67, is our independent non-executive Director. Mr. Wong was appointed as an independent non-executive Director in June 2021 with effect from November 30, 2021 and has been appointed as the chairman of the Audit Committee and a member of the Remuneration Committee with effect from December 14, 2021. Mr. Wong has over 36 years of experience in auditing, assurance and management prior to his retirement from Deloitte China in May 2017. Mr. Wong currently holds several directorships in listed companies including serving as an independent non-executive director of Yue Yuen Industrial (Holdings) Limited (裕元工業(集團)有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 551)) since June 2018, Lung Kee (Bermuda) Holdings Limited (龍記(百慕達)集團有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 255)) since June 2018, an independent non-executive director of Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 2238), the Shanghai Stock Exchange (stock code: 601238)) since May 2020, and an independent non-executive Director of Haier Smart Home Co., Ltd. (海爾智家股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 6690), the Shanghai Stock Exchange (stock code: 600690) and the Frankfurt Stock Exchange (stock code: 690D)) since June 2020.

Prior to joining the Group, Mr. Wong's previous working experience principally includes: serving in multiple positions within Deloitte China from July 1980 to May 2017, including an auditing partner from June 1992 to October 2013 and the national managing partner of audit and assurance being responsible for the management and development of the audit and assurance business within greater China, from October 2013 to May 2017, and serving as an independent non-executive director of Zhejiang Cangnan Instrument Group Company Limited (浙江蒼南儀錶集團股份有限公司) (a company previously listed on the Hong Kong Stock Exchange and withdrawn listing in July 2021) from December 2018 to July 2021.

Mr. Wong obtained a bachelor's degree in social sciences (majoring in economics and management) from The University of Hong Kong in Hong Kong in November 1980. Mr. Wong has been a recognised member of Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants (previously known as Hong Kong Society of Accountants), Chartered Governance Institute as well as Chartered Institute of Management Accountants since September 1983, December 1983, April 1984 and June 1990, respectively.

Mr. Zhou Xiang, aged 45, is our independent non-executive Director. Mr. Zhou was appointed as an independent non-executive Director of the Company in June 2021 with effect from November 30, 2021 and has been appointed as a member of the Nomination Committee of the Company with effect from December 14, 2021. Mr. Zhou has rich experience in logistics and supply chain industry. Mr. Zhou has served multiple positions within The Chinese University of Hong Kong, including serving as an assistant professor of the Systems Engineering and Engineering Management Department from July 2006 to March 2012; an associate professor of the Department of Systems Engineering and Engineering Management and the Department of Decision Sciences and Managerial Economics from March 2012 to September 2013; an associate professor of the Department of Decisions, Operations and Technology from October 2013 to August 2016; a professor of the Department of Decisions, Operations and Technology since August 2016 and a chairperson of the Department of Decisions, Operations and Technology since August 2020.

Mr. Zhou obtained a bachelor's degree in industrial automation from Zhejiang University in Hangzhou, the PRC in June 2001, and both master's and Ph.D. degrees in operations research from North Carolina State University in North Carolina, the US, in December 2002 and May 2006, respectively.

Ms. Huang Jing, aged 59, is our independent non-executive Director. Ms. Huang has rich experience in marketing and brand management industry. Ms. Huang has served multiple positions within Wuhan University including serving as a lecturer of the Department of Business Administration in the School of Management from August 1991 to June 1998; an associate professor of the Department of Business Administration in School of Business from July 1998 to October 2003; a professor of the Department of Marketing in the School of Economics and Management from November 2003 and doctoral supervisor since October 2006. Ms. Huang served as the head of the Department of Marketing and Tourism Management in the School of Economics and Management of Wuhan University from June 2013 to March 2018. Ms. Huang is currently a professor and doctoral supervisor of the School of Economics and Management of Wuhan University, and concurrently serves as the executive director of the Marketing Association of Hubei Province (湖北省市場營銷學會), and the editorial board member of the Journal of Marketing Science (營銷科學學報). Ms. Huang has served as an independent non-executive director of Zhongbai Holdings Group Co., Ltd. (中百控股集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000759)) from May 2016 to July 2022, and an independent non-executive director of Dinglong Co., Ltd. (湖北鼎龍控股股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300054)) since May 2022.

Ms. Huang obtained a bachelor's degree in economics from Zhongnan University of Economics and Law in Wuhan, the PRC, in June 1984, a master's degree in management from Wuhan University in Wuhan, the PRC, in August 1993 and a Ph.D. degree in management from Wuhan University in Wuhan, the PRC, in June 2002. Ms. Huang has obtained the Certificate of Independent Non-executive Director of Listed Companies issued by the Shanghai Stock Exchange in March 2013.

SUPERVISORS

Ms. Gao Yuan, aged 44, was appointed as a Supervisor and the chairperson of the Supervisory Committee in April 2023. She has over 20 years of experience in financial management. Ms. Gao had previously worked in financial management in various listed companies including China Telecom Corporation Limited (中國電信集團有限公司) (whose shares are listed on the Stock Exchange of Hong Kong (stock code: 0728) and Shanghai Stock Exchange (stock code: 601728.SH)) and ZTE Corporation (中興通訊股份有限公司) (whose shares are listed on the Stock Exchange (stock code: 0763) and Shenzhen Stock Exchange (stock code: 000063.SZ)). From March 2015 till now, Ms. Gao served in multiple positions in S.F. Holding Group, including the chief financial officer of Shenzhen S.F. Express Co., Ltd (深圳順豐快運股份有限公司).

Ms. Gao obtained a bachelor's degree in accounting from Xiamen University in Xiamen, the PRC in July 2002. In June 2021, Ms. Gao was admitted as a Fellow of the Institute of Public Accounts of Australia (FIPA), and a Fellow Financial Accountant of the Institute of Financial Accountant (FFA). In August 2021, Ms. Gao was awarded the professional title of Chinese Senior Accountant (中國高級會計師職稱) issued by Shenzhen Human Resources and Social Security Bureau. Ms. Gao was admitted as a Chartered Global Management Accountant (CGMA) and a Fellow Chartered Management Accountant (FCMA) by the Chartered Institute of Management Accountants in December 2021, and was admitted as an International Accountant (AAIA) of the Association of International Accountants by the China Association of Chief Financial Officers in August 2023.

Mr. Wu Guozhong, aged 48, is our Supervisor. Mr. Wu was appointed as a Supervisor in June 2019. Mr. Wu currently also serves as head of the license group of CEO's office and head of confidentiality group of SF Holding. Mr. Wu joined the Group in October 2018, and his working experience within the Group mainly includes: serving as a supervisor of Shenzhen Intra-city from October 2018 to November 2020, serving as the supervisor of Shenzhen Zhongplus from December 2018 to November 2020, and serving as the supervisor of Shanghai Fengpai from January 2019 to September 2020. Mr. Wu has over 20 years of experience in legal and compliance. Prior to joining the Group, Mr. Wu's previous working experience mainly includes consecutively serving as head of license group of CEO's office and head of confidentiality group of SF Holding.

Directors, Supervisors and Senior Management

Ms. Su Xiaohui, aged 45, is our Supervisor. Ms. Su was appointed as a Supervisor in October 2019. Ms. Su joined SF Holding Group in July 2005 and served as the head of human resources of intra-city on-demand delivery business unit being responsible for our human resources management from September 2017 to June 2019. Ms. Su joined the Group in June 2019 as the head of human resources department of the Company. Ms. Su has over 20 years of experience in human resources. Prior to joining the Group, Ms. Su's previous working experience principally includes: serving in multiple positions including an organisation development specialist and the deputy director of human resources performance management of SF Holding from July 2005 to September 2017.

Ms. Su obtained a bachelor's degree in international business administration from South China University of Technology in Guangzhou, the PRC in June 2000.

SENIOR MANAGEMENT

Mr. Sun Haijin, is our executive Director, Chairman of the Board and CEO. For details of the biography of Mr. Sun, see "Executive Directors".

Mr. Chan Hey Man, is our executive Director, chief financial officer and one of the joint company secretaries. For details of the biography of Mr. Chan, see "Executive Directors".

Mr. Chen Lin, is our executive Director, deputy general manager and chief technology officer. For details of the biography of Mr. Chen, see "Executive Directors".

Ms. Liu Jia, aged 43, is the secretary of our Board and one of our joint company secretaries. Ms. Liu was appointed in May 2021 and reappointed in March 2024 with effect from May 2024 as the secretary of the Board, and appointed in June 2021 as one of the joint company secretaries with effect from November 30, 2021. Ms. Liu currently also serves as the head of corporate strategy & IR department of the Company, the executive director of Shanghai Fengpai, the executive director of Shunda Tongxing, and the executive director of Shanghai Fengzan. Ms. Liu joined SF Holding Group in January 2015 and has since then consecutively served as its deputy strategy management director and strategy planning director, and has been responsible for the strategy management and project management of intra-city delivery department since August 2017. Ms. Liu has over 20 years of experience in strategy and investment management as well as multinational project management. Ms. Liu joined the Group in June 2019 and had served as the head of CEO's office of the Company from June 2019 to March 2022, and since March 2022, has served as the head of corporate strategy & IR department of the Company. Ms. Liu's previous working experience principally includes working in PricewaterhouseCoopers from August 2002 to December 2005 with the last position as a senior associate of assurance division, and working within Huawei group from December 2005 to July 2012 with the last position as senior investment manager.

Ms. Liu obtained a bachelor's degree in English literature with a minor degree in law from Sun YatSen University (中山大學) in Guangzhou, the PRC in June 2002, and a master's degree of business administration from Rotman School of Management of the University of Toronto in Toronto, Canada in June 2014. Ms. Liu was recognised as fellow member of Association of Chartered Certified Accountants (FCCA) in February 2015, and has obtained the Certificate of Board Secretary of Listed Companies issued by the Shenzhen Stock Exchange in February 2023.

The Board is pleased to present this report and the audited financial statements of the Group for the year ended December 31, 2023.

GLOBAL OFFERING

The Company was incorporated in the People's Republic of China on June 21, 2019. The H Shares were listed on the Main Board of the Stock Exchange on December 14, 2021 through the Global Offering. For details of the Global Offering, please refer to the Prospectus.

PRINCIPAL BUSINESS

We are the largest third-party on-demand delivery service platform in China. It started with on-demand delivery in 2016, began independent operation in 2019, and was successfully listed on the main board of the Hong Kong Stock Exchange in December 2021. By comprehensively covering the four main scenarios of the new consumption era, food delivery, local retail, local e-commerce and local service, we build the infrastructure of the new consumption ecology, and is committed to becoming the "to-go brand of new consumption delivery". As a professional, reliable and stable third-party on-demand delivery service platform, we can better undertake the delivery demand of omni-channel traffic by relying on neutral and open market positioning, ultimate delivery experience, intelligent City Logistic System ("**CLS**"), efficient and elastic rider network and product matrix to meet diversified needs.

During the year ended December 31, 2023, there was no material change in the nature of the principal activities of the Group.

An analysis of the Group's revenue and operating profit for the year ended December 31, 2023 by principal activities is set out in the section headed "Management Discussion and Analysis" on pages 10 to 26 in this annual report.

RELATIONS WITH EMPLOYEES, RIDERS, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining good relationships with its stakeholders and considers it a key element to its sustainable business growth.

Employees

Inspired by the people-oriented management culture of SF Holding Group, we have attached great importance to its human resources management. We attract talents through a fair recruitment policy and provide employees with training opportunities, good career development prospects and growth opportunities. We will continue to attract, cultivate and retain highly motivated talents with diversity. By enriching our talent pool, we aim to build an energetic and vibrant platform.

Riders

Our riders consist of dedicated riders and crowd-sourced riders. We regard riders as our first partners. In attaching great importance to our riders' personal development and skills enhancement, we have built a diversified career growth system for our riders. We adhere to the principles of "care and respect" and "safety first" in treating our riders, and place heavy emphasis on providing them with professional skills training, platform services and rights protection. We care for our riders' safety and personal health, by actively monitor policy changes and have implemented various rider safety and welfare policies to ensure compliance with the recent laws and regulations.

Customers and Suppliers

The Group strives to build and maintain long term and strong relationships with customers. By providing industry-leading professional, reliable, open and inclusive on-demand services network, as well as professional and efficient delivery solutions covering various everyday scenarios, we have acquired substantial consumer mindshare and enhanced our consumer influence and loyalty. In terms of suppliers, the Group's objective is to keep mutually beneficial and win-win partnerships with all suppliers. At the same time, the Group regularly evaluates the performance of its suppliers. The Board would like to express its gratitude to all of our customers, suppliers and all Shareholders for their understanding, support and trust, with which all members of the Group will continue to work diligently as one in the long run.

SEGMENT INFORMATION

Details of segmental information of the Group are set out in note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2023 are set out in the consolidated statement of comprehensive income on pages 84 to 85. Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in Management Discussion and Analysis of this annual report on pages 10 to 26.

ISSUED SHARES

As at December 31, 2023, the Company issued 933,457,707 ordinary Shares in total, comprising of 761,692,809 H Shares (including repurchased but not yet cancelled H Shares) and 171,764,898 Unlisted Domestic Shares. Details of movements in the share capital of the Company during the year ended December 31, 2023 are set out in note 26 to the consolidated financial statements.

DIVIDENDS

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2023. The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend pay-out ratio. The decision to make distributions will be made at the discretion of the Board and will be based upon the Company's operations and earnings, development pipeline, cash flow, financial conditions, capital and other reserve requirements and surplus, general financial conditions, contractual restrictions and any other conditions or factors which the Board deems relevant, and having regard to the Directors' fiduciary duties. The ability of the Company to make distributions is subject to the laws and regulations of the PRC and the Articles of Association. The payment of distributions may also be subject to the restrictions of the PRC laws and the financing agreements of the Company (including any financing agreements that may be entered into by the Company in the future) and will operate in accordance with the law and the regulations in order to comply with the relevant requirements.

EQUITY FUND RAISING ACTIVITIES

Details of equity fund raising activities of the Group are set out in note 26 to the consolidated financial statements and the paragraph headed "Use of Proceeds from the Listing" below. Save as disclosed therein, there was no other equity fund raising activity of the Company since the Listing Date.

COMPLIANCE WITH LAWS AND REGULATIONS AND LEGAL PROCEEDINGS

The Group recognises the importance of compliance with regulatory requirements and the risks and consequences of non-compliance with such requirements. The Group has allocated abundant resources to ensure ongoing compliance with laws and regulations and to maintain healthy relationships with regulators through effective communications. During the year ended December 31, 2023, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company.

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

During the Reporting Period and up to March 26, 2024, being the date of this report, the Company repurchased certain shares on the Hong Kong Stock Exchange. The Board believes that a share repurchase in the present conditions will demonstrate the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to the Shareholders. Details of the shares repurchased are as follows:

		Purchase consideration per share		
Month of repurchase	**No.of shares repurchased**	**Highest price paid (HK$)**	**Lowest price paid (HK$)**	**Aggregate consideration paid (HK$)**
2023				
November 2023	57,200	9.33	8.87	518,984.01
December 2023	4,295,800	10.32	9.47	42,598,098
2024				
January 2024	6,530,600	11.2	8.92	66,600,984
Total	**10,883,600**			**109,718,066.01**

Save as disclosed in this report, during the year ended December 31, 2023 and up to the date of this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Hong Kong Stock Exchange.

USE OF PROCEEDS FROM THE LISTING

During the Reporting Period, the Group has gradually used the proceeds from the Listing for the intended purposes set out in the Prospectus. The unused net proceeds from the Listing as at December 31, 2023 were approximately HK$625.6 million after deducting underwriting commissions and offering expenses paid or payable. See the table below for details regarding the amount of net proceeds that the Company had utilised up until December 31, 2023 and the expected timeline for utilising the unutilised net amount:

Purpose	Net proceeds from the Listing available (HK$ million)	Actual net amount utilised up to December 31, 2023 (HK$ million)	Unused net proceeds up to December 31, 2023 (HK$ million)	Expected timeline for utilising unutilised net amount
Research and development and technology infrastructure	718.0	502.7	215.3	by end of 2024[11]
Expand the Company's service coverage	410.3	410.3	–	N/A
Funding the potential strategic acquisition of and investment in upstream and downstream businesses along the industry value chain	410.3	–	410.3	by end of 2024
Marketing and branding	307.7	307.7	–	N/A
Working capital and general corporate use	205.2	205.2	–	N/A
Total	**2,051.5**	**1,425.9**	**625.6**	

As at December 31, 2023, the Group has utilised approximately HK$1,425.9 million of the proceeds for the intended purposes set out in the Prospectus, accounting for 69.5% of all raised funds, and the remaining unutilised proceeds is approximately HK$625.6 million. The balance of the proceeds from the Listing will continue to be utilised according to the intended purposes as mentioned above.

11 As such proceeds were previously partially used in connection with the services provided by the Target Company, in view of the completion of the disposal of the Sale Shares in the Target Company, the Company has decided to extend the time frame for using such proceeds to the end of 2024.

PRINCIPAL SUBSIDIARIES

Details of the principal activities of the principal subsidiaries of the Company are set out in note 41 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2023 are set out in the note 42 and note 27 respectively to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2023, the Company has no distributable reserves.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year ended December 31, 2023 in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

BORROWINGS

As of December 31, 2023, we do not have outstanding borrowing.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2023, the largest and the five largest customers of the Group accounted for approximately 40.6% and 63.6% of the Group's revenue from continuing operations, respectively. The largest and the five largest suppliers of the Group accounted for approximately 41.9% and 82.3% of the Group's purchases from continuing operations, respectively.

For the year ended December 31, 2023, the Group's revenue from continuing operations derived from 1 major customer (2022: 1), which individually contributed 10% or more of the Group's total revenue from continuing operations, for approximately RMB5,029.4 million (2022: RMB3,698.1 million), accounting for approximately 40.6% (2022: 36.0%) of the Group's total revenue from continuing operations. At no time during the year did a Director, an associate of a Director or any Shareholders (which to the knowledge of the Directors had more than 5% interests in the Company) had an interest in any of the Group's five largest customers or suppliers.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force during the year ended December 31, 2023. The Company has maintained appropriate liability insurance for its Directors and senior management during the Reporting Period.

CONNECTED TRANSACTIONS

During the year ended December 31, 2023, the Group has conducted the following one-off connected transactions:

- On May 5, 2023, the Company as the vendor and Shenzhen Fengxiang Information Technology Co., Ltd. (深圳豐享信息技術有限公司) as the purchaser (the "**Purchaser**", a non-wholly owned subsidiary of one of the Company's Controlling Shareholders) entered into the Sale and Purchase Agreement pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the sale shares (the "**Sale Shares**") and the sale debts (the "**Sale Debts**").

- Pursuant to the Sale and Purchase Agreement, the Sale Shares represented the entire equity interest in the Shanghai Fengzan Technology Co., Ltd. (上海豐贊科技有限公司) (the "**Target Company**", which was a wholly owned subsidiary of the Company before completion of this transaction). The Target Company was established in the PRC on May 26, 2020 and is principally engaged in the provision of information technology services via Fengshi business system, an online group catering service platform offering enterprise customers staff meals, to cater for design and operation needs including serving more scenarios and end-users.

- The Sale Shares were in the amount of RMB92,438,400 (subject to the adjustment on completion and the amount of the Sale Shares after adjustment on completion was RMB85,187,765), and the Sale Debts represented the debts owed by the Target Company and its subsidiaries to the Company and were in the amount of RMB32,000,000. The final aggregate consideration was RMB117,187,765. The conditions precedent pursuant to the Sale and Purchase Agreement had been fulfilled and the completion took place on May 10, 2023 (the "**Completion Date**").

- Within 6 years from the Completion Date, if the Target Company (or its related company, the "**Listing Vehicle**") initiates the last round of financing (as approved by the Company and the Listing Vehicle) before the application for a qualified listing (the "**Pre-IPO Financing**"), the Company shall have the option (the "**Option**") to participate in the Pre-IPO Financing on a preferential basis based on 88% of the valuation of the Listing Vehicle prior to the Pre-IPO Financing, so as to acquire up to 20% of the total share capital of the Listing Vehicle on a fully diluted basis after completion of the Pre-IPO Financing. If the Company exercises the Option, the Target Company and the Purchaser shall procure the Listing Vehicle to issue corresponding shares to the Company in accordance with the relevant provision in the Sale and Purchase Agreement. The Company will comply with the applicable Listing Rules when the Option is exercised.

For details of the Sale and Purchase Agreement, please refer to the Company's announcement dated May 5, 2023.

Continuing Connected Transactions

Continuing connected transactions	Connected parties	Transaction value for the year ended December 31, 2023	Annual cap amount for the year ended December 31, 2023
		RMB'000	RMB'000
1. Intra-city On-demand Delivery Service Cooperation Framework Agreement	S.F. Holding Co., Ltd.		
– Intra-city Delivery Service	S.F. Holding Co., Ltd.	251,986	1,000,000
– Last-mile Delivery Service	S.F. Holding Co., Ltd.	4,777,409	4,800,000
2. Comprehensive Service Purchasing Framework Agreement	S.F. Holding Co., Ltd.	63,653	161,000
3. Leasing Framework Agreement	S.F. Holding Co., Ltd.	1,344	8,000
4. Financial Services Framework Agreement	SF Holding Group Finance Co., Ltd		
– Deposit Services	SF Holding Group Finance Co., Ltd		
– Deposits placed by the SF Intra-city Group with SF Finance – maximum daily balance	SF Holding Group Finance Co., Ltd	681,703	720,000
– Interest income received by the SF Intra-city Group from SF Finance	SF Holding Group Finance Co., Ltd	926	13,680
– Entrusted Loan Services	SF Holding Group Finance Co., Ltd	–	120

1. Intra-city On-demand Delivery Service Cooperation Framework Agreement

On November 19, 2021, the Company entered into an intra-city on-demand delivery service cooperation framework agreement with SF Holding (the "**Intra-city On-demand Delivery Service Cooperation Framework Agreement**"), pursuant to which the Group will provide intra-city on-demand delivery services to SF Holding and/or its associates under certain scenarios:

(i) Intra-city Delivery Service provided via SF Holding Group

For certain existing customers (the "**Credit Customers**") who have entered into master service agreements (the "**Master Service Agreements**") with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products the SF Holding Group and/or its associates offers, the SF Holding Group and/or its associates will delegate us as subcontractor to complete and fulfill their intra-city delivery demands independently. On monthly basis, the Credit Customer will directly settle the delivery fee (the "**Customer Delivery Fee**") with SF Holding and/or its associates according to the Master Service Agreement, under which, the Customer Delivery Fee is determined by SF Holding and/or its associates and generally with reference to the Intra-city Delivery Service Fee.

The delivery service fees paid by SF Holding and/or its associates to the SF Intra-city Group (the "**Service Fees**") are on order unit basis. The Service Fees are determined in accordance with following formula: Intra-city Delivery Service Fee x prescribed subcontracting rate.

The Intra-city Delivery Service Fee refers to the delivery service fee of our intra-city delivery service products which is calculated using our pricing algorithm taking into account the location, the distance between sender and recipient, peak time and seasons, weather, riders' capacities, weight and delivery requirements specified in the orders placed by the customers, etc. The subcontracting rate is determined after arm's length negotiation taking into consideration that it is SF Holding and/or its associates instead of us that bears the customer acquisition cost, customer maintenance and services expense, administrative expense in relation to management and collection of Customer Delivery Fee, as well as the credit exposure SF Holding and/or its associate bears. Our Group will, or to the extent needed, may consider engaging an industry consultant to, on an annual basis, conduct researches on comparable companies to evaluate and assess the level of Service Fees charged by our Group for the intra-city delivery service provided under the Intra-city On-demand Delivery Service Cooperation Framework Agreement to ensure that Service Fees charged by our Group are on normal commercial terms, fair and reasonable, and in the interests of our Shareholders as a whole.

(ii) Last-mile Delivery Service to SF Holding Group

As one of the intra-city on-demand delivery service providers, the Group also provides SF Holding and/or its associates with last-mile delivery service by utilising the Group's on-demand delivery force at the final stage of the express delivery services of SF Holding and/or its associates.

The service fees paid by SF Holding and/or its associates to our Group will be principally determined with reference to a relatively stable mark-up on top of the rider commission fee. The mark-up will be determined on arm's length basis taking into consideration complexity of the services required, market rates, and industry standards. The rider commission fee refers to the fulfilment cost which could be directly attributed to each specific order, excluding variable costs such as incentive to riders based on riders' active time and volume of orders. The Group also provides last-mile delivery service to Independent Third Parties. The pricing methodology for the last-mile delivery service provided to Independent Third Parties is largely consistent with that for the last-mile delivery service provided to SF Holding and/or its associates. The Group will cross-check against the last-mile delivery service we provide to Independent Third Parties and ensure that the service fee paid by SF Holding and/or its associates, in particular, the mark-up for the last-mile delivery service SF Holding Group bears, is at least comparable to that of Independent Third Parties. Where the bidding process is necessary under the internal policies of SF Holding and/or its associates, the service fee shall be ultimately determined in accordance with the tender and bidding process. Whether the bidding process is necessary is subject to the discretion of SF Holding and/or its associates. During the bidding process, our bidding quotations will be determined after taking into consideration the factors including market rates, industry standards, the actual cost, tender quantities, potential competition and relevant requirements as per tender documents. Our Group will, or to the extent needed, may consider engaging an industry consultant to, on an annual basis, conduct researches on comparable companies to evaluate and assess the applicable market rates for the last-mile delivery service provided under the Intra-city On-demand Delivery Service Cooperation Framework Agreement to ensure that service fees paid by SF Holding and/or its associates are on normal commercial terms, fair and reasonable, and in the interests of our Shareholders as a whole.

The Intra-city On-demand Delivery Service Cooperation Framework Agreement commenced on the Listing Date and ended on December 31, 2023. In light of the expiration of the Intra-city On-demand Delivery Service Cooperation Framework Agreement, the Board resolved on October 19, 2023 to renew the existing agreement for a term of 3 years effective from January 1, 2024, which was approved at the 2023 third extraordinary general meeting held on November 30, 2023. For details of the renewal, please refer to the announcement of the Company dated October 19, 2023 and the circular of the Company dated November 14, 2023.

SF Holding is one of the Company's Controlling Shareholders.

Annual Caps

The aggregate annual transaction amount (representing the fee paid by the SF Holding Group and/or its associate to our Group) for the intra-city delivery service under the Intra-city On-demand Delivery Service Cooperation Framework Agreement (as revised in accordance with the Board's resolution on August 18, 2022 and the approval at the extraordinary general meeting held on September 28, 2022) for the years ending December 31, 2021, 2022 and 2023 shall not exceed RMB100.0 million, RMB400.0 million and RMB1,000.0 million, respectively. The aggregate annual transaction amount upon renewal of the Intra-city On-demand Delivery Service Cooperation Framework Agreement for the years ending December 31, 2024, 2025 and 2026 shall not exceed RMB450.0 million, RMB710.0 million and RMB1,100.0 million, respectively.

The aggregate annual transaction amount (representing the fee paid by the SF Holding Group and/or its associate to our Group) for the last-mile delivery service under the Intra-city On-demand Delivery Service Cooperation Framework Agreement for the years ending December 31, 2021, 2022 and 2023 shall not exceed RMB3,300.0 million, RMB4,000.0 million and RMB4,800.0 million, respectively. The aggregate annual transaction amount upon renewal of the Intra-city On-demand Delivery Service Cooperation Framework Agreement for the years ending December 31, 2024, 2025 and 2026 shall not exceed RMB7,160.0 million, RMB9,455.0 million and RMB12,270.0 million, respectively.

2. Comprehensive Service Purchasing Framework Agreement

On November 19, 2021, the Company entered into the comprehensive service purchasing framework agreement with SF Holding (the "**Comprehensive Service Purchasing Framework Agreement**"), pursuant to which SF Holding and/or its associates will provide certain services to our Group including but not limited to:

(i) certain supplementary back-office support services including financial and human resources shared service centre and accounting centre services such as (a) routine work related to financial affairs including account keeping and reimbursement receipt review in accordance with the instruction and the predetermined rules provided by our Group; (b) facilitating and administrating the process of the payment and declaration of salary social insurance and housing allowance of the Group's employees in accordance with the instruction from the Group; (c) the maintenance of our administrative IT systems including the email system and other instant messaging applications; and (d) bill production and collection of receivables;

(ii) operation related services, including customer call centre service (where a designated customer service team will, under our guidelines and protocols, provide hotline consultation and post-sale service to our customers); and

(iii) research and development service.

The Comprehensive Service Purchasing Framework Agreement commenced on the Listing Date and ended on December 31, 2023. Relevant subsidiaries or associated companies of both parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Comprehensive Service Purchasing Framework Agreement. In light of the expiration of the Comprehensive Service Purchasing Framework Agreement, the Company renewed the existing agreement on October 19, 2023 for a term of 3 years effective from January 1, 2024. For details of the renewal, please refer to the announcement of the Company dated October 19, 2023.

The service fee to be charged by SF Holding and/or its associates will be determined on arm's length basis, with reference to factors including (i) the service fee rate of SF Holding and/or its associates which is principally determined with reference to the relevant costs incurred by SF Holding and/or its associates for providing the relevant service including labour cost and administrative expense; and (ii) the fee quotes for similar services in the market. To ensure service fee charged by SF Holding and/or its associates are on normal commercial terms, fair and reasonable, and in the interests of our Shareholders as a whole, for each type of services under the Comprehensive Service Purchasing Framework Agreement, the Group will obtain fee quotes from at least two Independent Third Parties for services of the same or similar type, nature and quality at least on an annual basis and/or before entering into any definitive agreements to ensure the terms offered by SF Holding and/or its associates are similar to or better than the terms offered by Independent Third Parties under the similar circumstances.

SF Holding is one of the Company's Controlling Shareholders.

Annual Caps

The aggregate annual amount for transactions under the Comprehensive Service Purchasing Framework Agreement for the years ending December 31, 2021, 2022 and 2023 shall not exceed RMB120.0 million, RMB139.0 million and RMB161.0 million, respectively. The aggregate annual transaction amount upon renewal of the Comprehensive Service Purchasing Framework Agreement for the years ending December 31, 2024, 2025 and 2026 shall not exceed RMB84.0 million, RMB110.0 million and RMB134.0 million, respectively.

3. Leasing Framework Agreement

On November 19, 2021, the Company entered into a leasing framework agreement with SF Holding, pursuant to which our Group will rent certain properties from SF Holding and/or its associates for a term of not more than 12 months each (the "**Leasing Framework Agreement**").

The Leasing Framework Agreement commenced on the Listing Date and ended on December 31, 2023. Relevant subsidiaries or associated companies of both the Company and SF holding will enter into separate underlying agreements for a term of not more than 12 months which will set out the specific terms and conditions according to the principles provided in the Leasing Framework Agreement. If there is any conflict between any provision of the separate leasing agreement(s) and the relevant provision(s) of the Leasing Framework Agreement, such provision(s) of the separate leasing agreement(s) shall be invalidated and the relevant provision(s) of the Leasing Framework Agreement shall prevail. In light of the expiration of the Leasing Framework Agreement, the Company renewed the existing agreement on October 19, 2023 for a term of 3 years effective from January 1, 2024. For details of the renewal, please refer to the announcement of the Company dated October 19, 2023.

To ensure that the transaction amounts payable by our Group to SF Holding and/or its associates under the Leasing Framework Agreement are on normal commercial terms, fair and reasonable, and in the interests of our Shareholders as a whole, the transaction amounts will be determined on arm's length basis with reference to the prevailing market rent of similar properties in the vicinity and under similar conditions.

SF Holding is one of the Company's Controlling Shareholders.

Annual Caps

The aggregate annual amount for the rent under the Leasing Framework Agreement for the years ending December 31, 2021, 2022 and 2023 shall not exceed RMB7.0 million, RMB7.0 million and RMB8.0 million, respectively. The aggregate annual transaction amount upon renewal of the Leasing Framework Agreement for the years ending December 31, 2024, 2025 and 2026 shall not exceed RMB8.0 million, RMB8.4 million and RMB8.8 million, respectively.

4. Financial Services Framework Agreement

On June 28, 2022, the Company and SF Finance entered into the Financial Services Framework Agreement for a fixed term from September 29, 2022 to December 31, 2024. Pursuant to the Financial Services Framework Agreement, the SF Intra-city Group will utilise certain financial services including the Deposit Services and the Entrusted Loan Services offered by SF Finance in the PRC.

Scope of services

SF Finance shall provide deposits and related services (the "**Deposit Services**") and entrusted loan services (the "**Entrusted Loan Services**") (collectively, the "**Financial Services**") in the PRC to the member(s) of the SF Intra-city Group based on the Financial Services Framework Agreement.

1. Deposit Services

The SF Intra-city Group will deposit cash generated from daily business operations or financing activities to SF Finance. In return, SF Finance will pay deposit interest to the SF Intra-city Group.

Annual Caps

Maximum daily balance of the deposits to be placed by the SF Intra-city Group with SF Finance for the years ending December 31, 2022, 2023 and 2024 shall not exceed RMB600 million, RMB720 million and RMB864 million, respectively.

Maximum caps of interest income to be received by the SF Intra-city Group from SF Finance for the years ending December 31, 2022, 2023 and 2024 shall not exceed RMB4.75 million, RMB13.68 million and RMB16.416 million, respectively.

2. *Entrusted Loan Services*

The Company and its subsidiaries will provide entrusted loans to members of the SF Intra-city Group through SF Finance and pay service fees to SF Finance.

Annual Caps

Maximum caps of service fees to be paid by the SF Intra-city Group to SF Finance for the years ending December 31, 2022, 2023 and 2024 shall not exceed RMB100,000, RMB120,000 and RMB144,000, respectively.

The Independent Non-Executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions carried out during the Reporting Period have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the agreement governing them, on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing the findings and conclusions in respect of the continuing connected transactions in accordance with the Rule 14A.56 of the Listing Rules.

The Company entered into certain transactions with "related parties" as defined under applicable accounting standards during the financial year ended December 31, 2023. Please refer to note 37 "Related Party Transactions" to the consolidated financial statements of this annual report for details of the related party transactions as defined by applicable laws and regulations and accounting standards. Save for the related party transactions involving payment of compensation to certain directors of the Group disclosed in the aforementioned note 37 of consolidated financial statements which constitute continuing connected transactions fully exempt from the connected transaction requirements under Rule 14A.76(1) or Rule 14A.95 of the Listing Rules, the transactions disclosed in the section headed "Connected Transactions" of the Report of the Board and the fully exempt connected transactions or continuing connected transactions under Rule 14A.76 of the Listing Rules, no other related parties transactions disclosed in the consolidated financial statements in this annual report constitutes a connected transaction as defined under Chapter 14A of the Listing Rules. In respect of the related party transactions which constituted connected transactions or continuing connected transactions, the Company has complied with the requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DIRECTORS

The Directors during the year ended December 31, 2023 and up to the date of this report were:

Executive Directors:
Mr. Sun Haijin *(Chief Executive Officer, appointed as Chairman of the Board with effect from November 30, 2023)*
Mr. Chan Hey Man *(elected and effective from April 19, 2023)*
Mr. Tsang Hoi Lam *(ceased to be an executive Director with effect from March 29, 2023)*
Mr. Chen Lin

Non-executive Directors:
Mr. Chan Fei *(Chairman of the Board) (ceased to be a non-executive Director and Chairman of the Board with effect from November 30, 2023)*
Mr. Geng Yankun *(elected on and effective from September 20, 2023)*
Ms. Li Juhua *(elected on and effective from November 30, 2023)*
Mr. Xu Zhijun *(ceased to be a non-executive Director with effect from August 28, 2023)*
Mr. Li Qiuyu
Mr. Han Liu

Independent Non-executive Directors:
Mr. Chan Kok Chung, Johnny
Mr. Wong Hak Kun
Mr. Zhou Xiang
Ms. Huang Jing

SUPERVISORS

The Supervisors during the year ended December 31, 2023 and up to the date of this report were:

Ms. Gao Yuan *(Chairperson) (elected on and effective from April 19, 2023)*
Mr. Yang Zunmiao *(Chairman) (ceased to be a Supervisor from April 19, 2023)*
Mr. Wu Guozhong
Ms. Su Xiaohui

The Board of Supervisors held 3 meetings during 2023. Details of the events conducted by the Board of Supervisors during 2023 are set out in the section headed "Report of Supervisors" of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

The appointments are subject to the relevant provisions of the Company's Articles of Association with regard to vacation of office of Directors and Supervisors, removal and retirement by rotation of Directors.

Save for the respective contracts entered into by our Directors and Supervisors in respect of other management roles in the Group, none of our Directors or Supervisors has or is proposed to have a service contract with any of our Group (other than contracts expiring or determinable by the relevant employers within one year without the payment of compensation (other than statutory compensation)).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period and as at the date of this report, the Board comprises eleven Directors in total.

Information about the details of the Directors and senior management of the Company is set out in the section headed "Directors, Supervisors and Senior Management".

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company are set out below:

1. Since January 2023, Mr. Sun Haijin has been awarded The 5th New Award - "30 New Influencers in 2022" (第五屆新獎-"2022 新影響力 30 人") by Caijing New Media and 2022 New Young Entrepreneur in Shenzhen (2022 年深圳市新銳青年企業家) by Shenzhen Municipal Committee of the Communist Youth League and Shenzhen Youth Federation in April 2023.

2. Since January 2023, Mr. Chan Kok Chung, Johnny has been appointed as an ordinary member of the Market Misconduct Tribunal by the Financial Secretary of the HKSAR.

3. Since February 2023, Ms. Liu Jia has obtained the qualification certificate for board secretary of listed companies issued by the Shenzhen Stock Exchange.

4. In March 2023, Mr. Tsang Hoi Lam resigned as an executive Director, the chief financial officer, joint company secretary and authorised representative under the Listing Rules and resigned as a supervisor of multiple subsidiaries of the Company in April 2023.

5. In March 2023, Mr. Chan Hey Man was appointed as the chief financial officer and a joint company secretary of the Company. In April 2023, he was appointed as an executive Director, authorised representative of the Company under the Listing Rules and a supervisor of multiple subsidiaries of the Company. For details of his biographic information, please refer to the announcement of the Company dated March 28, 2023.

6. In August 2023, Mr. Xu Zhijun resigned as a non-executive Director.

7. In September 2023, Mr. Geng Yankun was appointed as a non-executive Director. For details of his biographic information, please refer to the announcement of the Company dated August 28, 2023.

8. In October 2023, Mr. Chan Fei resigned as a non-executive Director. He further resigned from and Mr. Sun Haijin assumed the office of the Chairman of the Board, the chairman of the Nomination Committee and a member of the Remuneration Committee, taking effect in November 2023.

9. In November 2023, Ms. Li Juhua was appointed as a non-executive Director. For details of her biographic information, please refer to the announcement of the Company dated October 31, 2023.

10. In January 2024, Ms. Li Juhua was appointed as the Deputy Chief Financial Officer and head of CFO office of SF Holding Group .

11. In March 2024, Mr. Han Liu was appointed as the CEO of Ele Me.

12. In March 2024, Mr. Chen Lin was re-appointed as a deputy general manager of the Company with effect from May 2024.

13. In March 2024, Ms. Liu Jia was re-appointed as the secretary of the Board with effect from May 2024.

Save as disclosed in this annual report, there were no changes in information of Directors, Supervisors and senior management of the Company that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

REMUNERATIONS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

In compliance with the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee of the Company to review and consider the remunerations of the Directors, Supervisors and senior managements. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority.

Details of the remuneration of the Directors and the five highest paid individuals are set out in note 9 and note 43 to the consolidated financial statements.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTION, ARRANGEMENT OR CONTRACT

The Directors and Supervisors have confirmed that other than business of the Group, none of the Directors and Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the Reporting Period, Directors and Supervisors and their associates did not have any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group or had any other conflict of interests with the Group.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at December 31, 2023, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "**SFO**")), which (a) were required 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 were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "**Model Code**"), were as follows:

Interest in Shares or underlying Shares of our Company

Name of Director, Supervisor and chief executive	Class of Shares	Nature of Interest	Number of Shares interested(1)	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares of the Company
Sun Haijin	H Shares	Interest of controlled corporation (2)	61,729,800 (L)	8.10%	6.61%
Chen Lin	H Shares	Others (3)	7,815,431 (L)	1.03%	0.84%
Li Qiuyu	H Shares	Others (4)	388,010 (L)	0.05%	0.04%
Su Xiaohui	H Shares	Others (5)	2,267,498 (L)	0.30%	0.24%
Chan Hey Man	H Shares	Beneficial owner (6)	1,000,000 (L)	0.13%	0.11%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Tonglu Zhiyuan is the general partner of Ningbo Shunxiang and was owned by Mr. Sun Haijin as to 99%. Ningbo Shunxiang is beneficial owner of the Company.

(3) Mr. Chen Lin is a limited partner of Ningbo Shunxiang and Yinghe Fengrui. Ningbo Shunxiang and Yinghe Fengrui are beneficial owners of the Company.

(4) Mr. Li Qiuyu is a limited partner of Yinghe Fengrui and Tianwo Kangzhong. Yinghe Fengrui and Tianwo Kangzhong are beneficial owners of the Company.

(5) Ms. Su Xiaohui is a limited partner of Ningbo Shunxiang. Ningbo Shunxiang is a beneficial owner of the Company.

(6) Mr. Chan Hey Man was granted trust beneficial right pursuant to the Employee Incentive Scheme adopted on April 19, 2023, and is a beneficial owner of the Company.

Interest in shares or underlying shares of the associated corporation of the Company

Name of Director, Supervisor and chief executive	Name of Associated Corporation	Nature of Interest	Number of Shares interested(1)	Percentage of the issued share capital of the associated corporation(2)
Li Qiuyu	SF Holding	Beneficial owner(3)	204,000 (L)	0.00%
Geng Yankun	SF Holding	Beneficial owner(3)	488,000 (L)	0.01%

Notes:

(1) The letter "L" denotes the person's long position in the shares of the associated corporation.

(2) The information is disclosed based on the data available on the website of the Stock Exchange (www.hkexnews.hk).

(3) Mr. Li Qiuyu and Mr. Geng Yankun has or is deemed to have interest in 204,000 and 488,000 underlying shares of equity derivatives of SF Holding respectively.

Save as disclosed above and so far as is known to the Directors, Supervisors and chief executives of the Company, as at December 31, 2023, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required 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 they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

RIGHTS TO PURCHASE SHARES OR DEBENTURES OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Save as disclosed above, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year.

RETIREMENT BENEFIT SCHEME

As at December 31, 2023, the Company did not have any retirement benefit scheme (per definition in the Listing Rules). For details regarding remuneration received by the Directors and Supervisors in the form of fees, salaries, share based compensation, pension schemes contribution and other benefits (subject to applicable laws, rules and regulations), please refer to note 43 to the consolidated financial statements.

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

As at December 31, 2023, so far as is known to the Directors, the following persons (not being Directors, Supervisors or chief executives of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall 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 which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Interest in Shares or Underlying Shares of our Company

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares interested[1]	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares of the Company
Wang Wei	Unlisted Domestic Shares	Interest of controlled corporation [2]	171,764,898 (L)	100%	18.40%
	H Shares		363,841,662 (L)	47.77%	38.98%
Shenzhen Mingde Holding Development Co., Ltd.	Unlisted Domestic Shares	Interest of controlled corporation [2]	171,764,898 (L)	100%	18.40%
	H Shares		363,841,662 (L)	47.77%	38.98%
S.F. Holding Co., Ltd.	Unlisted Domestic Shares	Interest of controlled corporation [2]	171,764,898 (L)	100%	18.40%
	H Shares		363,841,662 (L)	47.77%	38.98%
Shenzhen S.F. Taisen Holding (Group) Co., Ltd.	Unlisted Domestic Shares	Beneficial Owner	171,764,898 (L)	100%	18.40%
	H Shares	Beneficial Owner	171,764,898 (L)	22.55%	18.40%
	H Shares	Interest of controlled corporation [3]	192,076,764 (L)	25.22%	20.58%
SF Technology Co., Ltd.	H Shares	Interest of controlled corporation [3]	75,000,000 (L)	9.85%	8.03%
Beijing SF Intra-city Technology Co., Ltd.	H Shares	Beneficial Owner	75,000,000 (L)	9.85%	8.03%
SF Holding (HK) Limited	H Shares	Beneficial Owner	117,076,764 (L)	15.37%	12.54%
Sun Haijin	H Shares	Interest of controlled corporation [4]	61,729,800 (L)	8.10%	6.61%
Ningbo Shunxiang Tongcheng Venture Capital Investment Partnership (Limited Partnership)	H Shares	Beneficial Owner [4]	61,729,800 (L)	8.10%	6.61%
Boundless Plain Holdings Limited	H Shares	Interest of controlled corporation [5]	52,699,953 (L)	6.92%	5.65%
Alibaba Group Holding Limited	H Shares	Interest of controlled corporation [6]	51,844,000 (L)	6.81%	5.55%
Taobao Holding Limited	H Shares	Interest of controlled corporation [6]	51,844,000 (L)	6.81%	5.55%
Taobao China Holding Limited (淘寶中國控股有限公司)	H Shares	Beneficial Owner [6]	51,844,000 (L)	6.81%	5.55%

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The information of Substantial Shareholders is based on the disclosure of interests system of the Hong Kong Stock Exchange.

(2) SF Taisen is wholly owned by SF Holding. SF Holding is a non-wholly owned subsidiary of Mingde Holding, which in turn was held by Mr. Wang Wei as to approximately 99.90%. As such, each of Mr. Wang Wei, Mingde Holding and SF Holding are deemed to be interested in the Shares which SF Taisen is deemed to be interested in.

(3) SF Holding (HK) Limited is the beneficial owner of 117,076,764 H Shares of the Company and is a wholly-owned subsidiary of SF Taisen. Intra-city Tech is indirectly majority owned by SF Technology, a wholly-owned subsidiary of SF Taisen. As such, SF Taisen is deemed to be interested in the Shares held by SF Holding (HK) Limited and Intra-city Tech; and SF Technology is deemed to be interested in the Shares held by Intra-city Tech.

(4) Tonglu Zhiyuan is the general partner of Ningbo Shunxiang and was owned by Mr. Sun Haijin as to 99%. Ningbo Shunxiang is beneficial owner of the Company. As such, Mr. Sun Haijin is deemed to be interested in the H Shares held by Ningbo Shunxiang.

(5) Boundless Plain Holdings Limited is controlled by Mr. Eric Li.

(6) Taobao China Holding Limited (淘寶中國控股有限公司) is a Cornerstone Investor of our Company. Taobao China Holding Limited is a direct wholly-owned subsidiary of Taobao Holding Limited, which is in turn a direct wholly-owned subsidiary of Alibaba Group Holding Limited. As such, Alibaba Group Holding Limited and Taobao Holding Limited were deemed to be interested in the H Shares held by Taobao China Holding Limited.

Save as disclosed above, as at December 31, 2023, the Directors of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

The employee incentive scheme ("**Employee Incentive Scheme**") constitutes an equity-linked agreement within the meaning of regulation 6 of Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong). Details of the Employee Incentive Scheme are set out in the "Employee Incentive Scheme" section below.

Other than the Employee Incentive Scheme, the Company did not enter into any equity-linked agreement during the year ended December 31, 2023.

LOAN AND GUARANTEE

As of December 31, 2023, we have not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors and senior management of the Company, the Controlling Shareholders of the Company (if any) or their respective connected persons.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the People's Republic of China that would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

SUFFICIENT PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with Rule 8.08(1) of the Listing Rules, so that the minimum percentage of the Shares from time to time held by the public will be the higher of (a) 24.78% and (b) such percentage of H Shares to be held by the public after the exercise of the Over-allotment Option (as defined in the Prospectus), of the enlarged issued share capital of the Company. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirmed that the Company has maintained the aforementioned minimum public float required by the Stock Exchange throughout the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and the CG Code to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee has reviewed annual results and the consolidated financial statements of the Group for the year ended December 31, 2023 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and PricewaterhouseCoopers, the auditor of the Company (the "**Auditor**").

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

EMPLOYEE INCENTIVE SCHEME

Reference is made to the circular published by the Company on March 28, 2023 in relation to, among others, the proposed adoption of the Employee Incentive Scheme, which was subsequently approved by the Shareholders at the extraordinary general meeting held on April 19, 2023. The Employee Incentive Scheme shall be valid and effective for a period of ten (10) years from April 19, 2023. The remaining term of the Employee Incentive Scheme is approximately nine (9) years.

The purposes of the Employee Incentive Scheme are to (i) promote the achievement of long-term sustainable development and performance goals of the Company; (ii) closely align the interests of the employees with those of the Shareholders, investors and the Company to enhance the cohesion of the Company and to facilitate the maximization of the value of the Company; and (iii) improve the Company's incentive mechanism to attract, motivate and retain core employees who have made contributions to the sustainable operation, development and long-term growth of the Company.

All eligible participants ("**Eligible Participants**") are eligible to participate in the Employee Incentive Scheme. The Board and/or the delegatee (the "**Delegatee**") may select any qualified Eligible Participant to participate in the Employee Incentive Scheme as a grantee (a "**Grantee**"). Unless so selected, no Eligible Participant shall be entitled to participate in the Employee Incentive Scheme.

The source of the Target Shares under the Employee Incentive Scheme shall be H Shares to be acquired by the Trustee through on-market or off-market transactions at the prevailing market price by utilising the scheme funds in accordance with the trust management agreement entered into between the Company and the Trustee pursuant to the Employee Incentive Scheme (the "**Trust Agreement**") and in accordance with the instructions of the Company and the relevant provisions of the Employee Incentive Scheme.

The maximum number of the Target Shares corresponding to the Trust Benefit Units that may be granted to any individual Grantee within a 12-month period from and including the date of grant of such Trust Benefit Units shall not exceed 1% of the total number of H Shares of the Company in issue as at the date of grant. The maximum number of Target Shares corresponding to the Trust Benefit Units available for grant under the entire Employee Incentive Scheme shall not exceed 5% of the Company's H Shares in issue as at April 19, 2023 (namely 15,514,451 H Shares, representing 5% of the 310,289,026 H Shares in issue as at April 19, 2023).

Pursuant to the Shareholders' approval of the Employee Incentive Scheme and the Trust Agreement, the Trust is established for the purpose of administering the Employee Incentive Scheme on June 27, 2023 (the "**Trust Establishment Date**"). Regarding the number of awards available for grant under the Employee Incentive Scheme mandate: (i) the number of Target Shares which may be granted as at the Trust Establishment Date was 15,514,451 H Shares, corresponding to 113,246,282 Trust Benefit Units as at the same date; (ii) the number of Target Shares which may be granted as at December 31, 2023 was 12,714,451 H Shares, corresponding to 107,717,996 Trust Benefit Units as at the same date; and (iii) the number of Target Shares which may be granted as at the date of this Report was 12,714,451 H Shares, corresponding to 109,773,335 Trust Benefit Units, representing (a) 1.36% of the 933,457,707 issued Shares of the Company and (b) 1.38% of the 922,574,107 issued Shares of the Company (excluding the 10,883,600 H Shares repurchased but not yet cancelled), as at the same date.[12] Since the Trust Establishment Date and up to the end of the Reporting Period, the total Trust Benefit Units that had been granted to the Eligible Participants corresponded to 2,800,000 Target Shares.

After the Board and/or the Delegatee has decided to make a grant of Trust Benefit Units to any Grantee, the Company shall issue an award letter (an "**Award Letter**") to such Grantee, which should set out:

(i) the name of the Grantee;

(ii) the Trust Benefit Units granted;

(iii) the vesting criteria and conditions;

(iv) the vesting date(s); and

(v) other terms and conditions to be determined by the Board and/or the Delegatee that are not inconsistent with the Employee Incentive Scheme.

Subject to the terms and conditions of the Employee Incentive Scheme, the Board and/or the Delegatee may, at their absolute discretion and on such terms and conditions as the Board and/or the Delegatee thinks fit, grant the Trust Benefit Units to any Eligible Participant at nil consideration. Unless otherwise specified in the Award Letter approved by the Board and/or the Delegatee and subject to the vesting conditions as set out in the Employee Incentive Scheme, each tranche of the Trust Benefit Units granted under the Employee Incentive Scheme shall be vested in three tranches as follows:

	Vesting Period	**Proportion of vesting**
First Tranche	On the first anniversary of the date of grant	30% of the Trust Benefit Units granted to the relevant Grantee
Second Tranche	On the second anniversary of the date of grant	30% of the Trust Benefit Units granted to the relevant Grantee
Third Tranche	On the third anniversary of the date of grant	40% of the Trust Benefit Units granted to the relevant Grantee

Vesting of the Trust Benefit Units granted under the Employee Incentive Scheme is subject to the assessment conditions such as the Company's performance indicators, personal performance target and any other applicable vesting conditions as set out in the Award Letter.

12 The corresponding relationship between the Trust Benefit Units and the H Shares is based on their respective values. The value of H Share is measured by its closing price on the Stock Exchange on the relevant date, and the fair value of the granted trust benefit units was assessed based on the market price of the Company's shares at the grant date and the expected trustee administrative fee during the vesting period. The value of each Trust Benefit Unit so calculated was RMB1 as at the Trust Establishment Date and approximately RMB0.9544 as at July 13, 2023 (i.e. the date of grant during the Reporting Period).

According to the disposal instructions notified by the Grantees holding vested Trust Benefit Units, the Company issue investment instructions to the Trustee. Subject to compliance with relevant laws, regulations, rules and regulatory documents, as well as the Articles of Association, upon receipt of confirmation from the Company that all vesting criteria and conditions as set out in the Award Letter have been fulfilled and/or waived, the Trustee shall dispose of the Target Shares which correspond to the Trust Benefit Units vested in the Grantees through on-market or off-market transactions at the prevailing market price as soon as practicable in accordance with the investment instructions issued by the Company pursuant to the Employee Incentive Scheme and pay the Grantees the cash corresponding to the actual selling price (after deducting the relevant taxes to be borne by the Grantees, if applicable).

Details of the Trust Benefit Units granted, and movements during the year ended December 31, 2023 are as follows:

				Number of Trust Benefit Units				
Name or category of Participants	**Date of grant(1)**	**Purchase price of the Trust Benefit Units (RMB)**	**Fair value at the date of grant(2) (RMB/Trust Benefit Unit)**	**Unvested as at the Trust Establishment Date**	**Granted during the year(3)**	**Lapsed/ cancelled during the year**	**Vested during the year(4)**	**Unvested as at December 31, 2023**
Directors, Supervisors, and senior management (on individual named basis)								
Chan Hey Man	July 13, 2023	–	0.9544	–	9,336,600	–	–	9,336,600
Five highest paid individuals during the Reporting Period								
In aggregate	July 13, 2023	–	0.9544	–	9,336,600	–	–	9,336,600
Other Eligible Participants								
In aggregate	July 13, 2023	–	0.9544	–	16,805,880	–	–	16,805,880
Total	July 13, 2023	–	0.9544	–	26,142,480	–	–	26,142,480

Notes:

(1) The vesting period of the Trust Benefit Units granted during the Reporting Period is as follows: 30% shall be vested on July 13, 2024, 30% shall be vested on July 13, 2025 and 40% shall be vested on July 13, 2026 upon fulfilment of the assessment conditions (see below).

(2) A description of the basis for fair value measurement of Trust Benefit Units is set out in note 29 to the consolidated financial statements.

(3) The closing price of the H Shares immediately before the date on which the Trust Benefit Units were granted was HK$10.22.

(4) The Trust Benefit Units granted shall be vested in the Grantees subject to fulfilment of the assessment conditions (including the Company's performance indicators, personal performance target and any other applicable vesting conditions as set out in the Award Letter). Performance targets at the Company level comprise a mixture of key financial performance indicators as determined by the Board and/or the Delegatee, for instance in the form of annual revenue or net profit margin thresholds to be reached in a particular financial year. Performance targets at the individual level are in the form of a comprehensive appraisal of each Grantee's performance and contribution to the Company.

ENVIRONMENTAL POLICY AND PERFORMANCE

Our operations were in compliance with the relevant PRC environmental protection and occupational health and safety laws and regulations in all material aspects and we had not been subject to any fines or other penalties due to non-compliance with environmental protection and occupational health and safety laws and regulations. For details of the ESG policies and performance, please refer to "Environmental, Social and Governance Report for Year 2023" published on the same day as this annual report.

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "**AGM**") is scheduled to be held on June 6, 2024. A notice convening the AGM will be published and dispatched to the Shareholders of the Company in the manner required by the Listing Rules in due course.

The register of members of the Company will be closed from June 3, 2024 to June 6, 2024, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on May 31, 2024.

AUDITORS

The consolidated financial statements for the year ended December 31, 2023 have been audited by PricewaterhouseCoopers, who will retire and being eligible, offer themselves for re-appointment. A resolution will be proposed in the forthcoming AGM to re-appoint PricewaterhouseCoopers as auditor of the Company.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

From January 1, 2024 to the date of this report, the Company had repurchased an aggregate of 6,530,600 shares of the Company at an aggregate consideration of approximately HK$66,601,000.

Save as disclosed above, the Group had no other material events during the period from January 1, 2024 to the approval date of the consolidated financial statements by the Board of Directors on March 26, 2024.

On behalf of the Board

Sun Haijin
Chairman of the Board and Chief Executive Officer

PRC
March 26, 2024

Report of Supervisors

During the Reporting Period, based on the principle of being responsible to the Company and its Shareholders, the Board of Supervisors has conscientiously and comprehensively performed its supervisory duties, including supervising and inspecting the lawful operation and financial situation of the Company, and supervising the members of the Board of Directors and the management of the Company, in strict accordance with the Company Law, the Company's Articles of Association, the rules of procedures for the supervisory committee and other relevant laws and regulations.

Methods for the Board of Supervisors to perform its supervisory duties mainly include: convening regular meetings; being present at and attending as non-voting participants the general meetings of Shareholders and relevant meetings of the Board of Directors; through the above work, the Board of Supervisors comprehensively supervises the Company's operations, risk management, internal control, and duty performance of directors and senior management, and puts forward constructive and targeted operation and management suggestions and supervision opinions.

WORKS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the Reporting Period, the Supervisory Committee of the Company organised and convened three meetings in accordance with relevant rules:

(1) On March 28, 2023, a meeting was convened in the form of video conference meeting, at which the proposal on (i) the annual results of the Group for the year ended December 31, 2022; (ii) the Report of the Supervisory Committee in 2022; (iii) the recommendation on not paying a final dividend for the year ended December 31, 2022; and (iii) the election of Ms. Gao Yuan as the shareholders' representative supervisor of the company were reviewed and approved.

(2) On April 19, 2023, a meeting was convened in the form of video conference meeting, at which the proposal on election of Ms. Gao Yuan as the Chairperson of the Board of Supervisors were reviewed and approved.

(3) On August 28, 2023, a meeting was convened in the form of video conference meeting, at which the proposal on (i) the interim results of the Group for the six months ended June 30, 2023; (ii) the recommendation on not paying an interim dividend for the six months ended June 30, 2023; and (iii) the amendment of the rules of procedures for the supervisory committee was reviewed and approved.

During the Reporting Period, members of the Supervisory Committee attended all Board meetings of the Company held during the Reporting period, and conscientiously supervised the procedures and contents of such meetings. The reasonable suggestions and recommendations proposed by them were all adopted.

The Supervisory Committee continued to strengthen its self-improvement, focused on enhancing communications with the Board and the management, communicated adequately on important supervision matters, proposed reasonable suggestions and recommendations and improved the effectiveness of supervision work to protect the rights and interests of the Shareholders, the Company and the employees effectively.

COMMENTS OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS OF THE COMPANY IN 2023

Lawful Operation of the Company

During the Reporting Period, the Company operated and managed its businesses in accordance with the laws and regulations, and its operational results were objective and true. There was substantial development and improvement in the depth and breadth of its internal control management, and the Company's operational decision-making processes were legitimate. The Directors and other senior management were honest, diligent and conscientious in the business operations and management processes, and they were not found to have breached any laws, regulations, or the Company's Articles of Association or harmed the interests of the Shareholders.

Financial Position of the Group

The Board of Supervisors has carefully reviewed the audited financial statements of the Company during the Reporting Period, and believes that these financial statements are objective, practical and reasonable, conform to relevant provisions of the laws, regulations and the Company's Articles of Association, and completely and objectively reflect the situation of the Company, without any false records, misleading statements or major omissions. The Board of Supervisors believes that the preparation of the Annual Report complies with relevant provisions of the laws, regulations and the Company's Articles of Association, and the information disclosed therein completely and truly reflects the operation, management and financial status of the Company during the Reporting Period.

USE OF PROCEEDS FROM IPO

During the Reporting Period, the use of the proceeds from IPO strictly observed relevant provisions and the use disclosed, and no illegal use of the proceeds was found.

CONNECTED-PARTY TRANSACTIONS

The connected-party transactions (including continuing connected-party transactions) entered into by the Group during the Reporting Period were found in compliance with relevant laws and regulations, and in conformity to the provisions of relevant agreements on connected-party transactions. They were fair and reasonable to the Group and its shareholders, and did not harm the interests of the Company and its Shareholders.

2024 OUTLOOK

In 2024, the Board of Supervisors will continue to abide by the principle of being responsible to all the Shareholders, and perform its supervisory duties in strict accordance with relevant laws and regulations and the requirements of the Articles, so as to safeguard the legitimate rights and interests of the Group and its shareholders, and play a positive role in achieving the standardised operation and development of the Group.

By order of the Board of Supervisors

Gao Yuan
Chairperson of the Board of Supervisors

March 26, 2024

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Hangzhou SF Intra-city Industrial Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

What we have audited

The consolidated financial statements of Hangzhou SF Intra-city Industrial Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 84 to 165, comprise:

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

Our opinion

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

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

The key audit matter identified in our audit is related to intra-city on-demand delivery service revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Intra-city on-demand delivery service revenue recognition Refer to notes 2.1.5 and 5 to the consolidated financial statements. The Group provides intra-city on-demand delivery services. Intra-city on-demand delivery service revenue of RMB12.4 billion was recognised for the year ended December 31, 2023. We consider this area a key audit matter as significant efforts were spent on auditing the intra-city on-demand delivery service revenue recognition due to the material amount of revenue and the huge volume of revenue transactions.	We have performed the following procedures to address this key audit matter: (i) We understood the business process of intra-city on-demand delivery services, reviewed contract terms of the service agreements with merchants and consumers on a sample basis, and assessed whether the accounting policy for revenue recognition adopted by the Group was in accordance with the applicable accounting standards. (ii) We understood, evaluated and validated management's key internal controls relating to the intra-city on-demand delivery service business process, including information technology general controls and application controls. (iii) We tested revenue amounts, on a sample basis by examining the supporting documents, including records of delivery and cash receipts. Based on the procedures performed, we found that the Group's intra-city on-demand delivery service revenue recognition was supported by the evidence obtained.

Other Information

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

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lam Sung Wan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 26, 2024

Consolidated Statement of Comprehensive Income

	Notes	Year ended December 31, 2023 RMB'000	2022 RMB'000 (Restated) (Note 2.2.20)
Continuing operations			
Revenue	5	**12,387,416**	10,228,787
Cost of revenue	8	**(11,592,676)**	(9,818,060)
Gross profit		**794,740**	410,727
Selling and marketing expenses	8	**(212,684)**	(183,410)
Research and development expenses	8	**(91,717)**	(90,662)
Administrative expenses	8	**(517,348)**	(481,715)
Other income	6	**43,487**	50,728
Other gains, net	7	**6,423**	14,268
Net impairment losses of financial assets	11	**(3,750)**	(1,920)
Operating profit/(loss)		**19,151**	(281,984)
Finance income	10	**41,423**	44,905
Finance costs	10	**(1,296)**	(2,508)
Finance income, net	10	**40,127**	42,397
Share of profit of a joint venture accounted for using the equity method	16	**3,311**	–
Profit/(loss) before income tax		**62,589**	(239,587)
Income tax credit	12	**2,268**	1,944
Profit/(loss) from continuing operations		**64,857**	(237,643)
Discontinued operation			
Loss from discontinued operation	36	**(14,262)**	(49,260)
Profit/(loss) for the year		**50,595**	(286,903)
Profit/(loss) attributable to			
– Owners of the Company		**50,595**	(286,903)

Consolidated Statement of Comprehensive Income

	Notes	Year ended December 31, 2023 RMB'000	2022 RMB'000 (Restated) (Note 2.2.20)
Earnings/(loss) per share for profit/loss from continuing operations attributable to owners of the Company (expressed in RMB per share)			
– Basis earnings/(loss) per share (in RMB)	13	**0.07**	(0.25)
– Diluted earnings/(loss) per share (in RMB)	13	**0.07**	(0.25)
Earnings/(loss) per share for profit/loss attributable to owners of the Company (expressed in RMB per share)			
– Basis earnings/(loss) per share (in RMB)	13	**0.05**	(0.31)
– Diluted earnings/(loss) per share (in RMB)	13	**0.05**	(0.31)
Profit/(loss) for the year		**50,595**	(286,903)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	27	**3,876**	(5,414)
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	27	**(5,134)**	(589)
Other comprehensive income/(loss) for the year, net of tax		**(1,258)**	(6,003)
Total comprehensive income/(loss) for the year		**49,337**	(292,906)
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**49,337**	(292,906)
Total comprehensive income/(loss) for the year attributable to owners of the Company arises from:			
Continuing operations		**63,599**	(243,646)
Discontinued operation		**(14,262)**	(49,260)
		49,337	(292,906)

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

Consolidated Statement of Financial Position

		As at December 31,	
		2023	2022
	Notes	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**12,193**	14,799
Intangible assets	15	**138,226**	186,799
Right-of-use assets	18	**23,208**	40,103
Investments accounted for using the equity method	16	**28,375**	15,000
Financial assets at fair value through other comprehensive income	20	**56,000**	63,545
Financial assets at fair value through profit or loss	21	**–**	210,522
Deferred income tax assets	17	**160,847**	146,034
Other non-current assets		**193**	416
Total non-current assets		**419,042**	677,218
Current assets			
Inventories	19	**6,854**	15,576
Trade receivables	23	**1,195,199**	1,092,539
Other receivables and prepayments	24	**160,192**	255,751
Financial assets at fair value through profit or loss	21	**516,753**	601,565
Cash and cash equivalents	25	**1,901,651**	1,460,024
Total current assets		**3,780,649**	3,425,455
Total assets		**4,199,691**	4,102,673
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	**933,458**	933,458
Share premium	26	**4,161,560**	4,161,560
Treasury shares	26	**(39,279)**	–
Shares held for employee incentive scheme	29	**(52,370)**	–
Other reserves	27	**831,257**	825,057
Accumulated losses	28	**(2,853,532)**	(2,903,538)
Total equity		**2,981,094**	3,016,537

Consolidated Statement of Financial Position

		As at December 31,	
		2023	2022
	Notes	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	33	**11,483**	17,311
Total non-current liabilities		**11,483**	17,311
Current liabilities			
Trade payables	30	**703,044**	616,886
Other payables and accruals	31	**417,645**	382,057
Contract liabilities	32	**70,351**	46,658
Income tax payables		**3,667**	–
Lease liabilities	33	**12,407**	23,224
Total current liabilities		**1,207,114**	1,068,825
Total liabilities		**1,218,597**	1,086,136
Total equity and liabilities		**4,199,691**	4,102,673

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

The consolidated financial statements on pages 84 to 165 were approved by the Board of Directors on March 26, 2024 and were signed on its behalf.

Sun Haijin
Director

Chan Hey Man
Director

Consolidated Statement of Changes in Equity

	Note	Share capital RMB'000 (Note 26)	Share premium RMB'000 (Note 26)	Treasury share RMB'000 (Note 26)	Shares held for employee incentive scheme RMB'000 (Note 29)	Other reserves RMB'000 (Note 27)	Accumulated losses RMB'000 (Note 28)	Total equity RMB'000
Balance at January 1, 2023		**933,458**	**4,161,560**	**–**	**–**	**825,057**	**(2,903,538)**	**3,016,537**
Comprehensive income								
Profit for the year	28	–	–	–	–	–	50,595	50,595
Other comprehensive income								
– Fair value change on financial assets at fair value through other comprehensive income	20	–	–	–	–	(5,134)	–	(5,134)
– Translation difference		–	–	–	–	3,876	–	3,876
Total comprehensive income for the year		–	–	–	–	(1,258)	50,595	49,337
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses (net of tax)	20	–	–	–	–	589	(589)	–
Transactions with owners in their capacity as owners								
Repurchase of shares	26	–	–	(39,279)	–	–	–	(39,279)
Purchase of shares under employee incentive scheme	29	–	–	–	(52,370)	–	–	(52,370)
Share-based compensation expenses	29	–	–	–	–	6,805	–	6,805
Others		–	–	–	–	64	–	64
Total transactions with owners in their capacity as owners		–	–	(39,279)	(52,370)	6,869	–	(84,780)
Balance at December 31, 2023		**933,458**	**4,161,560**	**(39,279)**	**(52,370)**	**831,257**	**(2,853,532)**	**2,981,094**

Consolidated Statement of Changes in Equity

	Note	Share capital RMB'000 (Note 26)	Share premium RMB'000 (Note 26)	Other reserves RMB'000 (Note 27)	Accumulated losses RMB'000 (Note 28)	Total equity RMB'000
Balance at January 1, 2022		933,458	4,161,560	831,060	(2,616,635)	3,309,443
Comprehensive loss						
Loss for the year	28	–	–	–	(286,903)	(286,903)
Other comprehensive income						
– Fair value change on financial assets at fair value through other comprehensive income		–	–	(589)	–	(589)
– Translation difference		–	–	(5,414)	–	(5,414)
Total comprehensive loss for the year		–	–	(6,003)	(286,903)	(292,906)
Balance at December 31, 2022		933,458	4,161,560	825,057	(2,903,538)	3,016,537

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

Consolidated Statement of Cash Flows

	Notes	Year ended December 31, 2023 RMB'000	2022 RMB'000
Cash flows generated from/(used in) operating activities			
Cash generated from/(used in) operations	35	**233,723**	(459,701)
Interest received		**41,446**	45,009
Income tax paid		**(8,878)**	–
Net cash generated from/(used in) operating activities		**266,291**	(414,692)
Cash flows generated from/(used in) investing activities			
Proceeds from disposals of property, plant and equipment		**106**	233
Proceeds from disposals of financial assets at fair value through profit or loss		**2,515,434**	1,991,382
Proceeds from disposal of financial assets at other comprehension income		**2,411**	–
Net cash inflow arising from disposals of subsidiaries	36	**55,671**	–
Payments for acquisition of financial assets at fair value through profit or loss		**(2,200,000)**	(2,451,105)
Addition of intangible assets		**(61,178)**	(99,214)
Purchases of property, plant and equipment		**(7,814)**	(9,353)
Payments for acquisition of financial assets at fair value through other comprehensive income		**–**	(61,134)
Payment for investments accounted for using the equity method		**(10,000)**	(15,000)
Net cash generated from/(used in) investing activities		**294,630**	(644,191)
Cash flows used in financing activities			
Payments of lease liabilities (including interests elements)		**(28,405)**	(21,899)
Payments for repurchase of shares		**(39,279)**	–
Purchase of shares under employee incentive scheme		**(52,370)**	–
Net cash used in financing activities		**(120,054)**	(21,899)
Net increase/(decrease) in cash and cash equivalents		**440,867**	(1,080,782)
Effects of exchange rate changes on cash and cash equivalents		**(148)**	580
Cash and cash equivalents at the beginning of the year		**1,458,024**	2,538,226
Cash and cash equivalents at the end of the year		**1,898,743**	1,458,024

1 General information

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

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

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

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

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

2 Summary of accounting policies

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

2.1 Summary of material accounting policies

2.1.1 Basis of preparation

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

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

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation (Continued)

New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2023:

IFRS 17	Insurance contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies
Amendments to IAS 8	Definition of accounting estimates
Amendments to IAS 12(i)	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

(i) The Company applied Amendments to IAS 12 from the effective date on January 1, 2023. In accordance with the amendments, the Company recognised deferred tax related to assets and liabilities arising from a single transaction of leases that gave rise to equal taxable and deductible temporary differences on the initial recognition of leases that occurred on or after the beginning of the earliest comparative period presented. As a result, with the beginning of the earliest comparative period presented being January 1, 2022, an adjustment of RMB9,318,000 was recognised to the gross amounts of deferred tax assets and deferred tax liabilities simultaneously, and the resulting deferred tax assets and deferred tax liabilities were set off and presented on a net basis on the consolidated statement of financial position. Applying the amendments mentioned above, there was nil impact on the opening balance of accumulated losses for the reporting periods presented.

The adoption of the other new standards and amendments did not have any significant financial impact on these consolidated financial statements.

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.1 Basis of preparation (Continued)

New standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	January 1, 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.2 Intangible assets

2.1.2.1 Software

(a) Self-developed software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the intangible assets include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. These costs are amortised using the straight-line method over their estimated useful lives of 5 years.

Costs associated with maintaining software programmes are recognised as an expense as incurred.

(b) Acquired software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives of 5 years. Costs associated with maintenance of software programmes are recognised as expenses as incurred.

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.2 Intangible assets (Continued)

2.1.2.2 Research and development

Research expenditure and development expenditure that do not meet the criteria in 2.1.2.1 (a) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.1.3 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 amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

Details about each type of financial assets are disclosed in Note 22.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.3 Financial assets (Continued)

(ii) Recognition and measurement (Continued)

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. The Group has two categories of debt instruments:

– Amortised 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 amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

– FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised 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 recognised 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 recognised in 'other gains, net' in profit or loss as applicable.

Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has the following types of financial assets subject to IFRS 9's expected credit loss model:

– trade receivables;

– other receivables and amounts due from related parties;

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.3 Financial assets (Continued)

(iv) Derecognition of financial instruments

Financial assets

Financial assets are derecognised 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.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, canceled, or expired. 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 recognised in profit or loss.

Financial assets and liabilities are presented respectively in the consolidated statement of financial position, without any offset. However, they are offset and the net amount reported in the balance sheet when satisfied the following: (1) There is a legally enforceable right to offset the recognised amounts. (2) There is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.1.4 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.

2.1.4.1 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.

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.4 Current and deferred income tax (Continued)

2.1.4.2 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 recognised 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 realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future (Note 17).

2.1.4.3 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 realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.1.5 Revenue recognition

Revenue is recognised 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 and 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.

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.5 Revenue recognition (Continued)

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Revenue arrangements with multiple performance obligations are not significant to the Group's total revenue.

When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

In accordance with the principal versus agent considerations prescribed by IFRS15, the Group determines whether it act as the principal or agent in each of its revenue streams. The principal is the entity that has promised to provide goods or services to its customers. An agent arranges for goods or services to be provided by the principal to its end customer. An agent normally receives a commission or fee for these activities.

The following is a description of the accounting policies for the principal revenue streams of the Group.

(a) Revenue from intra-city on-demand delivery business

The Group provides intra-city on-demand delivery services for merchants and consumer customers who place intra-city on-demand delivery orders to the Group via multiple channel including the Group's websites, mobile apps and various interfaces with customers' system.

The Group has determined that it acts as a principal in the intra-city on-demand delivery services as the Group is primarily responsible for the intra-city on-demand delivery service which meet the quality criteria promised to customers. The Group identifies and directs riders to complete the intra-city on-demand delivery orders. Also, the Group has full discretion in establishing fee rates for intra-city on-demand delivery services to customers. Revenues resulting from these services are recognised on a gross basis at a fixed rate or a pre-determined amount for each completed intra-city on-demand delivery, with the amounts paid to the labour suppliers recorded in cost of revenue.

The Group offers various incentive programs to business and individual customers in the form of coupons or volume-based discounts that are recorded as reduction of revenue as the Group does not receive a distinct good or service in consideration.

2 Summary of accounting policies (Continued)

2.1 Summary of material accounting policies (Continued)

2.1.5 Revenue recognition (Continued)

(b) Revenue from other business

Online group catering platform and delivery services

The Group offers online group catering service through the Group's platform together with delivery services. Merchants can choose to either provide delivery service on their own or engage the Group to provide delivery service. When the Group is responsible for delivery, merchants pay an aggregated fee both for platform and delivery services. The Group performs two obligations: (a) platform service for handling food supply; and (b) delivery services. As the two performance obligations are satisfied almost at the same time, the Group determined it is not necessary to allocate the transaction price to each performance obligation, and therefore, the Group recognises both aggregated fee as revenues once a transaction is completed.

2.2 Summary of other accounting policies

2.2.1 Subsidiaries

2.2.1.1 Consolidation

A subsidiary is an 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.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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.

2.2.1.2 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 testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.2 Joint ventures

Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint venture.

Interest in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise 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 recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.2.6.

2.2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.

2.2.4 Foreign currency translation

2.2.4.1 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 financial statements are presented in RMB, which is also the Company's functional and the Company's presentation currency.

2.2.4.2 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income within "other gains, net".

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.4 Foreign currency translation (Continued)

2.2.4.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

2.2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the periods in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Motor vehicles	2-4 years
Computers and electronic equipment	3 years
Machinery and equipment	10 years
Office equipment and other equipment	5 years

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 2.2.6).

Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts. These are included in the consolidated statements of comprehensive income.

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.6 Impairment of non-financial assets

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.2.8 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

2.2.9 Trade receivables 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 receivables 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 receivables and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment. See note 23 and note 24 for further information about the Group's accounting for trade receivables and other receivables and note 2.1.3 for a description of the Group's impairment policies.

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash at bank and in hand, and term deposits with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.2.11 Share capital and share premium

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 the 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 the owners of the Company.

2.2.12 Shares held for employee incentive scheme

The consideration paid by the Employee Incentive Scheme Trust (see Note 29) for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for employee incentive scheme" and the amount is deducted from total equity. When the Employee Incentive Scheme Trust transfers the trust benefit units to the awardees upon vesting, the related costs of the awarded trust benefit units vested are credited to "Shares held for employee incentive scheme", with a corresponding adjustment made to "Other reserve".

2.2.13 Trade payables 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 recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.2.14 Employee benefits

2.2.14.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits 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 recognised 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 statements of financial position.

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.14 Employee benefits (Continued)

2.2.14.2 Employment obligations

Social pension insurances, housing funds, medical insurances and other social insurances
Employees of the Group in the PRC are entitled to participate in various government-supervised social pension insurances, 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 social pension insurances, 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 recognises 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 recognises 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.

2.2.15 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments (including share scheme) is recognised as an expense on the consolidated statements of comprehensive income. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

– Including any market performance conditions;

– Including the impact of any non-vesting conditions (for example, the requirement for employees to serve); and

– Excluding the impact of any service and non-market performance vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income with a corresponding adjustment to equity.

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.16 Provisions

Provisions are recognised 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 recognised 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 recognised 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 recognised as interest expense.

2.2.17 Earnings/(loss) per share

(i) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) 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 the shares repurchased.

(ii) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account:

- the after-income tax effect of interest 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.

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.18 Leases

The Group as the lessee:

The Group leases various properties. Rental contracts are typically made for a fixed period of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Leases are recognised 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. Each lease payment is allocated between the liability 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

– amounts expected to be payable by the lessee under residual value guarantees

– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and

– payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.18 Leases (Continued)

Practical expedients applied

In applying IFRS 16, the Group has used the following practical expedients permitted by the standard:

– applying a single discount rate to a portfolio of leases with reasonably similar characteristics;

– accounting for operating leases with a remaining lease term of less than 12 months as short-term leases.

The Group as the lessor:

Lease classification is made at the inception date and is reassessed only if there is a lease modification. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. If there are variable lease payments and as a result of which the lessor does not transfer substantially all such risks and rewards, it would be an operating lease.

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

2.2.19 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the the financial statements in the reporting period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

2.2.20 Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statements of comprehensive income.

Online group catering platform and delivery services were disposed of in May 2023, as a result of the disposal, the comparative amounts in the consolidated statement of comprehensive income have been restated as if the operations had been discontinued at the beginning of the comparative period.

2.2.21 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is recognised in profit or loss as part of in other income.

2 Summary of accounting policies (Continued)

2.2 Summary of other accounting policies (Continued)

2.2.22 Government grants

Grants from the government are recognised 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 recognised in the consolidated statements of comprehensive income 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 non-current liabilities as deferred income and are credited to the consolidated statements of comprehensive income 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 cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme 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.

3.1.1 Market risk

(i) Foreign exchange risk

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

As of December 31, 2023, the Group had HK$9 million cash in bank (as at December 31, 2022: HK$7 million cash in bank) which is different from the functional currency of RMB and exposed to foreign exchange risk. If the RMB strengthened/weakened by 1% against the HK$ with all other variables held constant, net profit before tax for the year would have been RMB93,000 lower/higher (as at December 31, 2022: if the RMB strengthened/weakened by 1% against the HK$ with all other variables held constant, net loss before tax would have been RMB69,000 higher/lower).

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

(ii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position either as at financial assets at FVOCI (note 20) or at FVPL (note 21). To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are made either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. Each investment is managed by management on a case by case basis.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(iii) Cash flow and fair value interest rate risk

As of December 31, 2023, the Group does not hold any long-term interest-bearing assets or borrowings, so there is no significant interest rate risk.

3.1.2 Credit risk

(i) Credit risk management

The Group is exposed to credit risk in relation to its cash and cash equivalents, financial assets at FVPL, trade receivables and other receivables. The carrying amounts of cash and cash equivalents, financial assets at FVPL, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk arising from cash and cash equivalents and financial assets at FVPL, the Group only transacts with state-owned or reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions.

For trade receivables, a significant portion of trade receivables is due from catering industry customers who need delivery service. If the strategic relationship with the customers is terminated or scaled-back; or if the customers alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's receivables might be adversely affected in terms of recoverability. To manage this risk, the Group assesses the credit quality of the customers, taking into account their financial position, past trading and payment experience and forward-looking factors.

For other receivables from third parties, management make periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience as well as forward-looking factors.

For other receivables from related parties, the Group considers the expected credit loss is immaterial on the basis that the counterparties are mainly related parties controlled by SF Holding with sound external credit rating and no adverse change is anticipated in the business environment.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Expected credit loss ("ECL")

The Group formulates the credit losses of cash and cash equivalents, financial assets at FVPL, trade receivables and other receivables using expected credit loss models according to IFRS 9 requirements.

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

For financial assets whose impairment losses are measured using 3-stages general approach ECL assessment except for trade receivables, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

– Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.

– Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is included in stage 2. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in the following section of "judgement of significant increase in credit risk".

– Stage 3: If the financial instruments is credit-impaired, the financial instrument is included in stage 3. The definition of credit-impaired financial assets is disclosed in the following section of "the definition of credit-impaired assets".

The Group considers the credit risk characteristics of different financial instruments when determining if there is significant increase in credit risk. For financial instruments without or with significant increase in credit risk, 12-month or lifetime expected credit losses are provided respectively. The expected credit loss is the result of discounting the product of exposure at default, probabilities of default and loss given default.

According to whether the credit risk has increased significantly or whether the assets have been impaired, the Group measures the loss allowance with the expected credit losses of 12-month or the lifetime due to the credit risk characteristics of different assets.

Judgement of significant increase in credit risk ("SICR")

Under IFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period.

The Group set quantitative and qualitative criteria to judge whether there has been a SICR after initial recognition. The judgement criteria mainly includes the probabilities of default changes of the debtors, changes of credit risk categories and other indicators of SICR, etc.. In the judgement of whether there has been a SICR after initial recognition, the Group has not rebutted the 30 days past due as presumption of SICR.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Expected credit loss ("ECL") (Continued)

The definition of credit-impaired assets

When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- The debtor has overdue more than 90 days after the contract payment date
- The debtor has significant financial difficulties
- The debtor is likely to go bankrupt or other financial restructuring
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender

The credit impairment of financial assets may be caused by the joint effects of multiple events, and may not be caused by separately identifiable event.

Forward-looking information

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. The Group has identified the producer price index, which measures the trend and degree of change in the price of enterprises' products, to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Credit risk exposure of financial assets

Without considering the impact of collateral and other credit enhancement, for on-balance sheet assets, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements.

Concentration of credit risk reflects the sensitivity of the Group's operating results to a particular customer, industry or geographic location.

1) Trade receivables

Trade receivables from related parties

Trade receivables from related parties are granted with a credit period of 30 days. In respect of amounts due from related parties with gross carrying value of approximately RMB678,299,000 and RMB583,852,000 respectively as at December 31, 2023 and 2022, management of the Group does not consider there is a risk of default and does not expect any losses from non-performance by these related parties, and accordingly, impairment recognised in respect of the amounts due from related parties would be immaterial.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Expected credit loss ("ECL") (Continued)

1) Trade receivables (Continued)

Trade receivables from third parties

Third party customers are usually granted with a credit period ranging between 15 and 90 days, which depends on amounts of transaction and credit position of specific customers.

As at December 31, 2023, the analysis of loss allowance provision was presented as follows:

	Not overdue	Past due	Total
Expected loss rate	**0.50%**	**1.23%**	**0.54%**
Trade receivables from third parties (RMB '000)	**491,896**	**27,806**	**519,702**
Loss allowance provision (RMB '000)	**2,459**	**343**	**2,802**

As at December 31, 2022, the analysis of loss allowance provision was presented as follows:

	Not overdue	Past due	Total
Expected loss rate	0.50%	0.93%	0.56%
Trade receivables from third parties (RMB '000)	441,933	69,601	511,534
Loss allowance provision (RMB '000)	2,202	645	2,847

2) Other receivables

Amounts due from related parties

As at December 31, 2023, management considered the credit risk of amounts due from related parties to be low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Therefore, the impairment loss allowance required for these balances was minimal.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Expected credit loss ("ECL") (Continued)

2) Other receivables (Continued)

Other receivables from third parties

In order to minimize the credit risk of other receivables, the management of the Group continuously monitors the settlement status and the level of exposure to ensure that follow-up action is taken to recover overdue debts. Before granting the credit terms, the management of the Group has obtained an understanding to the credit background of the debtors and undertaken an internal credit approval process. The management of the Group has taken into account the economic outlook of the industries in which the debtors operate and reviewed the recoverable amount of each amount at the end of the reporting period to ensure that adequate impairment losses were recognised for irrecoverable debts. After assessment, the directors of the Company have not identified any items experienced a significant increase in credit risk since initial recognition. The impairment loss of other receivables is measured based on the twelve months expected credit loss.

As at December 31, 2023 and 2022, the analysis of loss allowance provision was presented as follows:

	As at December 31,	
	2023	2022
Expected loss rate	**0.54%**	0.87%
Other receivables from third parties excluding non-financial assets (RMB '000)	**18,627**	59,698
Loss allowance provision (RMB '000)	**101**	518

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the Listing Business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below set out the Group's financial liabilities grouped into relevant maturity groupings based on their contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk (Continued)

Group	On demand	Within 1 Year	Over 1 Year	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023					
Trade payables	**25,240**	**677,804**	**–**	**703,044**	**703,044**
Lease liabilities	**4,396**	**8,513**	**12,037**	**24,946**	**23,890**
Other payables and accruals (excluding receipts in advance, accrued payroll and other tax liabilities)	**191,429**	**28,657**	**–**	**220,086**	**220,086**
Total	**221,065**	**714,974**	**12,037**	**948,076**	**947,020**
As at December 31, 2022					
Trade payables	13,722	603,164	–	616,886	616,886
Lease liabilities	7,412	16,902	18,045	42,359	40,535
Other payables and accruals (excluding receipts in advance, accrued payroll and other tax liabilities)	168,739	18,344	–	187,083	187,083
Total	189,873	638,410	18,045	846,328	844,504

3 Financial risk management (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statements of financial position plus net debts. As at December 31, 2023 and 2022, given that the cash and cash equivalents exceed the aggregation of total borrowings and lease liabilities, gearing ratio is no longer calculated.

3.3 Fair value estimation

The Group made judgements and estimates in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the year. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the years ended December 31, 2023 and 2022.

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

3.3.1 Fair value of the Group's financial assets that are measured at fair value on a recurring basis

3.3.1.1 Fair value hierarchy

As at December 31, 2023 and 2022, the Group had no level 1 and level 2 financial instruments. The following table presents the Group's level 3 financial instruments as of December 31, 2023.

	Level 3 **RMB'000**
Financial assets at fair value through profit or loss	
Structured deposit products	**301,282**
Private fund investment (Note)	**215,471**
	516,753
Financial assets at fair value through other comprehensive income	
Equity investments in unlisted entities	**56,000**

The following table presents the Group's level 3 financial instruments as of December 31, 2022.

	Level 3 **RMB'000**
Financial assets at fair value through profit or loss	
Structured deposit products	601,565
Private fund investment (Note)	209,487
Others	1,035
	812,087
Financial assets at fair value through other comprehensive income	
Equity investments in unlisted entities	63,545

Note: As at December 31, 2023, the Group invested in private fund, the investment scope of which is fixed income products.

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

3.3.1 Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

3.3.1.2 Valuation techniques used to determine fair values

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value		Valuation techniques	Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	As of December 31, 2023 RMB'000	As of December 31, 2022 RMB'000			As of December 31, 2023	As of December 31, 2022	
Financial assets at fair value through profit or loss	**516,753**	812,087	Discounted cash flow	Expected rate of return	**0.5%-2.95%**	0.5%-3.5%	The higher the expected rate of return, the higher the fair value.
Financial assets at fair value through other comprehensive income	**56,000**	63,545	Market approach	Discount for lack of marketability; market multiples	**20%; 2.17x-3.55x**	20%; 0.6x-5.8x	The higher the discount for lack of marketability, the lower the fair value. The higher the market multiples, the higher the fair value.

During the year ended 31 December 2023 and 2022, fair value changes arose from the financial assets measured at fair value classified within Level 3 as listed in the table above were immaterial. The directors of the Company consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

3.3.1 Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

3.3.1.3 Reconciliation of Level 3 fair value measurements

	Financial assets at FVPL RMB'000	Financial assets at FVOCI RMB'000
As of January 1, 2023	**812,087**	**63,545**
Additions	**2,200,000**	**–**
Changes in fair value	**16,916**	**(5,134)**
Disposals	**(2,515,434)**	**(2,411)**
Disposal of subsidiaries	**(697)**	**–**
Exchange difference	**3,881**	**–**
As of December 31, 2023	**516,753**	**56,000**

	Financial assets at FVPL RMB'000	Financial assets at FVOCI RMB'000
As of January 1, 2022	330,084	3,000
Additions	2,452,227	61,134
Changes in fair value	12,881	(589)
Disposals	(1,991,382)	–
Exchange difference	8,277	–
As of December 31, 2022	812,087	63,545

3.3.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's financial assets and liabilities which are measured at amortised cost, including cash and cash equivalents, trade receivable, other receivables (excluding non-financial assets), trade payables, and other payables (excluding non-financial liabilities) approximated their fair values due to their short maturities.

4 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary difference is related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

Significant items on which the Group has exercised accounting judgement include recognition of deferred tax assets in respect of tax losses. Recognition of the deferred tax assets involves estimates regarding the future financial performance of the Group.

Were the actual final outcome (on the judgement areas) different from the management's estimates, such difference would impact the recognition of deferred tax assets and income tax expenses in the period in which such estimate is changed.

(b) Capitalisation of development costs as intangible assets

Costs incurred in upgrading existing application and platform (primarily relating to upgrade of the existing features or additions of new features/modules) and developing new application and platform are capitalised as intangible assets when recognition criteria as detailed in Note 2.1.2 are fulfilled. Management has applied its professional judgement in determining whether these application and platform could generate probable future economic benefits to the Group based on the historical experience of the existing products and the prospects of the markets. Any severe change in market performance or technology advancement will have an impact on the development costs capitalised.

5 Segment information and Revenue

The CODM identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments. An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

Shanghai Fengzan Technology Co., Ltd. and its subsidiaries, wholly owned subsidiaries of the Company, the principal activities of which were online group catering platform and delivery services, were disposed of in May 2023. For details, please refer to Note 36. Following the disposal, the CODM considers that the Group's operations are operated and managed as a single operating segment which is intra-city on-demand delivery service business under the requirements of IFRS 8 "Operating Segments" and therefore no segment information is presented.

5 Segment information and Revenue (Continued)

(a) Revenue by business line and nature

	Year ended December 31, 2023 RMB'000	2022 RMB'000 (Restated)
Continuing operations		
Intra-city on-demand delivery service (i)	**12,387,416**	10,228,787

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

(b) Unsatisfied performance obligations

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

(c) Geographical information

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

(d) Information about major customers

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

	Year ended December 31, 2023 RMB'000	2022 RMB'000 (Restated)
Subsidiaries of SF Holding	**5,029,395**	3,698,097

6 Other income

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Tax preference (i)	**32,059**	42,550
Government grants (ii)	**11,049**	7,652
Others	**379**	526
	43,487	50,728

(i) Since April 1, 2019, taxpayers in logistics industry were allowed to enjoy additional 10% of input value-added taxes ("VAT") amount deductible from tax payable. Since January 1, 2023, taxpayers in logistics industry are allowed to enjoy additional 5% of input VAT amount deductible from tax payable. Such additional VAT deduction was recorded as "Other income".

(ii) The government grants mainly included those grants from the local government in recognition of the contribution of the Group to local economy's development.

7 Other gains, net

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Fair value changes on financial assets at FVPL (Note 3.3)	**16,916**	12,881
Penalty and compensation	**(11,468)**	(6,979)
Exchange (losses)/gains	**(1,064)**	6,209
(Losses)/gains on early termination of long-term leases	**(99)**	1,401
Net (losses)/gains on disposal of property, plant and equipment	**(4)**	46
Others	**2,142**	710
	6,423	14,268

8 Expenses by nature

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Labour outsourcing costs	**11,497,026**	9,719,053
Employee benefit expenses (Note 9)	**512,301**	484,372
Marketing and promotion expenses	**71,195**	37,439
Information service expenses	**69,544**	60,271
Costs of materials	**53,921**	54,682
Amortisation of intangible assets (Note 15)	**37,615**	52,533
Call center service expenses	**31,441**	28,429
Office and rental expenses	**30,429**	34,718
Depreciation of right-of-use assets (Note 18)	**26,802**	20,490
Professional service expenses	**18,314**	23,318
Travelling expenses	**11,827**	8,400
Depreciation of property, plant and equipment (Note 14)	**7,880**	7,226
Auditor's remuneration		
– Audit and audit-related service	**3,070**	2,950
– Non-audit service	**220**	220
Other taxes and surcharges	**2,726**	2,240
Transportation expenses	**1,477**	1,565
Insurance expenses	**785**	620
Others	**37,852**	35,321
	12,414,425	10,573,847

9 Employee benefit expenses

(a) Employee benefit expenses are analysed as follows:

	Year ended December 31, 2023 RMB'000	2022 RMB'000 (Restated)
Continuing operations		
Wages, salaries and bonuses	**494,177**	466,289
Pension costs – defined contribution plans (i)	**28,600**	28,522
Other employee benefits	**30,642**	30,755
Share-based compensation expenses (Note 29)	**6,805**	–
	560,224	525,566
Less: capitalised in intangible assets	**(47,923)**	(41,194)
	512,301	484,372

(i) There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023 and 2022 include 4 and 3 directors and supervisors respectively whose emoluments are reflected in the analysis shown in Note 43(a). The emoluments paid and payable to the remaining individuals during the years ended December 31, 2023 and 2022, respectively are as follows:

	Year ended December 31, 2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses	**1,410**	3,524
Pension costs – defined contribution plans	**38**	130
Other employee benefits	**62**	203
	1,510	3,857

9 Employee benefit expenses (Continued)

(b) Five highest paid individuals (Continued)

The emoluments of these individuals are within the following bands:

Number of individuals

	Year ended December 31,	
	2023	2022
HK$		
Nil – 1,000,000	**–**	–
1,500,001 – 2,000,000	**1**	1
2,500,001 – 3,000,000	**–**	1
8,500,001 – 9,000,000	**–**	–
10,500,001 – 11,000,000	**–**	–
	1	2

10 Finance income, net

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Finance income:		
Interest income on deposits in financial institutions	**41,423**	44,905
Finance costs:		
Interest expenses on leasing liabilities	**(1,296)**	(2,508)
Finance income – net	**40,127**	42,397

11 Net impairment losses of financial assets

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Provision of/(reversal of) impairment allowance for:		
Trade receivables	**3,593**	1,981
Other receivables	**157**	(61)
	3,750	1,920

12 Income tax credit

(a) Income tax credit

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Mainland China corporate income tax		
Current income tax	**12,545**	–
Deferred income tax (Note 17)	**(14,813)**	(1,944)
Income tax credit	**(2,268)**	(1,944)

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

Mainland China corporate income tax ("CIT")

CIT was made on the taxable income of the entities within the Group incorporated in the Mainland China and was calculated in accordance with the relevant tax rules and regulations of the Mainland China after considering the available tax refunds and allowances. The general CIT rate is 25% for the years ended December 31, 2023 and 2022.

The Company's subsidiaries, Beijing Shunda Tongxing Technology Co., Ltd and Shanghai Fengzan Technology Co., Ltd. (the latter was disposed of during the year, please refer to Note 36 for details), are qualified as "high and new technology enterprises" and, accordingly, were eligible for a preferential income tax rate of 15% for the years ended December 31, 2023 and 2022.

Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the years ended December 31, 2023 and 2022.

12 Income tax credit (Continued)

(b) Reconciliation of income tax credit

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) from continuing operations before income tax expense	**62,589**	(239,587)
Loss from discontinued operation before income tax expense	**(14,262)**	(49,260)
Profit/(loss) before income tax	**48,327**	(288,847)
Tax calculated at applicable statutory tax rate of 25%	**12,082**	(72,212)
Different tax rates available to different jurisdictions	**(222)**	(102)
Preferential income tax rates applicable to subsidiaries	**5,473**	15,372
Tax effect of unrecognised tax losses and temporary differences (i)	**19,009**	72,975
Expenses not deductible for tax purposes	**12,610**	1,230
Income not subject to tax purpose	**(1,258)**	–
Utilisation of previously unrecognised tax temporary differences and tax losses	**(21,597)**	(2,649)
Super deduction of research and development expense	**(16,333)**	(16,558)
Recognition of tax losses and temporary differences not recognised in prior years	**(12,032)**	–
	(2,268)	(1,944)

(i) Unrecognised tax losses and temporary differences

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Unused tax losses for which no deferred tax asset has been recognised	**1,677,856**	1,666,991
Unrecognised temporary differences	**74,771**	75,385
Potential tax impact	**393,340**	404,310

These tax losses will be expired from 2024 to 2033.

13 Earnings/(loss) per share

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

Basic earnings/(loss) per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of outstanding shares in issue excluding the shares repurchased during the year ended December 31, 2023 (2022: Basic loss per share was calculated by dividing the loss for the year attributable to ordinary shareholders by the weighted average number of outstanding shares in issue).

	Year ended December 31,	
	2023	2022
Profit/(loss) attributable to owners of the Company (RMB'000)	**50,595**	(286,903)
Weighted average number of shares in issue	**931,349,092**	933,457,707
Basic earnings/(loss) per share (in RMB)	**0.05**	(0.31)

(b) Basic earnings/(loss) per share from continuing operations

	Year ended December 31,	
	2023	2022
Profit/(loss) from continuing operations attributable to owners of the Company (RMB'000)	**64,857**	(237,643)
Weighted average number of shares in issue	**931,349,092**	933,457,707
Basic earnings/(loss) per share from continuing operations (in RMB)	**0.07**	(0.25)

13 Earnings/(loss) per share (Continued)

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

For the year ended December 31, 2023, the Employee Incentive Scheme have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from Employee Incentive Scheme (collectively forming the denominator for computing the diluted EPS).

	Year ended December 31, 2023
Profit attributable to owners of the Company (RMB'000)	**50,595**
Weighted average number of shares in issue	**931,349,092**
Adjustments for Employee Incentive Scheme	**224,971**
Weighted average number of ordinary shares for the calculation of diluted EPS	**931,574,063**
Diluted earnings per share (in RMB)	**0.05**

For the year ended December 31, 2022, the Company had no category of dilutive potential ordinary shares, thus, diluted loss per share for the year ended December 31, 2022, was the same as the basic loss per share for the year.

(d) Diluted earnings/(loss) per share from continuing operations

	Year ended December 31, 2023
Profit from continuing operations attributable to owners of the Company (RMB'000)	**64,857**
Weighted average number of shares in issue	**931,349,092**
Adjustments for Employee Incentive Scheme	**224,971**
Weighted average number of ordinary shares for the calculation of diluted EPS	**931,574,063**
Diluted earnings per share from continuing operations (in RMB)	**0.07**

For the year ended December 31, 2022, the Company had no category of dilutive potential ordinary shares, thus, diluted loss per share from continuing operations for the year ended December 31, 2022 was the same as the basic loss per share from continuing operations for the year.

14 Property, plant and equipment

	Motor vehicles	Computers and electronic equipment	Machinery and equipment	Office equipment and other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023					
Opening net book amount	157	7,639	661	6,342	14,799
Additions	1,901	2,296	452	2,739	7,388
Disposals	–	(93)	–	(2)	(95)
Disposal of subsidiaries	–	(561)	–	(1,183)	(1,744)
Depreciation					
– Continuing operations	(176)	(3,813)	(104)	(3,787)	(7,880)
– Discontinued operation	–	(169)	–	(106)	(275)
Closing net book amount	1,882	5,299	1,009	4,003	12,193
At December 31, 2023					
Cost	2,601	23,444	1,373	15,926	43,344
Accumulated depreciation	(719)	(18,145)	(364)	(11,923)	(31,151)
Closing net book amount	1,882	5,299	1,009	4,003	12,193

14 Property, plant and equipment (Continued)

	Motor vehicles	Computers and electronic equipment	Machinery and equipment	Office equipment and other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2022					
Opening net book amount	99	9,360	590	6,666	16,715
Additions	152	3,148	156	3,987	7,443
Disposals	–	(229)	(2)	(1,076)	(1,307)
Depreciation					
– Continuing operations	(94)	(4,049)	(83)	(3,000)	(7,226)
– Discontinued operation	–	(591)	–	(235)	(826)
Closing net book amount	157	7,639	661	6,342	14,799
At December 31, 2022					
Cost	700	21,802	921	14,372	37,795
Accumulated depreciation	(543)	(14,163)	(260)	(8,030)	(22,996)
Closing net book amount	157	7,639	661	6,342	14,799

Depreciation of the Group's property, plant and equipment for the continuing operations has been recognised in the consolidated statements of comprehensive income as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Administrative expenses	**5,140**	4,568
Cost of revenue	**1,606**	1,566
Research and development expenses	**630**	617
Selling and marketing expenses	**504**	475
	7,880	7,226

15 Intangible assets

	Software			
	Developed internally	Acquired	Development costs in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023				
Opening net book amount	**122,864**	**22,379**	**41,556**	**186,799**
Additions	**–**	**1,210**	**56,290**	**57,500**
Transfer	**95,267**	**–**	**(95,267)**	**–**
Amortisation				
– Continuing operations	**(28,616)**	**(8,999)**	**–**	**(37,615)**
– Discontinued operation	**(6,675)**	**–**	**–**	**(6,675)**
Disposal of subsidiaries	**(61,783)**	**–**	**–**	**(61,783)**
Net book amount	**121,057**	**14,590**	**2,579**	**138,226**
At December 31, 2023				
Cost	**309,400**	**50,582**	**2,579**	**362,561**
Accumulated amortisation	**(188,343)**	**(35,992)**	**–**	**(224,335)**
Net book amount	**121,057**	**14,590**	**2,579**	**138,226**
Year ended December 31, 2022				
Opening net book amount	141,695	29,899	2,345	173,939
Additions	–	4,564	78,906	83,470
Transfer	39,695	–	(39,695)	–
Amortisation				
– Continuing operations	(40,449)	(12,084)	–	(52,533)
– Discontinued operation	(18,077)	–	–	(18,077)
Net book amount	122,864	22,379	41,556	186,799
At December 31, 2022				
Cost	275,916	49,372	41,556	366,844
Accumulated amortisation	(153,052)	(26,993)	–	(180,045)
Net book amount	122,864	22,379	41,556	186,799

15 Intangible assets (Continued)

(a) Amortisation

Amortisation of the Group's intangible assets for the continuing operations has been recognised in the consolidated statement of comprehensive income as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Cost of revenue	**30,038**	45,358
Administrative expenses	**7,577**	7,175
	37,615	52,533

16 Investments accounted for using the equity method

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Investment in joint venture	**28,375**	15,000

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
At beginning of the year	**15,000**	–
Additions	**10,000**	15,000
Share of profit of joint venture	**3,311**	–
Others	**64**	–
At end of the year	**28,375**	15,000

16 Investments accounted for using the equity method (Continued)

As at December 31, 2023, the Group had interests in the following joint venture:

Name of entity	Place of incorporation	Registered capital	Ownership interest held by the Group		Principal activities
			2023	2022	
Indirectly held:					
Xiamen Xiaoyu Qingcheng Venture Investment Partnership (limited partnership) (廈門小雨青城創業投資合夥企業(有限合夥)) (The "Fund")	PRC	RMB 131,320,000	**38.07%**	41.24%	Strategic investment

In December 2022, Shenzhen SF Intra-city Logistics Co.,Ltd. ("Shenzhen Intra-city"), a wholly-owned subsidiary of the Company entered into the Xiamen Xiaoyu Qingcheng Venture Investment Partnership (limited partnership) Partnership Agreement《廈門小雨青城創業投資合夥企業(有限合夥)合夥協議》(the "Partnership Agreement") with other third-parties to establish the Fund, an equity investment fund to mainly invest in unlisted enterprises in the fields of intelligence, low carbon and new opportunity areas in local living.

The Group determined that it jointly controls the Fund with the general partner, as the decisions about the relevant activities of the Fund require the unanimous consent of the Group and the general partner.

There is no contingent liabilities relating to the Group's interest in the Fund. The commitment related to the Group's interest in the Fund is set out in Note 38.

17 Deferred income tax assets

(a) Deferred income tax assets

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
		(Note 2.1.1)
The balance comprises temporary differences attributable to:		
– Deductible losses	**150,589**	138,557
– Employee benefits	**7,461**	5,306
– Leases	**5,197**	9,547
– Depreciation and amortisation	**1,489**	1,067
– Provisions for assets impairment	**1,216**	825
– Others	**50**	50
Total gross deferred income tax assets	**166,002**	155,352
Set-off of deferred income tax assets pursuant to set-off provisions	**(5,155)**	(9,318)
Net deferred income tax assets	**160,847**	146,034

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
		(Note 2.1.1)
Deferred income tax assets:		
– to be recovered within 12 months	**36,658**	4,163
– to be recovered after 12 months	**129,344**	151,189
	166,002	155,352

17 Deferred income tax assets (Continued)

(a) Deferred income tax assets (Continued)

The movement on the gross deferred income tax assets is as follows:

	Employee benefits	Deductible losses	Provisions for assets impairment	Depreciation and amortisation	Leases	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	**5,306**	**138,557**	**825**	**1,067**	**9,547**	**50**	**155,352**
Credit to profit or loss, net	**2,155**	**12,032**	**391**	**422**	**(4,176)**	**–**	**10,824**
Disposals of subsidiaries	**–**	**–**	**–**	**–**	**(174)**	**–**	**(174)**
As at December 31, 2023	**7,461**	**150,589**	**1,216**	**1,489**	**5,197**	**50**	**166,002**
As at January 1, 2022 (Restated, refer to note 2.1.1)	3,178	138,557	1,065	1,055	8,659	50	152,564
Credit to profit or loss, net	2,128	–	(240)	12	888	–	2,788
As at December 31, 2022 (Restated, refer to note 2.1.1)	5,306	138,557	825	1,067	9,547	50	155,352

(b) Deferred income tax liabilities

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
		(Note 2.1.1)
The balance comprises temporary differences attributable to:		
– Leases	**5,155**	9,318
Set-off of deferred income tax liabilities pursuant to set-off provisions	**(5,155)**	(9,318)
Net deferred income tax liabilities	**–**	–

17 Deferred income tax assets (Continued)

(b) Deferred income tax liabilities (Continued)

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
		(Note 2.1.1)
Deferred income tax liabilities:		
– to be recovered within 12 months	**3,153**	4,163
– to be recovered after 12 months	**2,002**	5,155
	5,155	9,318

The movement on the gross deferred income tax liabilities is as follows:

	Leases
	RMB'000
As at January 1, 2023	**9,318**
Credit to profit or loss, net	**(3,989)**
Disposals of subsidiaries	**(174)**
As at December 31, 2023	**5,155**
As at January 1, 2022 (Restated, refer to note 2.1.1)	8,474
Credit to profit or loss, net	844
As at December 31, 2022 (Restated, refer to note 2.1.1)	9,318

18 Right-of-use assets

	Properties RMB'000
Year ended December 31, 2023	
Opening net book amount	**40,103**
Additions	**13,789**
Disposals	**(2,723)**
Disposal of subsidiaries	**(773)**
Depreciation	
– Continuing operations	**(26,802)**
– Discontinued operation	**(386)**
Closing net book amount	**23,208**
At December 31, 2023	
Cost	**99,578**
Accumulated depreciation	**(76,370)**
Net book amount	**23,208**
Year ended December 31, 2022	
Opening net book amount	37,811
Additions	33,882
Disposals	(9,791)
Depreciation	
– Continuing operations	(20,490)
– Discontinued operation	(1,309)
Closing net book amount	40,103
At December 31, 2022	
Cost	89,285
Accumulated depreciation	(49,182)
Net book amount	40,103

18 Right-of-use assets (Continued)

Depreciation charge of right-of-use assets for the continuing operations was recognised in the consolidated statements of comprehensive income as follow:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Cost of revenue	**10,988**	8,019
Administrative expenses	**9,213**	8,525
Research and development expenses	**6,601**	3,946
	26,802	20,490

19 Inventories

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Rider equipments, at cost	**6,854**	15,576

For the years ended December 31, 2023 and 2022, the cost of inventories from continuing operations recognised as expenses amounted to RMB53,921,000 and RMB54,682,000 respectively.

20 Financial assets at fair value through other comprehensive income (FVOCI)

(i) Classification of financial assets at fair value through other comprehensive income

These equity securities are not held for trading and the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Equity investments at fair value through other comprehensive income

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Non-current assets		
Unlisted securities		
Shenzhen Fushi Technology Co., Ltd	**56,000**	61,134
Beijing Zhenlan Infinite Technology Co., Ltd	**–**	2,411
	56,000	63,545

(iii) Amounts recognised in other comprehensive income

During the year, the following gains/(losses) were recognised in other comprehensive income.

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Gain/(loss) recognised in other comprehensive income (Note 27)	**(5,134)**	(589)

(iv) Disposal of equity investments

In July 2023, the Group has sold its shares in Beijing Zhenlan Infinite Technology Co., Ltd to Beijing SF Intra City Technology Co., Ltd, a subsidiary of SF holding. The shares sold had a fair value of RMB2,411,000 and the Group realised a loss of RMB589,000, which had already been included in other reserves. This loss has been transferred to accumulated losses, see note 28.

20 Financial assets at fair value through other comprehensive income (FVOCI) (Continued)

(v) No dividend has been paid or declared by Shenzhen Fushi Technology Co., Ltd and Beijing Zhanlan Infinite Technology Co., Ltd during the year ended December 31, 2022 and 2023.

(vi) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 3.3.

All of the financial assets at FVOCI are denominated in RMB.

21 Financial assets at fair value through profit or loss

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**812,087**	330,084
Additions	**2,200,000**	2,452,227
Changes in fair value	**16,916**	12,881
Disposals	**(2,515,434)**	–
Disposal of subsidiaries	**(697)**	(1,991,382)
Exchange difference	**3,881**	8,277
At the end of the year	**516,753**	812,087

As part of the Group's cash management to maximise return on idle cash, the Group invested in certain structured deposit products issued by several PRC commercial banks.

22 Financial instruments by category

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents (Note 25)	**1,901,651**	1,460,024
Trade receivables (Note 23)	**1,195,199**	1,092,539
Other receivables excluding non-financial assets (Note 24)	**59,135**	126,119
	3,155,985	2,678,682
Financial assets at fair value:		
Financial assets at fair value through profit or loss (Note 21)	**516,753**	812,087
Financial assets at fair value through other comprehensive income (Note 20)	**56,000**	63,545
	572,753	875,632
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables (Note 30)	**703,044**	616,886
Other payables excluding non-financial liabilities	**220,086**	187,083
Lease liabilities (Note 33)	**23,890**	40,535
	947,020	844,504

23 Trade receivables

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Trade receivables		
– related parties (Note 37 (d))	**678,299**	583,852
– third parties	**519,702**	511,534
	1,198,001	1,095,386
Impairment loss allowance	**(2,802)**	(2,847)
	1,195,199	1,092,539

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Within 30 days	**993,120**	911,928
30 to 180 days	**204,881**	183,458
	1,198,001	1,095,386

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

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**(2,847)**	(2,595)
Provision of impairment allowance		
– Continuing operations	**(3,593)**	(1,981)
– Discontinued operation	**(4)**	2
Written off as uncollectible	**3,638**	1,727
Disposal of subsidiaries	**4**	–
At the end of the year	**(2,802)**	(2,847)

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

24 Other receivables and prepayments

	As at December 31, 2023 RMB'000	2022 RMB'000
Other receivables		
– Value-added tax recoverable	**83,977**	114,464
– Amounts due from related parties (Note 37(d))	**40,609**	66,940
– Deposits paid	**13,372**	10,310
– Prepaid social insurance premium	**4,533**	4,022
– Advances to employees	**155**	1,044
– Payments on behalf of platform users	**–**	46,653
– Others	**5,100**	1,691
	147,746	245,124
Prepayments to suppliers	**12,547**	11,145
– Less: impairment loss allowance	**(101)**	(518)
	160,192	255,751

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

	Year ended December 31, 2023 RMB'000	2022 RMB'000
At the beginning of the year	**(518)**	(528)
Reversal/(provision) of impairment allowance		
– Continuing operations	**(157)**	61
– Discontinued operation	**86**	(51)
Written off as uncollectible	**134**	–
Disposal of subsidiaries	**354**	–
At the end of the year	**(101)**	(518)

25 Cash and cash equivalents

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Cash at banks (i)	**1,787,865**	1,366,205
Cash held in other financial institutions (ii)	**110,878**	91,819
Restricted cash (iii)	**2,908**	2,000
	1,901,651	1,460,024

(i) As at December 31, 2023, the Group had RMB6.2 million (December 31, 2022:nil) held in a bank account managed by Hwabao Trust Co., Ltd., for acquisition of the Company's shares (Note 29). Provided that the contractual restrictions on use of the amounts held in the bank account do not change the nature of the deposit, with the result that the Company can access those amounts on demand, the Company includes the amounts in the bank account as a component of 'cash and cash equivalents'.

(ii) As at December 31, 2023 and 2022, the Group had certain amounts of cash held in accounts managed by third party payment platforms, which are third party payment platforms, in the amount of RMB19.8 million and RMB18.7 million, respectively, and which have been classified as cash and cash equivalents on the consolidated statements of financial position.

As at December 31, 2023 and 2022, the Group had certain amounts of cash held in accounts managed by securities companies in the amount of RMB6.2 million and nil, respectively, and which have been classified as cash and cash equivalents on the consolidated statements of financial position.

As at December 31, 2023, the Group had RMB84.9 million (December 31, 2022: RMB73.1 million) held in accounts managed by SF Holding Group Finance Co., Ltd ("SF Finance"), a wholly-owned subsidiary of SF Holding which is incorporated upon approval from China Banking and Insurance Regulatory Commission ("CBIRC") (Shen Yin Jian Fu [2016] No. 193) in 2016.

Cash and cash equivalents were denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**1,885,934**	1,453,383
HK$	**14,689**	6,134
USD	**1,028**	507
	1,901,651	1,460,024

(iii) Natures of the restricted cash are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Pledged for a letter of guarantee	**1,500**	2,000
Others	**1,408**	-
	2,908	2,000

26 Share capital, share premium and treasury shares

	Number of shares	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000
As at January 1, 2022 and December 31, 2022	933,457,707	933,458	4,161,560	–
Repurchase of shares (i)	–	–	–	(39,279)
As at December 31, 2023	**933,457,707**	**933,458**	**4,161,560**	**(39,279)**

(i) During the year of 2023, the company bought back 4,353,000 H Shares on the market. Those shares have not been cancelled, therefore there is no alteration to the numbers of ordinary shares. The repurchase was approved by shareholders at annual general meeting on June 6, 2023. The shares were acquired at an average price of HK$9.91 per share, with prices ranging from HK$8.87 to HK$10.32. The total amount of RMB39,279,000 paid to acquire the shares has been deducted from total equity.

27 Other reserves

	Note	Share based compensation reserves RMB'000	Financial assets at FVOCI RMB'000	Foreign currency translation RMB'000	Deemed contribution reserves RMB'000	Others RMB'000	Total other reserves RMB'000
Balance at January 1, 2022		395,809	–	–	435,251	–	831,060
Revaluation of financial assets at FVOCI		–	(589)	–	–	–	(589)
Currency translation differences		–	–	(5,414)	–	–	(5,414)
Balance at December 31, 2022		395,809	(589)	(5,414)	435,251	–	825,057
Balance at January 1, 2023		**395,809**	**(589)**	**(5,414)**	**435,251**	**–**	**825,057**
Share-based compensation expenses	9	**6,805**	**–**	**–**	**–**	**–**	**6,805**
Revaluation of financial assets at FVOCI	20	**–**	**(5,134)**	**–**	**–**	**–**	**(5,134)**
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses (net of tax)	20	**–**	**589**	**–**	**–**	**–**	**589**
Currency translation differences		**–**	**–**	**3,876**	**–**	**–**	**3,876**
Others		**–**	**–**	**–**	**–**	**64**	**64**
Balance at December 31, 2023		**402,614**	**(5,134)**	**(1,538)**	**435,251**	**64**	**831,257**

28 Accumulated losses

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**(2,903,538)**	(2,616,635)
Loss for the year		
– Continuing operations	**64,857**	(237,643)
– Discontinued operation	**(14,262)**	(49,260)
Reclassification of loss on disposal of equity instruments at fair value through other comprehensive income, net of tax (Note 20)	**(589)**	–
At the end of the year	**(2,853,532)**	(2,903,538)

29 Share-based payments

Employee Incentive Scheme

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

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

During the year ended December 31, 2023, the Employee Incentive Scheme Trust has purchased 6,453,600 shares of the Company with approximately RMB52,370,000 under the Employee Incentive Scheme.

29 Share-based payments (Continued)

Employee Incentive Scheme (Continued)

Movement in the number of awarded trust benefit units for the year ended December 31, 2023 is as follows:

	Number of awarded trust benefit units
Granted during the year	26,142,480
Vested during the year	–
As at December 31, 2023	**26,142,480**

The fair value of the granted trust benefit units was assessed based on the market price of the Company's shares at the grant date and the expected trustee administrative fee during the vesting period.

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

The expenses arising from the Employee Incentive Scheme recognised during the year are RMB6,805,000 (note 9).

30 Trade payables

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Trade payables to related parties (Note 37 (d))	**17,235**	18,313
Trade payables to third parties	**685,809**	598,573
	703,044	616,886

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Within 3 months	**677,804**	603,164
3 months to 1 year	**15,628**	8,543
Over 1 year	**9,612**	5,179
	703,044	616,886

31 Other payables and accruals

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Salaries, wage and accrued bonus	**186,008**	180,947
Deposits received	**179,422**	142,830
Temporary receipts	**11,730**	25,909
Other tax payable	**11,551**	14,027
Payables for assets purchases	**1,919**	1,948
Amounts due to related parties (Note 37 (d))	**596**	4,480
Others	**26,419**	11,916
	417,645	382,057

32 Contract liabilities

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Contract liabilities – Intra-city on-demand delivery service		
– Related parties (Note 37 (d))	**254**	180
– Third parties	**70,097**	46,478
Total current contract liabilities	**70,351**	46,658

(a) Revenue recognised in relation to contract liabilities

For the years ended December 31, 2023 and 2022, revenue recognised that included in the contract liability balance at the beginning of the years were RMB46,658,000 and RMB34,494,000 respectively.

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly for providing intra-city on-demand delivery service. The increase in contract liabilities during the years ended December 31, 2023 was mainly attributable to the increase of the business scale.

33 Lease liabilities

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Minimum lease payments due		
– Within 1 year	**12,909**	24,314
– Between 1 and 2 years	**8,959**	11,884
– Between 2 and 5 years	**2,155**	4,794
– Later than 5 years	**923**	1,367
	24,946	42,359
Less: future finance charges	**(1,056)**	(1,824)
Present value of lease liabilities	**23,890**	40,535
At the end of the year		
– Within 1 year	**12,407**	23,224
– Between 1 and 2 years	**8,615**	11,482
– Between 2 and 5 years	**1,974**	4,534
– Later than 5 years	**894**	1,295
	23,890	40,535

The Group leases various properties to operate its businesses and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. No extension options are included in such property leases across the Group.

Expense relating to short-term leases and low-value assets leases (included in cost of goods sold, administrative expenses and selling expenses) for the year ended December 31, 2023 was RMB6,275,000 (for the year ended December 31, 2022: RMB15,456,000).

The total cash outflow for leases for the year ended December 31, 2023 was RMB33,954,000 (for the year ended December 31, 2022: RMB36,352,000).

34 Dividends

No dividend has been paid or declared by the Group during each of the financial years ended December 31, 2023 and 2022.

35 Notes to consolidated statements of cash flows

(a) Net cash used in operations

Reconciliation from profit/(loss) before income tax to cash used in operations:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) before income tax from		
– Continuing operations	**62,589**	(239,587)
– Discontinued operation	**(14,262)**	(49,260)
Profit/(loss) before income tax including discontinued operation	**48,327**	(288,847)
Adjustments for:		
Share-based compensation expense (Note 9)	**6,805**	–
Amortisation of intangible assets (Note 15)	**44,290**	70,610
Depreciation of right-of-use assets (Note 18)	**27,188**	21,799
Depreciation of property, plant and equipment (Note 14)	**8,155**	8,052
Impairment of financial assets measured at amortised cost	**3,668**	1,969
Finance income	**(40,143)**	(42,403)
Losses on disposals of property, plant and equipment (Note 7)	**1**	63
Losses/(gains) on early termination of long-term leases (Note 7)	**99**	(1,421)
Share of gains of investments accounted for using the equity method (Note 16)	**(3,311)**	–
Fair value changes on financial assets at FVPL (Note 7)	**(16,916)**	(12,881)
Operating cash flows before changes in working capital	**78,163**	(243,059)
Changes in working capital:		
(Increase)/decrease in inventories	**8,722**	(11,374)
Restricted cash	**(908)**	(2,000)
Increase in trade receivables, other receivables and prepayments	**(66,422)**	(403,682)
Increase in trade and other payables and contract liabilities	**214,168**	200,414
Cash generated from/(used in) operations	**233,723**	(459,701)

35 Notes to consolidated statements of cash flows (Continued)

(b) Analysis of liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in the liabilities arising from financing activities for each of the year presented.

	Lease liabilities
	RMB'000
Balance as at January 1, 2023	**40,535**
Cash flows	**(28,405)**
Interest expenses accrued	**1,303**
Addition	**13,789**
Disposal	**(3,332)**
Balance as at December 31, 2023	**23,890**
Balance as at January 1, 2022	37,158
Cash flows	(21,899)
Interest expenses accrued	2,606
Addition	33,882
Disposal	(11,212)
Balance as at December 31, 2022	40,535

(c) Non-cash investing and financing activities

Non-cash transactions are primarily related to the changes in other payables related to property and equipment additions described in Note 14, the addition of right-of-use assets and lease liabilities described in Note 18 and Note 33, Other than these aforementioned, there were no other material non cash investing and financing transactions for the years ended December 31, 2023 and 2022.

36 Disposal of subsidiaries classified as discontinued operations

(a) Description

On May 5, 2023, the Company as the seller, and Shenzhen Fengxiang Information Technology Co.,Ltd., a non-wholly owned subsidiary of Mingde Holding, as the purchaser (the "Purchaser") entered into the sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire equity interest (the "Sale Shares") in Shanghai Fengzan Technology Co., Ltd. (the "Target Company") and the debts (the "Sale Debts") owed by the Target Company and its subsidiaries (the "Target Group") to the Company.

The Target Group is principally engaged in the online group catering platform and delivery services business. The disposal was completed on May 10, 2023 (the "Completion Date") and the companies within the Target Group ceased to be subsidiaries of the Company. The online group catering platform and delivery services business had become discontinued operation after the completion of the disposal.

The amount of the Sale Shares after adjustment on completion was RMB85,187,765, and the amount of the Sale Debts was RMB32,000,000.

Within 6 years from the Completion Date, if the Target Company (or its related company, the "Listing Vehicle") initiates the last round of financing (as approved by the Company and the Listing Vehicle) before the application for a qualified listing (the "Pre-IPO Financing"), the Company shall have the option (the "Option") to participate in the Pre-IPO Financing on a preferential basis based on 88% of the valuation of the Listing Vehicle prior to the Pre-IPO Financing, so as to acquire up to 20% of the total share capital of the Listing Vehicle on a fully diluted basis after completion of the Pre-IPO Financing. If the Company exercises the Option, the Target Company and the Purchaser shall procure the Listing Vehicle to issue corresponding shares to the Company in accordance with the relevant provision in the Sale and Purchase Agreement. As at December 31, 2023, the directors of the Company considered the fair value of the Option was immaterial due to the development of the Target Group was at its early stage.

36 Disposal of subsidiaries classified as discontinued operations (Continued)

(b) Financial performance and cashflow information

The financial performance and the cash flow information for the period from January 1, 2023 to May 10, 2023 and for the year ended December 31, 2022 from the Target Group are set out below:

	From January 1, 2023 to May 10, 2023 RMB'000	Year ended December 31, 2022 RMB'000
Revenue	**12,908**	36,404
Cost of revenue	**(11,863)**	(33,774)
Selling and marketing expenses	**(4,595)**	(18,518)
Research and development expenses	**(1,417)**	(5,895)
Administrative expenses	**(9,435)**	(27,435)
Other items	**140**	(42)
Loss before income tax	**(14,262)**	(49,260)
Income tax expenses	**–**	–
Loss for the period	**(14,262)**	(49,260)
Net cash inflow/(outflow) from operating activities	**38,565**	(29,965)
Net cash inflow/(outflow) from investing activities (for the period from January 1, 2023 to May 10, 2023 includes an inflow of RMB55,671,000 from the sale of the Target Group)	**39,559**	(46,892)
Net cash (outflow)/inflow from financing activities	**(410)**	79,448
Net increase in cash generated by the Target Group	**77,714**	2,591
Loss from discontinued operations attributable to equity owners of the Company (RMB'000)	**(14,262)**	(49,260)
Weighted average number of shares in issue	**931,349,092**	933,457,707
Basic and diluted loss per share from discontinued operation (in RMB) (i)	**(0.02)**	(0.05)

(i) For the year ended December 31, 2023, the Employee Incentive Scheme has potential dilutive effect on the EPS. The discontinued operation incurred losses for the year ended December 31 2023. As the potential ordinary shares would be anti-dilutive, they were not included in the calculation of dilutive loss per share. Accordingly, dilutive loss per share from discontinued operation for the year ended December 31, 2023, was the same as the basic loss per share for the year.

For the year ended December 31, 2022, the Company had no category of dilutive potential ordinary shares, thus, diluted loss per share from discontinued operation for the year ended December 31, 2022, was the same as the basic loss per share from discontinued operation for the year.

36 Disposal of subsidiaries classified as discontinued operations (Continued)

(c) Details of the sale of the Target Group

	Year ended December 31, 2023 RMB'000
Consideration received:	
Cash	**85,188**
Carrying amount of net assets sold	**(85,188)**
Loss on sale before income tax	**–**
Income tax expense	**–**
Loss on sale after income tax	**–**
Net cash inflows arising on disposal:	
Cash consideration received	**85,188**
Less: total cash and cash equivalents disposed of	**(29,517)**
Net cash inflows	**55,671**

37 Related party transactions

(a) Names and relationships with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Members of key management and their close family members of the Group are also considered as related parties.

37 Related party transactions (Continued)

(a) Names and relationships with related parties (Continued)

Save as disclosed in note 20, 36 and 43 of this report, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the years ended December 31, 2023 and 2022:

Name of related parties	Relationship with the Group
SF Taisen	Parent company
SF Holding	Intermediate holding company
Mingde Holding	Ultimate holding company
Subsidiaries of SF Holding	Companies controlled by SF Holding
Subsidiaries of Mingde Holding	Companies controlled by Mingde Holding
Tianjin Wulianshuntong Supply Chain Management Co., Ltd.	Joint venture of SF Holding
Shenzhen Shenghai Information Service Co., Ltd.	Joint venture of SF Holding
Beijing Shunhetongxin Technology Co., Ltd.	Joint venture of SF Holding
CR-SF International Express Co., Ltd.	Joint venture of SF Holding
Shenzhen Shun Jie Feng Da Express Co., Ltd.	Associated company of SF Holding

(b) Key management compensation

Key management includes directors and supervisors and the senior management of the Group.

The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	**8,992**	9,132
Share-based compensation expenses	**2,430**	–
Fees	**996**	910
Pension costs – defined contribution plans	**216**	224
Other employee benefits	**333**	335
	12,967	10,601

37 Related party transactions (Continued)

(c) Significant transactions with related parties

	Year ended December 31, 2023 RMB'000	2022 RMB'000
Intra-city on-demand delivery business and other business revenue		
– Subsidiaries of SF Holding	**5,029,395**	3,698,097
– Others	**3,648**	2,452
	5,033,043	3,700,549
Comprehensive services and material purchasing fee (Note i)		
– Subsidiaries of SF Holding	**63,653**	93,363
– Others	**401**	53
	64,054	93,416
Rental expense		
– Subsidiaries of SF Holding	**1,344**	6,858
Interest income of deposits (Note ii)		
– Subsidiaries of SF Holding	**926**	261
Outsourcing services and labour safety supplies purchasing fee		
– Subsidiaries of SF Holding	**1,081**	857
– Others	**236**	389
	1,317	1,246

Note i: Comprehensive services and material purchasing fee mainly include the costs and expenses of technical services, call centre services and integrated support services.

Note ii: During the year ended December 31, 2023, the Company entered into the Financial Service Agreement with SF Finance, pursuant to which SF Finance provides the Group with deposits and related services and entrusted loan services in the PRC to the members of the Group.

Note iii: Transactions with related companies are determined based on terms mutually agreed between the relevant parties.

37 Related party transactions (Continued)

(d) Balances with related parties

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Cash deposited in related party (Note 25(ii))		
– Subsidiaries of SF Holding	**84,940**	73,122
Trade receivables from related parties (Note 23)		
– Subsidiaries of SF Holding	**677,457**	582,401
– Others	**842**	1,451
	678,299	583,852
Prepayments to related parties		
– Subsidiaries of SF Holding	**267**	446
Trade payables to related parties (i)		
– Subsidiaries of SF Holding	**17,004**	18,241
– Others	**231**	72
	17,235	18,313
Lease liabilities to related parties		
– Subsidiaries of SF Holding	**9,627**	14,251
– Subsidiaries of Mingde Holding	**2,636**	2,898
	12,263	17,149
Contract liabilities from related parties (Note 32)		
– Subsidiaries of SF Holding	**223**	180
– Others	**31**	–
	254	180
Amounts due from related parties (ii)		
– Subsidiaries of SF Holding	**40,585**	66,733
– Others	**24**	207
	40,609	66,940
Amounts due to related parties (iii)		
– Subsidiaries of SF Holding	**450**	4,480
– Others	**146**	–
	596	4,480

37 Related party transactions (Continued)

(d) Balances with related parties (Continued)

(i) Trade payables to related parties are granted with a credit period of 30 days.

(ii) The Company entered into the Fund Collection Service Framework Agreement with SF Holding on November 19, 2021, pursuant to which SF Holding and/or its subsidiaries will provide fund collection service to the Group. According to the agreement, SF Holding and/or its subsidiaries do not charge any commission fee for the transactions. As at December 31, 2023 and 2022, the balances were unsecured, interest-free, and collectible on demand.

(iii) As at December 31, 2023 and 2022, the balances were unsecured, interest-free, and repayable on demand.

38 Commitments

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Within 1 year	**739**	2,765
Between 1 to 2 years	**–**	320
	739	3,085

Significant capital expenditure contracted for at the end of the years but not recognised as liabilities are as follows:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Investment accounted for using equity method	**25,000**	35,000

39 Contingency

As at December 31, 2023 and 2022, the Group did not have any material contingent liabilities.

40 Subsequent events

From January 1, 2024 to the date of this report, the Company had repurchased an aggregate of 6,530,600 shares of the Company at an aggregate consideration of approximately HK$66,601,000.

Save as disclosed above, the Group had no other material events during the period from January 1, 2024 to the approval date of the consolidated financial statements by the Board of Directors on March 26, 2024.

41 Subsidiaries

The Company's major subsidiaries at December 31, 2023 are set out below. The subsidiaries have share capital consisting solely of ordinary shares that are held directly or indirectly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of subsidiaries	Place of incorporation and kind of legal entity	Registered capital/ paid-in capital	Ownership interest held by the group		Principal activities and place of operation
			2023	2022	
Directly held:					
Shenzhen SF Intra-city Logistics Co., Ltd. (深圳市順豐同城物流有限公司)	PRC, Limited liability company	RMB3,420,000,000/ RMB3,382,594,716	**100%**	100%	Third party on-demand delivery services in PRC
Shenzhen Zhongplus Internet Technology Co., Ltd. (深圳市眾普拉斯網絡科技有限公司)	PRC, Limited liability company	RMB39,215,686/ RMB2,000,000	**100%**	100%	Information technology services in PRC
Shanghai Fengpai Supply Chain Management Co., Ltd. (上海豐湃供應鏈管理有限公司)	PRC, Limited liability company	RMB70,000,000/ RMB70,000,000	**100%**	100%	Third party on-demand delivery services in PRC
Beijing Shunda Tongxing Technology Co., Ltd. (北京順達同行科技有限公司)	PRC, Limited liability company	RMB800,000,000/ RMB600,000,000	**100%**	100%	Software development and information technology services in PRC
SF Intra-city Holding Limited	HK, Limited liability company	USD30,000,000/ USD30,000,000	**100%**	100%	Investment holding in PRC
Shenzhen Fengsuqihang Technology Co., Ltd (深圳市豊速啓航科技有限公司)	PRC, Limited liability company	RMB1,000,000/ Nil	**100%**	100%	Information technology services in PRC
Indirectly held:					
Suzhou Fengpai Technology Co., Ltd (蘇州豊湃科技有限公司)	PRC, Limited liability company	RMB5,000,000/ RMB700,000	**100%**	100%	Third party on-demand delivery services in PRC
Tianjin Fengpai Technology Co., Ltd (天津豊湃科技有限公司)	PRC, Limited liability company	RMB10,000,000/ RMB400,000	**100%**	100%	Information technology services in PRC
SF Intra-city (Hong Kong) Limited	HK, Limited liability company	HK$10,000/ Nil	**100%**	100%	Third party on-demand delivery services in PRC

42 Statement of financial position and reserves movements of the Company

(a) Company statement of financial position

	Notes	As at December 31, 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Financial assets at fair value through other comprehensive income		**–**	2,411
Investment in the subsidiaries		**4,556,443**	4,489,475
Deferred income tax assets		**4,872**	–
Total non-current assets		**4,561,315**	4,491,886
Current assets			
Other receivables and prepayments		**12,177**	11,558
Amounts due from related parties		**1,811**	2,974
Financial assets at fair value through profit or loss		**201,136**	601,565
Cash and cash equivalents		**1,868,488**	1,429,536
Contribution to Share Scheme Trust		**6,834**	–
Total current assets		**2,090,446**	2,045,633
Total assets		**6,651,761**	6,537,519
EQUITY			
Equity attributable to owners of the Company			
Share capital		**933,458**	933,458
Share premium		**4,161,560**	4,161,560
Treasury shares		**(39,279)**	–
Shares held for employee share scheme		**(52,370)**	–
Other reserves	42(b)	**402,614**	395,220
Accumulated losses	42(b)	**(405,727)**	(160,814)
Total equity		**5,000,256**	5,329,424
LIABILITIES			
Current liabilities			
Trade payables		**16,084**	33,503
Other payables and accruals		**4,071**	4,038
Amounts due to related parties		**1,631,350**	1,170,554
Total current liabilities		**1,651,505**	1,208,095
Total liabilities		**1,651,505**	1,208,095
Total equity and liabilities		**6,651,761**	6,537,519

The statement of financial position of the Company was approved by the Board of Directors on March 26, 2024 and was signed on its behalf:

Sun Haijin
Director

Chan Hey Man
Director

42 Statement of financial position and reserves movements of the Company (Continued)

(b) Reserves movements of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
Balance as at January 1, 2023	**395,220**	**(160,814)**
Equity-settled share-based payments (Note 9)	**6,805**	**–**
Transfer to accumulated losses (Note 20)	**589**	**(589)**
Loss for the year	**–**	**(244,324)**
Balance as at December 31, 2023	**402,614**	**(405,727)**
Balance as at January 1, 2022	395,809	(149,622)
Change in fair value of financial assets at fair value through other comprehensive income	(589)	–
Loss for the year	–	(11,192)
Balance as at December 31, 2022	395,220	(160,814)

43 Benefits and interests of directors and supervisors

(a) Directors' and supervisors' emoluments

Remuneration of directors and supervisors during the years ended December 31, 2023 and 2022 were as follows:

	Fees	Salaries and wages	Share-based compensation expense	Allowances and benefits in kind	Employer's contribution to retirement benefit plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2023						
Executive directors (i)						
Mr. Sun Haijin (Chairman and Chief Executive Officer)	–	2,331	–	62	38	2,431
Mr. Chan Hey Man	–	1,436	2,430	1	5	3,872
Mr. Chen Lin	–	2,211	–	146	95	2,452
Mr. Tsang Hoi Lam	–	524	–	–	2	526
Non-executive Directors (ii)						
Ms. Li Juhua	–	–	–	–	–	–
Mr. Han Liu	–	–	–	–	–	–
Mr. Li Qiuyu	–	–	–	–	–	–
Mr. Geng Yankun	–	–	–	–	–	–
Mr. Chan Fei	–	–	–	–	–	–
Mr. Xu Zhijun	–	–	–	–	–	–
Independent non-executive Directors						
Mr. Chan Kok Chung, Johnny	249	–	–	–	–	249
Mr. Wong Hak Kun	249	–	–	–	–	249
Mr. Zhou Xiang	249	–	–	–	–	249
Ms. Huang Jing	249	–	–	–	–	249
Supervisors (iii)						
Mr. Yang Zunmiao	–	–	–	–	–	–
Ms. Gao Yuan	–	–	–	–	–	–
Mr. Wu Guozhong	–	–	–	–	–	–
Ms. Su Xiaohui	–	1,080	–	62	38	1,180
Total	996	7,582	2,430	271	178	11,457

43 Benefits and interests of directors and supervisors (Continued)

(a) Directors' and supervisors' emoluments (Continued)

	Fees	Salaries and wages	Share-based compensation expense	Allowances and benefits in kind	Employer's contribution to retirement benefit plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2022						
Executive directors						
Mr. Sun Haijin (Chief Executive Officer)	–	2,331	–	68	48	2,447
Mr. Tsang Hoi Lam	–	2,097	–	2	7	2,106
Mr. Chen Lin	–	2,214	–	142	92	2,448
Non-executive Directors						
Mr. Chan Fei (Chairman)	–	–	–	–	–	–
Mr. Xu Zhijun	–	–	–	–	–	–
Mr. Li Qiuyu	–	–	–	–	–	–
Mr. Han Liu	–	–	–	–	–	–
Independent non-executive Directors (iv)						
Mr. Chan Kok Chung, Johnny	258	–	–	–	–	258
Mr. Wong Hak Kun	258	–	–	–	–	258
Mr. Zhou Xiang	258	–	–	–	–	258
Ms. Huang Jing	136	–	–	–	–	136
Supervisors						
Mr. Yang Zunmiao	–	–	–	–	–	–
Mr. Wu Guozhong	–	–	–	–	–	–
Ms. Su Xiaohui	–	1,080	–	62	38	1,180
Total	910	7,722	–	274	185	9,091

(i) Mr. Tsang Hoi Lam has resigned as an executive director of the Company with effect from March 29, 2023. Mr. Chan Hey Man was appointed as an executive director of the Company in April 2023. The remuneration disclosed above of Mr. Chan Hey Man only included amounts related to the period of service after he was appointed as the executive director.

(ii) Mr. Chan Fei has resigned as a non-executive director and Chairman of the Board with effect from November 30, 2023. Mr. Xu Zhijun has resigned as a non-executive director of the Company with effect from August 28, 2023. Mr. Geng Yankun was appointed as the non-executive director of the company in September 2023. Ms. Li Juhua was appointed as the non-executive director of the Company in November 2023.

43 Benefits and interests of directors and supervisors (Continued)

(a) Directors' and supervisors' emoluments (Continued)

(iii) Mr. Yang Zunmiao has resigned as a supervisor of the Company with effect from April 19, 2023. Ms. Gao Yuan was appointed as a supervisor of the Company in April 2023.

(iv) Ms. Huang Jing was appointed as the Company's independent non-executive director in June 2022.

(v) No emoluments have been paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office or no director waived or agreed to waive any emoluments during the years ended December 31, 2023 and 2022.

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended December 31, 2023 and 2022.

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available directors' services during the years ended December 31, 2023 and 2022.

(d) Information about loans, quasi-loans or other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings were entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2023 and 2022.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2023 and 2022.

Financial Summary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000 (Restated)(i)	**RMB'000**
Revenue	2,107,014	4,843,366	8,173,953	10,228,787	**12,387,416**
Gross (loss)/profit	(336,205)	(188,506)	94,809	410,727	**794,740**
(Loss)/profit before income tax	(582,951)	(784,190)	(902,586)	(239,587)	**62,589**
(Loss)/profit for the year	(469,795)	(757,677)	(898,851)	(286,903)	**50,595**
(Loss)/profit attributable to owners of the Company	(469,795)	(757,677)	(898,851)	(286,903)	**50,595**
Total comprehensive (loss)/income for the year	(469,795)	(757,677)	(898,851)	(292,906)	**49,337**
Total comprehensive (loss)/income for the year attributable to owners of the Company	(469,795)	(757,677)	(898,851)	(292,906)	**49,337**

(i) Shanghai Fengzan Technology Co., Ltd. and its subsidiaries, wholly owned subsidiaries of the Company, the principal activities of which were online group catering platform and delivery services, were disposed of in May 2023. As a result of the disposal, the amounts of continuing operations were presented in the consolidated statement of comprehensive income for the years ended December 31, 2023 and 2022.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS					
Non-current assets	246,883	326,489	375,555	677,218	**419,042**
Current assets	691,976	1,087,031	3,833,360	3,425,455	**3,780,649**
Total assets	938,859	1,413,520	4,208,915	4,102,673	**4,199,691**
LIABILITIES					
Non-current liabilities	18,467	25,714	20,505	17,311	**11,483**
Current liabilities	1,036,779	1,022,342	878,967	1,068,825	**1,207,114**
Total liabilities	1,055,246	1,048,056	899,472	1,086,136	**1,218,597**
EQUITY					
Equity attributable to owners of the Company	(116,387)	365,464	3,309,443	3,016,537	**2,981,094**
Total (deficits)/equity	(116,387)	365,464	3,309,443	3,016,537	**2,981,094**
Total (deficits)/equity and liabilities	938,859	1,413,520	4,208,915	4,102,673	**4,199,691**

"AI"	artificial intelligence
"active consumer(s)"	refers to the number of unique consumer accounts that purchase a particular service at least once during the prescribed period
"active merchant(s)"	refers to the number of unique merchant accounts that purchase a particular service at least once during the prescribed period
"active rider(s)"	refers to the number of unique rider(s) who fulfil at least one order during the prescribed period
"average delivery distance"	refers to the average delivery distance per order of intra-city delivery during the prescribed period, and last-mile delivery orders are not included
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which has become effective on September 28, 2023
"Audit Committee"	the audit committee of our Company
"Award Letter"	a letter from the Company to the Grantees involving matters including (i) the name of the Grantee; (ii) the Trust Benefit Units granted; (iii) the vesting criteria and conditions; (iv) the vesting date(s); and (v) other terms and conditions to be determined by the Board and/or the Delegatee that are not inconsistent with the Employee Incentive Scheme
"Board" or "Board of Directors"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only, except where the context requires, references in this annual report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"CLS"	City Logistics System. This system utilises big data analytics and AI technologies, featuring core functions including business forecast and planning, integrated order recommendation and dispatching and real-time operation monitoring
"Company", "our Company" or "SF Intra-city"	Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司), a joint stock company with limited liability established under the laws of the PRC on June 21, 2019
"Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wang Wei, Mingde Holding, SF Holding, SF Taisen, SF Holding (HK) Limited, SF Technology, Intra-city Tech and Celestial Ocean Investment Limited, as the case may be
"county areas"	refer to areas which are not municipal districts in lower-tier cities and counties, including county cities, counties, banners, autonomous banners, and forest areas

Definitions

"Credit Customers"	certain existing customers who have entered into Master Service Agreements with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products SF Holding Group and/or its associates offers
"crowd-sourced riders"	the riders engaged by the outsourcing firms as contractors. Through a form of flexible employment, crowd-sourced riders do not have employment relationship with us or the outsourcing firms, can accept orders during random hours a day as a part-time job, and can choose to accept delivery tasks from other platforms
"CSRC"	the China Securities Regulatory Commission of the PRC
"Delegatee(s)"	the Board committee(s) and/or person(s) delegated by the Board
"Directors"	the directors of our Company
"Eligible Participant(s)"	any full-time PRC or non-PRC employee of any members of the Group, who is a Director, Supervisor, senior management or employee of the Group; however, no individual, who is resident in a place where the grant, acceptance or vesting of Trust Benefit Units pursuant to the Employee Incentive Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board and/or the Delegatee, in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Employee Incentive Scheme and such individual shall therefore be excluded therefrom
"Employee Incentive Scheme"	the employee incentive scheme of the Company as approved by the Shareholders at the extraordinary general meeting held on April 19, 2023
"fulfillment in-time rate"	a ratio calculated by the number of orders that are delivered to the right recipients in time divided by the total number of orders placed
"Global Offering"	the offer of Shares for subscription as described in the Prospectus
"Grantee(s)"	Eligible Participants who are eligible to participate in the Employee Incentive Scheme and have been granted Trust Benefit Units
"Group", "our Group", "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"HKEx", "Stock Exchange" or "Hong Kong Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange and subscribed for and traded in HKD

"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"intra-city on-demand delivery"	on-demand delivery within a particular city region
"Intra-city On-demand Delivery Service Cooperation Framework Agreement"	the intra-city on-demand delivery service cooperation framework agreement that the Company and SF Holding entered into on November 19, 2021, pursuant to which the Group provides intra-city on-demand delivery services to SF Holding and/or its associates under certain scenarios. In light of the expiration of the Intra-city On-demand Delivery Service Cooperation Framework Agreement on December 31, 2023, the Board resolved on October 19, 2023 to renew the existing agreement for a term of 3 years effective from January 1, 2024, which was approved at the 2023 third extraordinary general meeting held on November 30, 2023. For details of the renewal, please refer to the announcement of the Company dated October 19, 2023 and the circular of the Company dated November 14, 2023
"Intra-city Tech"	Beijing SF Intra-city Technology Co., Ltd. (北京順豐同城科技有限公司), a limited company incorporated in the PRC, one of our Controlling Shareholders
"Listing"	the listing of our H Shares on the Main Board of the Stock Exchange
"Listing Date"	December 14, 2021
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"local e-commerce"	generally cover delivery of 3C Electronics, apparel, jewelry and cosmetics etc.
"local retail"	generally cover delivery of fresh produce, flowers, cakes and desserts and other groceries
"local services"	generally cover personal errands service and task-based government and enterprise services, etc.
"lower-tier cities and counties"	the cities and counties that are in the third tier or below
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from, and operated in parallel with, GEM of the Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas《關於執行到境外上市公司章程必備條款的通知》, as amended, supplemented or otherwise modified, for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas (including Hong Kong), which were promulgated by the former Securities Commission of the State Council (國務院證券委員會) and the former State Commission for Restructuring them Economic Systems (國家經濟體制改革委員會) on August 27, 1994, and repealed by The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies《境內企業境外發行證券和上市管理試行辦法》

Definitions

"Master Service Agreements"	the master service agreements entered into between the Credit Customers and SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products SF Holding Group and/or its associates offers
"Mingde Holding"	Shenzhen Mingde Holding Development Co., Ltd. (深圳明德控股發展有限公司), a company incorporated in the PRC, one of our Controlling Shareholders
"Model Code"	Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"Net Value of Trust Property"	the residual amount of the Total Value of Trust Property after deducting the fees and liabilities (if any) incurred under the Trust and the Trust Agreement between the Company and the Trustee
"Ningbo Shunxiang"	Ningbo Shunxiang Tongcheng Venture Capital Investment Partnership (Limited Partnership) (寧波順享同成創業投資合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Controlling Shareholders before May 26, 2023. After the Voting Power Entrustment Agreement was terminated on May 26, 2023, Ningbo Shunxiang is no longer one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of our Company
"non-food delivery scenarios"	local consumption scenarios that are unrelated to food delivery scenarios, mainly comprising local retail, local e-commerce and local services.
"Prospectus"	the prospectus of the Company issued in connection with the Global Offering
"Reporting Period"	the period from January 1, 2023 to December 31, 2023
"Remuneration Committee"	the remuneration committee of our Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SF Finance"	SF Holding Group Finance Co., Ltd. (順豐控股集團財務有限公司), a limited company incorporated in the PRC, a wholly owned subsidiary of SF Taisen
"SF Holding"	S.F. Holding Co., Ltd. (順豐控股股份有限公司), a joint stock company established in the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002352), one of our Controlling Shareholders
"SF Holding Group"	SF Holding and its subsidiaries
"SF Holding (HK) Limited"	SF Holding (HK) Limited, a limited company incorporated in Hong Kong, one of our Controlling Shareholders
"SF Taisen"	Shenzhen S.F. Taisen Holding (Group) Co., Ltd. (深圳順豐泰森控股(集團)有限公司), a limited company established in the PRC, one of our Controlling Shareholders

"SF Technology"	SF Technology Co., Ltd. (順豐科技有限公司), a limited company incorporated in the PRC, one of our Controlling Shareholders
"Shanghai Fengpai"	Shanghai Fengpai Supply Chain Co., Ltd. (上海豐湃供應鏈有限公司), a limited company incorporated in the PRC, one of our subsidiaries
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Domestic Share(s) and H Share(s)
"Shareholders(s)"	holder(s) of our Share(s)
"Shenzhen Intra-city"	Shenzhen SF Intra-city Logistics Co., Ltd. (深圳市順豐同城物流有限公司), a limited company incorporated in the PRC, one of our subsidiaries
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Shunda Tongxing"	Beijing Shunda Tongxing Technology Co., Ltd. (北京順達同行科技有限公司), a limited company incorporated in the PRC, one of our subsidiaries
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee" or "Board of Supervisors"	the supervisory committee of our Company
"third-party on-demand delivery service"	an on-demand delivery service that fulfills orders acquired from non-related parties or parties unaffiliated with centralised marketplaces
"Tianwo Kangzhong"	Ningbo Meishan Free Trade Port Zone Tianwo Kangzhong Enterprise Management Partnership (Limited Partnership) (寧波梅山保稅港區天沃康眾企業管理合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Shareholders
"Tonglu Zhiyuan"	Shenzhen Tonglu Zhiyuan Investment Co., Ltd (深圳市同路致遠投資有限公司), a limited company incorporated in the PRC, one of our Shareholders
"Total Value of Trust Property"	the sum of the value of the Trust Property under the Trust calculated by the Trustee in accordance with the valuation method provided in the Trust Agreement between the Company and the Trustee
"Trust"	the trust constituted under the Trust Agreement entered into between the Company and the Trustee pursuant to the Employee Incentive Scheme
"Trust Agreement"	the trust management agreement entered into between the Company and the Trustee pursuant to the Employee Incentive Scheme
"Trustee"	the trustee appointed by the Company for the purpose of the Trust, which shall be an independent third party

Definitions

"Trust Benefit Unit(s)"	unit(s) of beneficial rights under the Trust as granted to the Grantees by the Board and/or the Delegatee and as divided by the Trustee
"Trust Property"	the sum of the funds under the Employee Incentive Scheme and the property gains and losses from the Target Shares invested and the management of the Trust
"Unlisted Domestic Share(s)"	unlisted ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Unlisted Foreign Share(s)"	unlisted ordinary share(s) of RMB1.00 each in the share capital of our Company other than the Unlisted Domestic Shares
"Unlisted Share(s)"	unlisted ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising Unlisted Domestic Share(s) and Unlisted Foreign Share(s)
"USD"	United States dollars, the lawful currency of the United States of America
"Voting Power Entrustment Agreement"	the voting power entrustment agreement entered into between Ningbo Shunxiang and SF Taisen, pursuant to which Ningbo Shunxiang entrusted SF Taisen to exercise the voting rights attached to all the Shares held by Ningbo Shunxiang. The same was terminated on May 26, 2023 pursuant to the Voting Power Entrustment Termination Agreement entered into between SF Taisen and Ningbo Shunxiang
"Voting Power Entrustment Termination Agreement"	the voting power entrustment termination agreement entered into between SF Taisen and Ningbo Shunxiang on May 26, 2023, pursuant to which SF Taisen ceased to be entrusted to exercise the voting power attached to the Shares held by Ningbo Shunxiang on behalf of Ningbo Shunxiang
"Yinghe Fengrui"	Ningbo Yinghe Fengrui Venture Capital Investment Partnership (Limited Partnership) (寧波盈和豐瑞創業投資合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Shareholders

杭州順豐同城實業股份有限公司

HANGZHOU SF INTRA-CITY INDUSTRIAL CO., LTD.

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