

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



2024 | SF Intra-city
INTERIM REPORT



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Corporate Information



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

45F, Media Finance Center

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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Chenchuang Building
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Gongshu District, Hangzhou City
Zhejiang Province
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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No. 3076 Xinghai Road
Nanshan District
Shenzhen City
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

Management Discussion and Analysis



BUSINESS REVIEW

Overview

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

In the first half of 2024, we were committed to the business goal of achieving “high-quality and healthy growth”, seeking progress while maintaining stability. Leveraging our in-depth industry insights of the local lifestyle services, nationwide flexible delivery network and innovative digital intelligence, we delivered high-value products and quality services to our customers and also improved our own operational efficiency and optimized operating costs. This has solidified our competitive advantages, characterized by our positioning as a neutral and open platform, and our core focus on providing high-quality comprehensive on-demand delivery services across scenarios.

During the Reporting Period, the revenue from continuing operations achieved healthy growth, increasing from RMB5,749.2 million in the first half of 2023 to RMB6,878.5 million in the first half of 2024, representing a growth of 19.6%, with the order volume significantly increased by more than 30% compared to the same period last year. The revenue from intra-city delivery service grew by 19.2% from RMB3,388.0 million in the first half of 2023 to RMB4,038.0 million in the first half of 2024. The revenue from last-mile delivery service increased by 20.3% from RMB2,361.2 million in the first half of 2023 to RMB2,840.5 million in the first half of 2024. The table below provides a breakdown of our revenue:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing Operations		
Intra-city on-demand delivery service	6,878,470	5,749,191
Intra-city delivery service	4,037,955	3,387,992
(1) To Merchants (<i>i.e. to B</i>)	2,874,085	2,418,746
(2) To Consumers (<i>i.e. to C</i>)	1,163,870	969,246
Last-mile delivery service	2,840,515	2,361,199
Total	6,878,470	5,749,191

During the Reporting Period, our profit performance reached a historical high attributing to: (i) our strong adherence to the business goal of healthy and high-quality growth, with order volume significantly increased by more than 30% compared to the same period last year, driving the growth of revenue and further unleashing the benefits of economies of scale and network effects; (ii) optimization of business structure, with increased contributions to revenue from premium customers; and (iii) technological advancements and lean management driving operational quality and efficiency, improving operating performance, maintaining gross profit margins and expense ratios at healthy level and boosting profitability. For the six months ended June 30, 2024, our gross profit from continuing operations reached RMB473.3 million with a gross profit margin of 6.9%, marking an increase from the gross profit of RMB383.4 million and a gross profit margin of 6.7% for the same period last year respectively. For the six months ended June 30, 2024, our net profit attributable to owners of the Company and net profit margin were RMB62.2 million and 0.9% respectively, net profit doubled year-on-year with an increase of 105.1%, exceeding the overall net profit level of 2023, setting a new historical record high. In the first half of 2024, we also achieved a cash inflow from operating activities of RMB99.2 million, marking a year-on-year increase of 189.0%. As of June 30, 2024, our cash and cash equivalents and short-term financial investments were RMB1,452.7 million and RMB912.5 million respectively, indicating a healthy cash flow and ample fund reserves.

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

Intra-city Delivery

Our revenue from intra-city delivery service increased by 19.2% from RMB3,388.0 million in the first half of 2023 to RMB4,038.0 million in the first half of 2024, with such healthy growth attributed to: (i) robust demand for food delivery services, with consumers expanding the habit of on-demand delivery into retail consumption scenarios, resulting in a rapid growth in non-food delivery scenarios², recording a 32.4% year-on-year increase in revenue to RMB1,665.6 million in the first half of 2024; (ii) our comprehensive capabilities in logistics infrastructure which enabled us to provide professional and high-quality on-demand delivery services to diverse customers, deepening our cooperation with key account (“KA”) customers and major traffic platforms, expanding the scale of active merchants and consumers; (iii) dedicated expansion in lower-tier cities and counties³, which has further strengthened market penetration in county areas⁴, whereby county-level revenue which grew by 51% year-on-year in the first half of 2024; (iv) our hour-level delivery network which effectively met the accelerating timeliness of intra-city express delivery; and (v) the adoption of flexible pricing strategies which enhanced our product competitiveness.

Intra-city Delivery for Merchants

We empower merchants with an open and inclusive on-demand delivery network and professional, efficient and comprehensive delivery solutions, in order to maintain extensive cooperation with merchants. After the optimization of the business structure and the expansion of the base of cooperating merchants in the earlier stage, the revenue from intra-city delivery service for merchants has significantly improved and increased. During the Reporting Period, such revenue reached RMB2,874.1 million, representing a year-on-year growth of 18.8%.

In terms of merchant cooperation, we have capitalized on market opportunities driven by decentralization of traffic, effectively meeting the needs of various merchants and platforms. We continuously strengthen and consolidate our service advantages for KA customers, helping brand merchants expand their delivery service range in the process of store expansion and online operations, thereby supporting their business growth. Additionally, by optimizing our operational models under the premise of ensuring ultimate fulfillment, we help brand merchants to achieve cost reduction and efficiency improvement in terms of fulfillment. As a result, our market share in cooperation with top-tier customers consistently increased, maintaining our leading market share with an addition of over 6,000 new cooperating stores during the Reporting Period. We also improved our standardized service capability based on the customized demand of KA customers, thereby constantly building good business relations with many emerging chain customers and the number of brands we work with has been growing year by year. For small and medium-sized merchants, we have broadened the access channels, simplified the onboarding process, optimized the merchant-side product experience, and improved the merchant benefits system, which effectively expanded the base of merchants and improved customer acquisition efficiency. We have also maintained close cooperation with various major traffic platforms, actively exploring new business models in local lifestyle services to meet all types of to home delivery needs on the platforms. Based on the actual operational needs of various segmented scenarios, we provide in-depth customization in operations and systems to improve order pick-up and fulfillment experiences for platform customers. For platform customers, our network plays an effective supplementary role in certain remote regions with weak delivery capacity, during peak order periods, and for some non-standard fulfillment needs. As of June 30, 2024, the active merchants⁵ in the past 12 months on the platform reached 550,000, with a year-on-year increase of 45%. Among them, KA customers showed robust growth momentum, with revenue from newly contracted customers achieving high double-digit growth and achieving enhanced business stability given the increasing proportion of chain customers.

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, counties and towns in the third tier or below.

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

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

Management Discussion and Analysis



In terms of scenario coverage, with the vigorous development of local retail industry, we have leveraged our multi-scenario capabilities to expand service scenarios and optimize product services around key categories. For example, we provided key service guarantees for tea beverage customers during summer and co-branding marketing campaigns. For supermarket delivery solutions, we integrated the capabilities of one-hour-delivery from warehouses or stores to customers and long-distance urban connections across the city, which has led to significant breakthroughs in cooperation with both national leading and regional chain supermarkets. We have also optimized fulfillment experience to cater to customers such as convenience stores and distributed mini warehouses. In the pharmaceutical sector, we focus on two core medical consumption scenarios, new pharmaceutical retail and internet hospitals, to enhance our order handling capacity. For enterprise services, we fully leverage the advantage of our rider resources to serve in flexible scenarios such as goods sorting, unloading and information collection. In the first half of 2024, revenue from tea and beverage delivery increased by 60% year-on-year, and retail categories such as supermarkets and convenience stores, cakes and bakeries, pharmaceuticals, and cosmetics achieved high double-digit year-on-year growth in revenue.

In terms of geographical coverage, we further strengthened the construction of our on-demand delivery network and service capabilities in lower-tier markets, providing more convenient on-demand delivery services for differentiated local lifestyle scenarios in counties. Along with the rise in brand chain store penetration and the formation of to-home service consumption habits, we have seen a large demand for on-demand home delivery services in the county-level regions we have already covered, with a continual growth in the scale of the existing user base. Building on this, we have also tried to launch various new scenario-based businesses in lower-tier counties and cities, effectively integrating fragmented local logistics resources. During the Reporting Period, we covered more than 1,200 counties throughout the country, reaching a county coverage rate of 68%, and the revenue from such areas increased by 51% year-on-year.

We have rapidly expanded and densified our nationwide delivery network, leading to an increase in business districts coverage and order density. The flexible network can swiftly accommodate diverse customers' needs, such as expanding the number of stores, enlarging the delivery range of stores and extending operating hours. During the Reporting Period, we strengthened operational efficiency in business districts around our top customers' stores, effectively addressing pain points such as peak order overload, long waiting times for meals, and idle personnel during off-peak hours. Both parties have been able to achieve cost reduction and efficiency improvement. The number of our profitable business districts increased, and we continuously upgraded the Store Manager Tool's functions and experience to ensure merchants can swiftly resolve delivery issues by contacting us instantly to expedite the problem-solving process. The flexibility of our delivery network remains significantly advantageous, maintaining service quality and stability even during special circumstances such as peak holiday periods and adverse weather conditions. Fluctuations in the fulfillment in-time rate during holidays and poor weather conditions were less than one and three percentage points, respectively. During the Reporting Period, the fulfillment in-time rate was approximately 95%, with an average delivery time of 22 minutes for orders within 3 kilometers.

We also strategically partnered with participants in the SF Holding Group's ecosystem to offer an integrated supply chain solution for customers by combining "warehousing + transport + intra-city on-demand delivery". Customers can choose suitable logistics products more conveniently given the integration of our resources and capabilities within the SF Holding Group, helping both us and the SF Holding Group in jointly expanding the customer base and enhancing customer loyalty. In the first half of 2024, the number of Credit Customers⁶ placing orders using the intra-city on-demand delivery service and their order frequency both increased significantly. The external incremental revenue brought by the Credit Customers, who we served together with SF Holding Group, recorded a year-on-year growth of 52% to RMB160.7 million.

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

Management Discussion and Analysis

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 the first half of 2024, the revenue from intra-city delivery for consumers grew by 20.1% year-on-year to RMB1,163.9 million, which was mainly due to: (i) the expansion of active consumer⁷ base and increase in customer repurchase driven by high-quality service experiences; (ii) diverse channels to access customers and achieving satisfactory growth in our proprietary intra-city business channels; and (iii) on-demand delivery effectively meeting the accelerating timeliness for intra-city express delivery and accelerating the penetration of our intra-city on-demand delivery services in intra-city express delivery users.

During the Reporting Period, we further enhanced our understanding of consumers and proactively captured new market opportunities. The demand for delivery services from individual customers under corporate scenarios has been further released along the formation of consumption habits. We focus on strengthening our service capabilities in central business districts (CBDs) and office areas, ensuring quality pick-up and delivery experiences and delivery safety by standardizing rider image, equipment, language, delivery packaging materials and delivery operations, etc., establishing industry service standards for high-end business customers. Through channel partnerships, we increased the reach to intra-city express delivery users, allowing consumers to choose “delivery within an hour” services on the user interface when placing orders, to meet the need for accelerating timeliness. We have also expanded the coverage distance of our “delivery within an hour” service. The order volume of “delivery within an hour” service quickly doubled during the Reporting Period, driving a strong year-on-year growth in revenue from this service.

We have proactively optimized our brand promotion and channel marketing strategies. As a result of strengthening our brand image and increasing consumer mindshare, we have witnessed robust business growth within our proprietary intra-city business channels. We have also intensified our collaboration with external channels, particularly in terms of new customer acquisition and joint marketing initiatives. Through a variety of ways such as discount promotions, community engagement programs, and platform collaboration campaigns, we have successfully enhanced both our customer acquisition efficiency and new user conversion rates. As the user base expands, we increasingly focus on improving service quality and implementing refined user operations, and optimizing the membership system to boost the retention and repurchasing rates of existing customers. As of June 30, 2024, the scale of active consumers in the past 12 months exceeded 21.9 million.

Last-Mile Delivery

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

In the first half of 2024, the revenue of last-mile delivery service recorded a year-on-year growth of 20.3% to RMB2,840.5 million, which mainly attributed to: (i) the steady increase in cooperation scale and delivery volume with major customers by fully leveraging the flexibility and cost advantages of our delivery network and working closely during peak order periods, holidays and e-commerce delivery; and (ii) revenue from intra-city express delivery scenarios such as “parcels collection” and “delivery within half a day” doubled compared to the same period last year, achieving rapid growth. Notably, for the parcels collection service, we have expanded service areas and strengthened synergies with major customers in capacity management, resulting in our daily average order pickup volume exceeding one million orders during the first half of 2024.

⁷ “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, and we have a flexible rider network to service the nationwide coverage. As our business has expanded, we have provided our riders with flexible income opportunities for a variety of scenarios, and we are committed to improving their income. For the 12 months ended June 30, 2024, our platform's annual active riders⁸ further expanded to over 970 thousand. With our strong network planning and rider management capabilities, rider productivity saw significant improvements during the Reporting Period, with the number of riders with medium-to-high level income increasing year-on-year by 20%. We also strictly implement our responsibilities as a platform by continuously expanding services to safeguard riders' rights and interests, and by providing our riders with professional empowerment and comprehensive support.

We attach great importance to our riders' platform experience, care & welfare, and rights protection. We listen to our riders, conduct regular rider satisfaction surveys, and address issues that concern riders. In the first half of 2024, we remain devoted to riders' welfare care, and established a dedicated grievance care fund of RMB5 million and organized over 5,000 offline caring events. We provided benefits such as red packets in Lunar New Year, summer cooling gifts, and free haircuts. We launched the "Your Grievances, I Listen" initiative on the rider app to collect opinions from all riders. Additionally, we recruited riders' care ambassadors and organized heart-to-heart meetings to help riders solve their difficulties. We have upgraded the rider incentive system by enriching benefits, and enhancing missions' attractiveness, in order to enhance their sense of identity and belonging to the platform. We fostered a positive community communication and cultural atmosphere and improved rider activity and retention rates.

We prioritise the safety and health of our riders. We regularly improve our safety policies by establishing standardized procedures for handling abnormal and risky events. 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 16% 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") has achieved collaborative response in the three core processes, including intelligent business planning and marketing management, integrated rider dispatch and intelligent order distribution, and intelligent operational optimization. Based on big data analysis and AI algorithms, the system can effectively predict order fluctuations, and comprehensively coordinate factors such as front-end sales and marketing strategy, rider distribution and dispatch, route planning, willingness to pick up and subsidies, waiting times at the store, and delivery times. The system optimally matches orders with riders in different industries, scenarios, and complex delivery networks.

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 system services to help merchants improve digital operational efficiency and generate revenue in the trend of decentralized traffic. During the Reporting Period, we focused on enhancing the capacity matching and delivery capabilities for medium and long-distance orders, improving the fulfillment efficiency of long-distance orders, and reducing delivery costs to better meet the citywide delivery needs of merchants.

For riders, we fully consider the availability and convenience of the delivery time and routes. While striving to ensure rider safety, we optimised the rationality of rider dispatching and route planning to improve the efficiency of matching riders with orders, to reduce delivery complexities and to help our riders effectively enhance 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 and offering personalized dispatch support to enhance the platform's care with technological backing.

⁸ "active rider(s)" refers to unique rider(s) who fulfil at least one order during the prescribed period.



Management Discussion and Analysis

We also continued to explore the commercial potential of smart logistics and unmanned delivery technology. During the Reporting Period, we launched pilot programs in several cities to explore unmanned vehicles delivery among transit hubs and local delivery outlets under our last mile delivery service. Meanwhile, we developed relevant technological capabilities to realize functions such as vehicle dispatch and operational monitoring. By analyzing actual fulfillment scenarios and leveraging data insights, we constantly refined operational strategies to enhance the efficiency and stability of unmanned vehicle deliveries and reduce operational costs. We aim to further expedite deployment with the long-term goal of making unmanned delivery as a complementary solution to our existing rider network, ultimately enhancing overall efficiency.

Outlook

Looking back at the first half of the year, we have been firmly rooting ourselves in the local lifestyle services industry, proactively identifying and capitalizing on evolving market demands and growth opportunities. As part of the intra-city delivery infrastructure, we have remained steadfast in executing our strategic plans, committed to serving every customer, supporting our riders in delivering every order. These focused efforts have culminated in favorable business results for our company.

From November 30, 2023 to July 26, 2024, based on market conditions, we have made a series of H share repurchases on the The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), with a total of 18,904,200 H Shares being repurchased, among which, 16,082,200 H Shares were cancelled on August 6, 2024, and 2,822,000 H Shares were retained as treasury shares by the Company. The repurchases demonstrated the Board’s confidence in the long term development prospects of our business, which ultimately benefit the Company and create value for our shareholders of the Company (the “**Shareholders**”).

We are pleased to announce that, based on the results of the quarterly review of the Hang Seng Family of Indexes announced by Hang Seng Indexes Company Limited on August 16, 2024, we have been included as a constituent stock of the Hang Seng Family of Indexes including the Hang Seng Composite Index in early September. Further, pursuant to the Notice of Adjustment of the Stock List of the Shanghai-Hong Kong Stock Connect 《關於滬港通下港股通標的調整的通知》 issued by the Shanghai Stock Exchange and the Announcement on Adjustment of the Stock List of the Shenzhen-Hong Kong Stock Connect 《關於深港通下的港股通標的證券名單調整的公告》 issued by the Shenzhen Stock Exchange on September 9, 2024, the Company has been included in the list of eligible securities under each of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programs in early September. The inclusion reflects the capital market’s recognition of the Group’s business performance and growth outlook.

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

Management Discussion and Analysis



FINANCIAL REVIEW

The following table sets forth the comparative figures for the six months ended June 30, 2023 and 2024.

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Continuing operations		
Revenue	6,878,470	5,749,191
Cost of revenue	(6,405,187)	(5,365,762)
Gross profit	473,283	383,429
Selling and marketing expenses	(101,610)	(92,837)
Research and development expenses	(51,240)	(41,248)
Administrative expenses	(277,630)	(240,180)
Other income	13,794	16,520
Other gains, net	9,870	6,877
Net impairment losses of financial assets	(3,835)	(4,003)
Operating profit	62,632	28,558
Finance income	18,737	19,375
Finance costs	(394)	(1,741)
Finance income, net	18,343	17,634
Share of loss of a joint venture accounted for using the equity method	(403)	(586)
Profit before income tax	80,572	45,606
Income tax expenses	(18,398)	(1,030)
Profit for the period from continuing operations	62,174	44,576
Discontinued operation		
Loss for the period from discontinued operation	–	(14,262)
Profit for the period	62,174	30,314
Profit for the period attributable to		
– Owners of the Company	62,174	30,314

Management Discussion and Analysis

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings per share for profit from continuing operations attributable to owners of the Company (expressed in RMB per share)		
– Basis earnings and diluted earnings per share (in RMB)	0.07	0.05
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)		
– Basis earnings and diluted earnings per share (in RMB)	0.07	0.03
Profit for the period	62,174	30,314
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	4,899	8,262
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	(16,581)	–
Other comprehensive income for the period, net of tax	(11,682)	8,262
Total comprehensive income for the period	50,492	38,576
Total comprehensive income for the period attributable to:		
– Owners of the Company	50,492	38,576
Total comprehensive income for the period attributable to owners of the Company arises from:		
Continuing operations	50,492	52,838
Discontinued operation	–	(14,262)
	50,492	38,576

Management Discussion and Analysis



Key Balance Sheet Items

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Total non-current assets	379,708	419,042
Total current assets	3,881,469	3,780,649
Total assets	4,261,177	4,199,691
Total non-current liabilities	7,387	11,483
Total current liabilities	1,347,709	1,207,114
Total liabilities	1,355,096	1,218,597
Total equity	2,906,081	2,981,094
Total equity and liabilities	4,261,177	4,199,691
Net current assets	2,533,760	2,573,535

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 six months ended June 30, 2023 and 2024 respectively.

	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Intra-city on-demand delivery service	6,878,470	5,749,191
Intra-city delivery service	4,037,955	3,387,992
(1) To Merchants (<i>i.e. to B</i>)	2,874,085	2,418,746
(2) To Consumers (<i>i.e. to C</i>)	1,163,870	969,246
Last-mile delivery service	2,840,515	2,361,199
Total	6,878,470	5,749,191

Management Discussion and Analysis

Revenue increased by 19.6% to RMB6,878.5 million for the six months ended June 30, 2024, compared to RMB5,749.2 million for the six months ended June 30, 2023, mainly due to (i) an increase in order volume and further leveraged economies of scale and network effect; (ii) the continuous pursuit of a healthy and high-quality development strategy, with business and customer structure continuing to improve; and (iii) increased efforts to tap into lower-tier markets and improved performance in niche markets to attract more high-quality customers.

Cost of Revenue

The following table sets forth our cost of revenue by category for the six months ended June 30, 2023 and 2024 respectively.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Labour outsourcing costs	6,293,403	5,268,351
Amortization of intangible assets	17,593	16,385
Cost of material	30,758	26,667
Employee benefit expenses	17,110	13,983
Depreciation of right-of-use assets	2,848	6,777
Depreciation of property, plant and equipment	1,051	786
Others	42,424	32,813
Total	6,405,187	5,365,762

Cost of revenue increased by 19.4% to RMB6,405.2 million for the six months ended June 30, 2024, compared to RMB5,365.8 million for the six months ended June 30, 2023, mainly due to an increase in business scale and order volume, which led to an increase in costs for delivery by riders.

Gross Profit and Margin

As a result of the foregoing, our gross profit and gross profit margin for the six months ended June 30, 2024, were RMB473.3 million and 6.9% respectively, compared to the gross profit and the gross profit margin of RMB383.4 million and 6.7% respectively for the six months ended June 30, 2023. The change in gross profit is mainly due to (i) further improved economies of scale driven by revenue growth; and (ii) enhanced operating quality and efficiency driven by technology and lean management.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 9.4% to RMB101.6 million for the six months ended June 30, 2024, compared to RMB92.8 million for the six months ended June 30, 2023, mainly due to an increase in promotion and advertising expenses with a view to raising our profile and brand image.

Research and Development Expenses

Our research and development expenses increased by 24.2% to RMB51.2 million for the six months ended June 30, 2024, compared to RMB41.2 million for the six months ended June 30, 2023, mainly due to an increase in research and development investment. See "Business Review – Our Technologies".

Management Discussion and Analysis



Administrative Expenses

Our administrative expenses increased by 15.6% to RMB277.6 million for the six months ended June 30, 2024, compared to RMB240.2 million for the six months ended June 30, 2023, mainly due to an increase in employee benefit expenses.

Other Income

Our other income decreased by 16.5% to RMB13.8 million for the six months ended June 30, 2024, compared to RMB16.5 million for the six months ended June 30, 2023, mainly due to a change in the policy on additional deductions for value added tax.

Finance Income, Net

Our finance income, net increased from RMB17.6 million for the six months ended June 30, 2023 to RMB18.3 million for the six months ended June 30, 2024, mainly due to a decrease in lease interest costs.

Income Tax Expenses

Our income tax expenses were RMB18.4 million for the six months ended June 30, 2024, mainly due to an increase of the profit for the period.

Profit for the Period and Net Profit Margin

As a result of the foregoing, we recorded a net profit and a net profit margin of RMB62.2 million and 0.9% respectively for the six months ended June 30, 2024, compared to a net profit and a net profit margin of RMB30.3 million and 0.5% respectively in the six months ended June 30, 2023.

Non-IFRS Accounting Standards Measure: Adjusted Net profit

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

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

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

Management Discussion and Analysis

The following table sets forth reconciliations of our adjusted net profit (non-IFRS Accounting Standards measure) for periods:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reconciliation of adjusted net profit (non-IFRS Accounting Standards measure)		
Net profit for the period	62,174	30,314
Add:		
Share-based compensation expenses	4,860	–
Adjusted net profit (non-IFRS Accounting Standards measure) (unaudited)	67,034	30,314

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 RMB1,452.7 million as of June 30, 2024, compared to the balance of RMB1,501.1 million as of June 30, 2023. The following table sets forth our cash flows for the periods indicated:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating cash flows before changes in working capital	95,228	52,714
Changes in working capital	(10,069)	(30,849)
Interest received	18,737	19,398
Income tax paid	(4,704)	(6,937)
Net cash generated from operating activities	99,192	34,326
Net cash (used in)/generated from investing activities	(411,040)	23,645
Net cash used in financing activities	(134,907)	(15,313)
Net (decrease)/increase in cash and cash equivalents	(446,755)	42,658
Cash and cash equivalents at the beginning of the period	1,898,743	1,458,024
Effects of exchange rate changes on cash and cash equivalents	725	386
Cash and cash equivalents at the end of the period	1,452,713	1,501,068

Management Discussion and Analysis



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 six months ended June 30, 2024, net cash generated from operating activities was RMB99.2 million, which was mainly attributable to our profit before income tax of approximately RMB80.6 million, as adjusted by: (i) non-cash and non-operating items, primarily comprising amortization and depreciation of assets and gain from fair value adjustments of financial assets of approximately RMB33.4 million, (ii) changes in working capital of approximately RMB10.1 million, and (iii) payment of income tax of approximately RMB4.7 million.

Net Cash Used in Investing Activities

For the six months ended June 30, 2024, net cash used in investing activities was RMB411.0 million, which was mainly attributable to our purchase of structured deposit products.

Net Cash Used in Financing Activities

For the six months ended June 30, 2024, net cash used in financing activities was RMB134.9 million, which was mainly attributable to our repurchase of the Company's shares.

Gearing Ratio

Our gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. As at June 30, 2024, given that the cash and cash equivalents exceed the aggregation of total borrowings and lease liabilities, gearing ratio is no longer calculated.

Financial Assets at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss increased from RMB516.8 million as of December 31, 2023 to RMB912.5 million as of June 30, 2024, mainly due to an increase in our purchased structured deposit products.

Borrowings

As of June 30, 2024, we did not have outstanding borrowing.

Capital Commitments

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

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Investments	26,882	25,000

Management Discussion and Analysis

Capital Expenditure

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Payment for intangible assets	25,714	39,070
Payment for property, plant and equipment	3,167	2,034
Total	28,881	41,104

Lease Commitments and Arrangements

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

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
With 1 year	286	739
Between 1 to 2 years	165	–
Between 2 to 3 years	38	–
	489	739

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the six months ended June 30, 2024, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Pledge of Assets

As of June 30, 2024, we did not have any pledge of assets.

Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities.

Future Plans for Material Investments and Capital Assets

As of June 30, 2024, we did not have other plans for material investments and capital assets.

Management Discussion and Analysis



MATERIAL EVENTS AFTER THE REPORTING PERIOD

Subsequent to the Reporting Period, the Company had repurchased an aggregate of 1,061,800 H Shares at an aggregate consideration of approximately HK\$11,644,000. Up to the date of this report, the Company has repurchased an aggregate of 18,904,200 H Shares, among which, 16,082,200 H Shares repurchased by the Company were cancelled on August 6, 2024 and 2,822,000 H Shares repurchased by the Company continue to be held by the Company as treasury shares.

Save as disclosed above, the Group had no other material events during the period from July 1, 2024 to the approval date of the condensed consolidated financial statements by the Board of Directors on August 28, 2024.

EMPLOYEES AND REMUNERATION POLICY

As at June 30, 2024, the Group had a total of 2,005 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.



Corporate Governance and Other Information

The Board is pleased to present this Corporate Governance Report covering the period from January 1, 2024 to June 30, 2024 (the “**Reporting Period**”).

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 (i.e., August 28, 2024), the Company has complied with all applicable principles of good corporate governance and code provisions of the CG Code, save for code provision C.2.1 of the CG Code, which requires that the responsibilities between the chairman and the chief executive officer (“**CEO**”) should be segregated and should not be performed by the same individual.

The Company will continue to monitor developments in the area 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.

In the Reporting Period, the roles of both the Chairman of the Board and the CEO of the Company were held by Mr. Sun Haijin. Notwithstanding not meeting code provision C.2.1, the Board believes that with the support of the management, vesting the roles of both Chairman and CEO by the same person can facilitate execution of the Group’s business strategies and boost effectiveness of its operation. In addition, under the supervision by the Board which currently consists of three executive Directors, four non-executive Directors and four independent non-executive Directors, the interest of the Shareholders will be adequately and fairly represented.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the Model Code as the Group’s code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors of the Group, all the Directors confirmed that they have strictly complied with the Model Code throughout the Reporting Period and up to the date of this report (i.e., August 28, 2024).

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.

Corporate Governance and Other Information

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 June 30, 2024, 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, 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 ⁽²⁾	Approximate percentage of shareholding in the total issued Shares of the Company
Sun Haijin	H Shares	Interest of controlled corporation ⁽³⁾	61,729,800 (L)	8.10%	6.61%
Chen Lin	H Shares	Others ⁽⁴⁾	7,815,431 (L)	1.03%	0.84%
Li Qiuyu	H Shares	Others ⁽⁵⁾	388,011 (L)	0.05%	0.04%
Su Xiaohui	H Shares	Others ⁽⁶⁾	2,267,498 (L)	0.30%	0.24%
Chan Hey Man	H Shares	Beneficial owner ⁽⁷⁾	1,000,000 (L)	0.13%	0.11%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) The calculation is based on the issued shares of the Company, comprised of 761,692,809 H Shares (including treasury shares) and 171,764,898 Unlisted Domestic Shares as at June 30, 2024.
- (3) Tonglu Zhiyuan is the general partner of Ningbo Shunxiang and was owned by Mr. Sun Haijin as to 99%. Ningbo Shunxiang is a beneficial owner of the Company.
- (4) Mr. Chen Lin is a limited partner of Ningbo Shunxiang and Yinghe Fengrui. Ningbo Shunxiang and Yinghe Fengrui are beneficial owners of the Company.
- (5) Mr. Li Qiuyu is a limited partner of Yinghe Fengrui and Tianwo Kangzhong. Yinghe Fengrui and Tianwo Kangzhong are beneficial owners of the Company.
- (6) Ms. Su Xiaohui is a limited partner of Ningbo Shunxiang. Ningbo Shunxiang is a beneficial owner of the Company.
- (7) 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.

Corporate Governance and Other Information

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 "Disclosure of Interests" section of the Stock Exchange's HKEXnews website as of June 30, 2024.
- (3) Mr. Li Qiuyu and Mr. Geng Yankun have or are 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 June 30, 2024, 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.

Corporate Governance and Other Information

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

As at June 30, 2024, 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 ⁽²⁾	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%

Corporate Governance and Other Information

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) The calculation is based on the issued shares of the Company, comprised of 761,692,809 H Shares (including treasury shares) and 171,764,898 Unlisted Domestic Shares as at June 30, 2024.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) Boundless Plain Holdings Limited is controlled by Mr. Eric Li.
- (7) 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 June 30, 2024, 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.

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 are eligible to participate in the Employee Incentive Scheme. The Board and/or the Delegatee may select any qualified Eligible Participant to participate in the Employee Incentive Scheme as 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.

Corporate Governance and Other Information

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 June 30, 2024 was 12,714,451 H Shares, corresponding to 110,428,641 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 (i.e. August 28, 2024)⁹ was 9,939,017 H Shares, corresponding to 85,213,108 Trust Benefit Units, representing 1.09% of the 914,553,507 issued Shares (excluding the 2,822,000 H Shares repurchased and held as treasury shares) of the Company.¹⁰ During the Reporting Period, no Trust Benefit Units was granted to the Eligible Participants.

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

⁹ This has taken into consideration the Target Shares granted after the Reporting Period and up to August 28, 2024.

¹⁰ 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.

Corporate Governance and Other Information

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.

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 Reporting Period are as follows:

Name or category of participants	Date of grant	Number of Trust Benefit Units							
		Purchase price of the Trust Benefit Units HK\$	Performance target	Fair value at the date of grant ⁽²⁾ HK\$	Unvested as at January 1, 2024 ⁽¹⁾	Granted during the Reporting Period	Lapsed ⁽³⁾ during the Reporting Period	Vested during the Reporting Period ⁽⁴⁾	Unvested as at June 30, 2024
Directors, Supervisors, and senior management (on individual named basis)									
Chan Hey Man	-	-	-	-	9,336,600	-	-	-	9,336,600
Five highest paid individuals during the Reporting Period in aggregate	-	-	-	-	9,336,600	-	-	-	9,336,600
Other Eligible Participants in aggregate	-	-	-	-	16,805,880	-	2,334,150	-	14,471,730
Total		-	-	-	26,142,480	-	2,334,150 ⁽³⁾	-	23,808,330

Notes:

- (1) The Trust Benefit Units set out herein were granted on July 13, 2023, the vesting period of which is as follows: 30% has been 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 23 to the interim financial information.
- (3) During the Reporting Period, a total of 250,000 granted Target Shares, corresponding to 2,334,150 Trust Benefit Units lapsed and there was no cancellation of any Trust Benefit Units.
- (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.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period and up to August 28, 2024, the Company repurchased certain H Shares on the Hong Kong Stock Exchange. Details of the H Shares repurchased are as follows:

Month of repurchase	No. of shares repurchased	Purchase consideration per share		Aggregate consideration paid (HK\$)
		Highest price paid (HK\$)	Lowest price paid (HK\$)	
2024				
January	6,530,600	11.20	8.92	66,600,984
February	–	–	–	–
March	114,000	9.47	9.27	1,061,986
April	2,879,800	10.56	9.79	29,313,940
May	2,046,000	11.08	9.94	21,221,648
June	1,919,000 ⁽¹⁾	12.68	10.96	22,886,136
July	1,061,800 ⁽²⁾	11.66	10.06	11,644,100
August	–	–	–	–
Total	14,551,200			152,728,794

Notes

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

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

Up to August 28, 2024, (1) a total of 16,082,200 H Shares repurchased by the Company have been cancelled; (2) a total of 2,822,000 H Shares repurchased by the Company are held as treasury shares; (3) the issued shares of the Company comprised 745,610,609 H Shares (including treasury shares) and 171,764,898 Unlisted Domestic Shares; and (4) the Company may consider using treasury shares for future resale or cancellation purposes in compliance with the Listing Rules. Save as disclosed in this report, during the Reporting Period and up to August 28, 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on the Hong Kong Stock Exchange.



Corporate Governance and Other Information

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

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

The Audit Committee has reviewed interim results and the interim financial information of the Group for the six months ended June 30, 2024, and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and PricewaterhouseCoopers, the auditor of the Company (the “Auditor”).

SUFFICIENT PUBLIC FLOAT

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

CHANGES IN INFORMATION OF DIRECTORS

Since the date of the Company’s 2023 Annual Report up until the date of this report, the changes in information of Directors of the Company are set out below pursuant to Rule 13.51B(1) of the Listing Rules:

1. In April 2024, Ms. Li Juhua resigned as a non-executive Director of SF REIT Asset Management Limited (the manager of SF Real Estate Investment Trust (a company listed on the Stock Exchange (stock code: 2191.HK))).

Save as disclosed in this 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.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

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

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024.

Corporate Governance and Other Information



USE OF PROCEEDS FROM THE LISTING

From the Listing Date to the date of this report (i.e., August 28, 2024), the Group has gradually used the proceeds from the initial public offering for the intended purposes set out in the Prospectus. The unused net proceeds from the Global Offering as of June 30, 2024 were approximately HK\$410.3 million after deducting underwriting commissions and offering expenses paid or payable.

As disclosed in (i) the section headed “Future Plans and Use of Proceeds” in the Prospectus; and (ii) the annual report of the Company for the year ended December 31, 2023 (the “**Annual Report**”), the net proceeds were intended to be used for the following purposes:

- approximately 35% of the net proceeds is expected to be used for research and development and technology infrastructure;
- approximately 20% of the net proceeds is expected to be used to expand our service coverage, including scenario coverage and geographical coverage, and to expand the rider pool;
- approximately 20% of the net proceeds is expected to be used for funding the potential strategic acquisition of and investment in upstream and downstream businesses along the industry value chain, which we may seek from time to time to supplement and expand our business operations;
- approximately 15% of the net proceeds is expected to be used for marketing and branding; and
- approximately 10% of the net proceeds is expected to be used for working capital and general corporate uses.

The net proceeds received by the Company, after deducting the underwriting commission and other listing expenses in connection to the Listing, were approximately HK\$2,051.5 million.

As disclosed in the section headed “Use of Proceeds from The Listing” in the Annual Report, the Company had utilised approximately HK\$1,425.9 million of the net proceeds up to December 31, 2023 in the manner disclosed in the Annual Report.

Corporate Governance and Other Information

CHANGE IN USE OF PROCEEDS

As at the date of this report, the unutilised net proceeds amounted to approximately HK\$410.3 million. On August 28, 2024, the Board resolved to change the use of the unutilised net proceeds partially from funding potential strategic acquisitions and investments in upstream and downstream businesses to expanding the Company's service coverage. An analysis of the utilisation of the net proceeds as at the date of this report and the proposed change in the use of the unutilised net proceeds is set out as below:

Purpose	Net proceeds from the Listing available as of this amendment (HK\$ million)	Actual net amount utilised up to June 30, 2024 (HK\$ million)	Unused net proceeds up to June 30, 2024 (HK\$ million)	Revised allocation of the unutilised net proceeds
Research and development and technology infrastructure	718.0	718.0	–	N/A
Expand the Company's service coverage	793.7	410.3	383.4	383.4
Funding potential strategic acquisitions and investments in upstream and downstream businesses	26.9	–	26.9	26.9
Marketing and branding	307.7	307.7	–	N/A
Working capital and general corporate use	205.2	205.2	–	N/A
Total	2,051.5	1,641.2	410.3	410.3

The unutilised net proceeds are expected to be utilised for expanding the Company's service coverage (including scenario coverage and geographical coverage), and for funding potential acquisitions and investments, and the timing for utilizing such net proceeds is extended to the end of 2026. See "Reasons for and Benefits of the Change in Use of Proceeds" below for further details.

Save for the aforesaid changes, there is no other change in use of the net proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Over the past three years, the Company has been actively exploring investment targets that align with the Company's vision & development. However, due to the comprehensive impact of the COVID-19 pandemics and other market factors, no suitable investment target has been identified. As a result, no proceed has been used to fund potential acquisitions.

Corporate Governance and Other Information



In order to meet the Company's plan to increase market share and explore potential market development, the Board is of the view that strict adherence to the implementation plan set out in the Prospectus will not be in the Group's best interest and therefore it should be appropriate to change the use of the unutilised net proceeds by (i) re-allocating HK\$383.4 million (equivalent to approximately RMB355.8 million) for expanding our service coverage, in particular the growth in non-food delivery scenarios and expansion in lower-tier cities and counties as set out in the management discussion and analysis section; and (ii) reserving HK\$26.9 million (equivalent to approximately RMB25 million) for potential strategic acquisition and investments of targets that have reached an annual revenue of more than RMB50 million, a valuation of more than RMB50 million and operating history of three years or more, and have a China or international geographical business coverage. The revised criteria of acquisition targets have taken into consideration the profiles of potential acquisitions targets that the Group has explored in the last three years and can better suit our business need and the current market dynamics, and the timing for utilizing such net proceeds (including the proceeds for expanding the service coverage and potential strategic acquisitions and investments) is extended to the end of 2026.

The Board is of the view that the re-allocation of the unutilised net proceeds will provide flexibility for the Group to manage its asset and liability and is favourable to the Group's long term business development as well as a better utilisation of the unutilised net proceeds. The Board will continue to assess the operations of the Group and the plan for the use of unutilised net proceeds and make revision when necessary.

The Board confirms that there is no material change in the nature of the business of the Group as set out in the Prospectus. The Board considers the above change in the use of the net proceeds is fair and reasonable as this will allow the Company to deploy its financial resources more effectively to expand its business and to enhance the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole.



Report on Review of Interim Financial Information

To the Board of Directors of Hangzhou SF Intra-city Industrial Co., Ltd.

(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 32 to 72, which comprises the interim condensed consolidated statement of financial position of Hangzhou SF Intra-city Industrial Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2024 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, August 28, 2024

Interim Condensed Consolidated Statement of Comprehensive Income

		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
	Notes		
Continuing operations			
Revenue	5	6,878,470	5,749,191
Cost of revenue	8	(6,405,187)	(5,365,762)
Gross profit		473,283	383,429
Selling and marketing expenses	8	(101,610)	(92,837)
Research and development expenses	8	(51,240)	(41,248)
Administrative expenses	8	(277,630)	(240,180)
Other income	6	13,794	16,520
Other gains, net	7	9,870	6,877
Net impairment losses of financial assets	11	(3,835)	(4,003)
Operating profit		62,632	28,558
Finance income	10	18,737	19,375
Finance costs	10	(394)	(1,741)
Finance income, net	10	18,343	17,634
Share of loss of a joint venture accounted for using the equity method		(403)	(586)
Profit before income tax		80,572	45,606
Income tax expenses	12	(18,398)	(1,030)
Profit for the period from continuing operations		62,174	44,576
Discontinued operation			
Loss for the period from discontinued operation		–	(14,262)
Profit for the period		62,174	30,314
Profit for the period attributable to			
– Owners of the Company		62,174	30,314

Interim Condensed Consolidated Statement of Comprehensive Income

		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
	Notes		
Earnings per share for profit from continuing operations attributable to owners of the Company (expressed in RMB per share)			
– Basis earnings and diluted earnings per share (in RMB)	13	0.07	0.05
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
– Basis earnings and diluted earnings per share (in RMB)	13	0.07	0.03
Profit for the period		62,174	30,314
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		4,899	8,262
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		(16,581)	–
Other comprehensive income for the period, net of tax		(11,682)	8,262
Total comprehensive income for the period		50,492	38,576
Total comprehensive income for the period attributable to:			
– Owners of the Company		50,492	38,576
Total comprehensive income for the period attributable to owners of the Company arises from:			
Continuing operations		50,492	52,838
Discontinued operation		–	(14,262)
		50,492	38,576

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

Interim Condensed Consolidated Statement of Financial Position

		As at June 30,	As at December 31,
		2024	2023
		RMB'000	RMB'000
	Notes	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	10,241	12,193
Intangible assets	15	137,364	138,226
Right-of-use assets	16	20,653	23,208
Investments accounted for using the equity method		27,972	28,375
Financial assets at fair value through other comprehensive income	3	39,419	56,000
Deferred income tax assets	17	143,862	160,847
Other non-current assets		197	193
Total non-current assets		379,708	419,042
Current assets			
Inventories		6,504	6,854
Trade receivables	18	1,376,859	1,195,199
Other receivables and prepayments	19	132,318	160,192
Financial assets at fair value through profit or loss	3	912,475	516,753
Cash and cash equivalents	20	1,453,313	1,901,651
Total current assets		3,881,469	3,780,649
Total assets		4,261,177	4,199,691
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	933,458	933,458
Share premium	21	4,161,560	4,161,560
Treasury shares	21	(169,644)	(39,279)
Shares held for employee incentive scheme	23	(52,370)	(52,370)
Other reserves	22	824,435	831,257
Accumulated losses		(2,791,358)	(2,853,532)
Total equity		2,906,081	2,981,094

Interim Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	27	7,387	11,483
Total non-current liabilities		7,387	11,483
Current liabilities			
Trade payables	24	831,619	703,044
Other payables and accruals	25	423,374	417,645
Contract liabilities	26	76,536	70,351
Income tax payables		376	3,667
Lease liabilities	27	15,804	12,407
Total current liabilities		1,347,709	1,207,114
Total liabilities		1,355,096	1,218,597
Total equity and liabilities		4,261,177	4,199,691

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

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited						Total equity
	Share capital	Share premium	Treasury share	Shares held for employee incentive scheme	Other reserves	Accumulated losses	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 21)	(Note 21)	(Note 21)	(Note 23)	(Note 22)		
Balance at January 1, 2024	933,458	4,161,560	(39,279)	(52,370)	831,257	(2,853,532)	2,981,094
Comprehensive income							
Profit for the period	-	-	-	-	-	62,174	62,174
Other comprehensive income							
– Fair value change on financial assets at fair value through other comprehensive income	-	-	-	-	(16,581)	-	(16,581)
– Translation difference	-	-	-	-	4,899	-	4,899
Total comprehensive income for the period	-	-	-	-	(11,682)	62,174	50,492
Transactions with owners in their capacity as owners							
Repurchase of shares (note 21)	-	-	(130,365)	-	-	-	(130,365)
Share-based compensation expenses (note 23)	-	-	-	-	4,860	-	4,860
Total transactions with owners in their capacity as owners	-	-	(130,365)	-	4,860	-	(125,505)
Balance at June 30, 2024	933,458	4,161,560	(169,644)	(52,370)	824,435	(2,791,358)	2,906,081

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited					Total equity
	Share capital	Share premium	Shares held for employee incentive scheme	Other reserves	Accumulated losses	
	RMB'000 (Note 21)	RMB'000 (Note 21)	RMB'000 (Note 23)	RMB'000 (Note 22)	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 period	–	–	–	–	30,314	30,314
Other comprehensive income						
– Translation difference	–	–	–	8,262	–	8,262
Total comprehensive income for the period	–	–	–	8,262	30,314	38,576
Transactions with owners in their capacity as owners						
Purchase of shares under employee incentive scheme (note 23)	–	–	(653)	–	–	(653)
Balance at June 30, 2023	933,458	4,161,560	(653)	833,319	(2,873,224)	3,054,460

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

Interim Condensed Consolidated Statement of Cash Flows

		Six months ended June 30,	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Note			
Cash flows from operating activities			
	Cash generated from operations	85,159	21,865
	Interest received	18,737	19,398
	Income tax paid	(4,704)	(6,937)
	Net cash generated from operating activities	99,192	34,326
Cash flows from investing activities			
	Proceeds from disposals of financial assets at fair value through profit or loss	1,417,527	1,409,025
	Net cash inflow arising from disposals of subsidiaries	–	55,671
	Proceeds from disposals of property, plant and equipment	314	53
	Payments for acquisition of financial assets at fair value through profit or loss	(1,800,000)	(1,400,000)
	Addition of intangible assets	(25,714)	(39,070)
	Purchases of property, plant and equipment	(3,167)	(2,034)
	Net cash (used in)/generated from investing activities	(411,040)	23,645
Cash flows from financing activities			
	Payments of lease liabilities (including interests elements)	(6,521)	(14,660)
	Purchase of shares under employee incentive scheme	–	(653)
23	Payments for repurchase of shares	(128,386)	–
	Net cash used in financing activities	(134,907)	(15,313)
	Net (decrease)/increase in cash and cash equivalents	(446,755)	42,658
	Effects of exchange rate changes on cash and cash equivalents	725	386
	Cash and cash equivalents at beginning of the period	1,898,743	1,458,024
	Cash and cash equivalents at end of the period	1,452,713	1,501,068

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



Notes to the Interim Financial Information

1 General information and basis of preparation

1.1 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, Chenchuang 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. (“Mingde Holding”), which is incorporated in the PRC with limited liability. The intermediate holding company of the Company is S.F. Holding Co., Ltd. (“SF Holding”), which is incorporated in the 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 the main board of the Stock Exchange of Hong Kong Limited (“the Listing”) on December 14, 2021.

The interim financial information comprises the interim condensed consolidated statement of financial position as at June 30, 2024, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of material accounting policies and other explanatory notes (the “Interim Financial Information”).

The Interim Financial Information is presented in Renminbi (“RMB”) and rounded to nearest thousand yuan, unless otherwise stated.

1.2 Basis of preparation

The Interim Financial Information has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The interim report does not include all the notes of the type normally included in annual financial statements. Accordingly, the Interim Financial Information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards issued by International Accounting Standards Board (“IFRS Accounting Standards”), as set out in the 2023 annual report of the Company dated March 26, 2024 (the “2023 Financial Statements”).

Notes to the Interim Financial Information



2 Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the 2023 Financial Statements, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Taxes on income for the interim period are accrued using the estimated tax rates that would be applicable to expected total annual assessable profit.

2.1 New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2024:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current liabilities with covenants
Amendments to IFRS 16	Lease liability in sale and leaseback
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

2.2 New standards and amendments to standards not yet adopted by the Group

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for periods commencing on or after January 1, 2024 and have not been early adopted by the Group. These standards or amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange 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 Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2023 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2024.

3.2 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 reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at June 30, 2024.

Level 1: The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. 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 (e.g. over-the-counter derivatives) 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. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the six months ended June 30, 2024.



3 Financial risk management (Continued)

3.2 Fair value estimation (Continued)

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

3.2.1.1 Fair value hierarchy

As at June 30, 2024, the Group had no level 1 and level 2 financial instruments. The following table presents the Group's level 3 financial instruments as of June 30, 2024.

	Level 3 RMB'000 (Unaudited)
Financial assets at fair value through profit or loss	
Structured deposit products	801,303
Private fund investment (Note)	111,172
	912,475
Financial assets at fair value through other comprehensive income	
Equity investments in unlisted entities	39,419

As at December 31, 2023, 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

Note: The Group invested in private fund, the investment scope of which is fixed income products.

Notes to the Interim Financial Information

3 Financial risk management (Continued)

3.2 Fair value estimation (Continued)

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

3.2.1.2 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 technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs		Relationship of unobservable inputs to fair value
	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)			As of June 30, 2024	As of December 31, 2023	
Financial assets at fair value through profit or loss	912,475	516,753	Discounted cash flow	Expected rate of return	0.5%-5.5%	0.5%-2.95%	The higher the expected rate of return, the higher the fair value.
Financial assets at fair value through other comprehensive income	39,419	56,000	Market approach	Discount for lack of marketability; market multiples	20%; 1.54x-3.32x	20%; 2.17x-3.55x	The higher the discount for lack of marketability, the lower the fair value. The higher the market multiples, the higher the fair value.

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.

Notes to the Interim Financial Information



3 Financial risk management (Continued)

3.2 Fair value estimation (Continued)

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

3.2.1.3 Reconciliation of Level 3 fair value measurements

	Financial assets at fair value through profit or loss RMB'000 (Unaudited)	Financial assets at fair value through other comprehensive income RMB'000 (Unaudited)
As of January 1, 2024	516,753	56,000
Additions	1,800,000	–
Changes in fair value	8,406	(16,581)
Disposals	(1,417,527)	–
Exchange difference	4,843	–
As of June 30, 2024	912,475	39,419
As of January 1, 2023	812,087	63,545
Additions	1,400,000	–
Changes in fair value	8,716	–
Disposals	(1,409,025)	–
Disposal of subsidiaries	(697)	–
Exchange difference	8,235	–
As of June 30, 2023	819,316	63,545

3.2.2 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 prepayments), trade payables and other payables (excluding non-financial liabilities) approximated their fair values due to their short maturities.



Notes to the Interim Financial Information

4 Critical accounting estimates and judgements

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the 2023 Financial Statements.

5 Segment information and Revenue

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

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. 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.

Notes to the Interim Financial Information



5 Segment information and Revenue (Continued)

(a) Revenue by business line and nature

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing operations		
Intra-city on-demand delivery service revenue (i)	6,878,470	5,749,191

(i) Revenue is recognized upon the delivery of the above service which is normally completed within one day.

(b) Unsatisfied performance obligations

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

(c) Geographical information

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

(d) Information about major customers

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Subsidiaries of SF Holding	2,855,518	2,355,281

Notes to the Interim Financial Information

6 Other income

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing Operations		
Government grants (i)	7,686	1,202
Tax preference (ii)	5,281	15,299
Others	827	19
	13,794	16,520

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

(ii) During the year of 2023, taxpayers in logistics industry are allowed to enjoy additional 5% of input value-added taxes ("VAT") deductible from tax payable. Such additional VAT deduction was recorded as "Other income" in the period of VAT payment.

7 Other gains, net

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing Operations		
Fair value changes on financial assets at fair value through profit or loss (Note 3.2)	8,406	8,716
Exchange gains	669	94
Penalty and compensation	358	(2,203)
Gains on early termination of long-term leases	269	92
Net (losses)/gains on disposal of property, plant and equipment	(131)	3
Others	299	175
	9,870	6,877

Notes to the Interim Financial Information



8 Expenses by nature

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing Operations		
Labour outsourcing costs	6,340,090	5,304,861
Employee benefit expenses (Note 9)	288,503	247,893
Information service expenses	36,495	32,325
Marketing and promotion expenses	36,465	20,768
Costs of materials	31,204	26,798
Amortization of intangible assets (Note 15)	21,516	20,141
Office and rental expenses	15,508	14,311
Call center service expenses	14,057	16,347
Depreciation of right-of-use assets (Note 16)	8,252	12,751
Travelling expenses	5,182	5,643
Professional service expenses	5,036	5,270
Depreciation of property, plant and equipment (Note 14)	3,346	3,454
Other taxes and surcharges	2,304	1,109
Auditor's remuneration	630	630
– Audit and audit-related service	630	630
– Non-audit service	–	–
Insurance expenses	395	398
Others	26,684	27,328
	6,835,667	5,740,027

Notes to the Interim Financial Information

9 Employee benefit expenses

Employee benefit expenses are analysed as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing Operations		
Wages, salaries and bonuses	275,603	244,901
Pension costs – defined contribution plans (i)	13,981	17,727
Share-based compensation expenses (Note 23)	4,860	–
Other employee benefits	14,010	13,682
	308,454	276,310
Less: capitalised in intangible assets	(19,951)	(28,417)
	288,503	247,893

- (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.

10 Finance income, net

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing Operations		
Finance income:		
Interest income on deposits in financial institutions	18,737	19,375
Finance costs:		
Interest expenses on leasing liabilities	(394)	(1,741)
Finance income, net:	18,343	17,634

Notes to the Interim Financial Information



11 Net impairment losses of financial assets

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Continuing Operations		
Provision of impairment allowance for:		
Trade receivables	3,783	3,992
Other receivables	52	11
	3,835	4,003

12 Income tax expenses

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Continuing operations		
Mainland China corporate income tax		
Current income tax	1,413	7,461
Deferred income tax (Note 17)	16,985	(6,431)
Income tax expenses	18,398	1,030

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

(a) Mainland China corporate income tax ("CIT")

CIT was made on the taxable profit of the entities within the Group incorporated in the Mainland China and was calculated in accordance with the relevant tax rules and regulations of the Mainland China after considering the available tax refunds and allowances. The general CIT rate is 25% for the six months ended June 30, 2024 and 2023.

The Company's subsidiary, Beijing Shunda Tongxing Technology Co., Ltd is qualified as "high and new technology enterprises" and, accordingly, were eligible for a preferential income tax rate of 15% for the six months ended June 30, 2024 and 2023.

The Company's subsidiaries, Suzhou Fengpai Technology Co., Ltd and Tianjin Fengpai Technology Co., Ltd are subject to "small and thin profit enterprises" under the CIT Law, whose preferential income tax rate was 20% for the six months ended June 30, 2024 and 2023.

(b) 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 six months ended June 30, 2024 and 2023.

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

Notes to the Interim Financial Information

13 Earnings per share

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

Basic earnings per share is calculated by dividing the profit for the periods attributable to ordinary shareholders by the weighted average number of outstanding shares in issue excluding the shares repurchased during the six months ended June 30, 2024 and 2023.

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	62,174	30,314
Weighted average number of shares in issue	914,655,385	933,457,148
Basic earnings per share (in RMB)	0.07	0.03

(b) Basic earnings per share from continuing operations

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Profit from continuing operations attributable to owners of the Company (RMB'000)	62,174	44,576
Weighted average number of shares in issue	914,655,385	933,457,148
Basic earnings per share from continuing operations (in RMB)	0.07	0.05

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

For the six months ended June 30, 2024, 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).

	Six months ended June 30, 2024 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	62,174
Weighted average number of shares in issue	914,655,385
Adjustments for Employee Incentive Scheme	1,378,692
Weighted average number of ordinary shares for the calculation of diluted EPS	916,034,077
Diluted earnings per share (in RMB)	0.07

For the six month ended June 30, 2023, the Company had no category of dilutive potential ordinary shares, thus, diluted earnings per share for the six month ended June 30, 2023, was the same as the basic earnings per share for the period.

Notes to the Interim Financial Information



13 Earnings per share (Continued)

(d) Diluted earnings per share from continuing operations

As there were no discontinued operations for the six month ended June 30, 2024, diluted earnings per share from continuing operations for the six month ended June 30, 2024 was the same as the diluted earnings per share for profit attributable to owners of the Company for the period.

For the six month ended June 30, 2023, the Company had no category of dilutive potential ordinary shares, thus, diluted earnings per share from continuing operations for the six month ended June 30, 2023 was the same as the basic earnings per share from continuing operations for the period.

14 Property, plant and equipment

	Motor vehicles RMB'000	Computers and electronic equipment RMB'000	Machinery and equipment RMB'000	Office equipment and other equipment RMB'000	Total RMB'000
<i>(Audited)</i>					
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)
Net book amount	1,882	5,299	1,009	4,003	12,193
<i>(Unaudited)</i>					
Six months ended June 30, 2024					
Opening net book amount	1,882	5,299	1,009	4,003	12,193
Additions	–	1,499	57	232	1,788
Disposals	(43)	(60)	(33)	(258)	(394)
Depreciation					
– Continuing Operations	(256)	(1,845)	(67)	(1,178)	(3,346)
Closing net book amount	1,583	4,893	966	2,799	10,241
<i>(Unaudited)</i>					
At June 30, 2024					
Cost	2,558	24,883	1,397	15,900	44,738
Accumulated depreciation	(975)	(19,990)	(431)	(13,101)	(34,497)
Net book amount	1,583	4,893	966	2,799	10,241

Notes to the Interim Financial Information

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
<i>(Audited)</i>					
At December 31, 2022					
Cost	700	21,802	921	14,372	37,795
Accumulated depreciation	(543)	(14,163)	(260)	(8,030)	(22,996)
Net book amount	157	7,639	661	6,342	14,799
<i>(Unaudited)</i>					
Six months ended June 30, 2023					
Opening net book amount	157	7,639	661	6,342	14,799
Additions	318	680	178	1,098	2,274
Disposals	–	(41)	–	–	(41)
Disposal of subsidiaries	–	(561)	–	(1,183)	(1,744)
Depreciation					
– Continuing Operations	(55)	(2,016)	(46)	(1,337)	(3,454)
– Discontinued Operation	–	(169)	–	(106)	(275)
Closing net book amount	420	5,532	793	4,814	11,559
<i>(Unaudited)</i>					
At June 30, 2023					
Cost	1,018	21,880	1,099	14,287	38,284
Accumulated depreciation	(598)	(16,348)	(306)	(9,473)	(26,725)
Net book amount	420	5,532	793	4,814	11,559

Notes to the Interim Financial Information



14 Property, plant and equipment (Continued)

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Administrative expenses	1,689	2,079
Cost of revenue	1,051	786
Selling and marketing expenses	254	262
Research and development expenses	352	327
	3,346	3,454

15 Intangible assets

	Software			Total
	Developed internally	Acquired	Development costs in progress	
	RMB'000	RMB'000	RMB'000	RMB'000
<i>(Audited)</i>				
At December 31, 2023:				
Cost	309,400	50,582	2,579	362,561
Accumulated amortization	(188,343)	(35,992)	–	(224,335)
Net book amount	121,057	14,590	2,579	138,226
<i>(Unaudited)</i>				
Six months ended June 30, 2024:				
Opening net book amount	121,057	14,590	2,579	138,226
Additions	–	465	20,189	20,654
Amortization				
– Continuing Operations	(18,046)	(3,470)	–	(21,516)
Net book amount	103,011	11,585	22,768	137,364
<i>(Unaudited)</i>				
At June 30, 2024:				
Cost	309,400	51,047	22,768	383,215
Accumulated amortization	(206,389)	(39,462)	–	(245,851)
Net book amount	103,011	11,585	22,768	137,364

Notes to the Interim Financial Information

15 Intangible assets (Continued)

	Software			Total RMB'000
	Developed internally RMB'000	Acquired RMB'000	Development costs in progress RMB'000	
<i>(Audited)</i>				
At December 31, 2022:				
Cost	275,916	49,372	41,556	366,844
Accumulated amortization	(153,052)	(26,993)	–	(180,045)
Net book amount	122,864	22,379	41,556	186,799
<i>(Unaudited)</i>				
Six months ended June 30, 2023:				
Opening net book amount	122,864	22,379	41,556	186,799
Additions	–	495	34,346	34,841
Transfer	47,753	–	(47,753)	–
Amortization				
– Continuing Operations	(13,913)	(6,228)	–	(20,141)
– Discontinued Operation	(6,675)	–	–	(6,675)
Disposal of subsidiaries	(61,783)	–	–	(61,783)
Net book amount	88,246	16,646	28,149	133,041
<i>(Unaudited)</i>				
At June 30, 2023:				
Cost	261,886	49,867	28,149	339,902
Accumulated amortization	(173,640)	(33,221)	–	(206,861)
Net book amount	88,246	16,646	28,149	133,041

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of revenue	17,593	16,385
Administrative expenses	3,923	3,756
	21,516	20,141



16 Right-of-use assets

	Properties
	RMB'000
<i>(Audited)</i>	
At December 31, 2023	
Cost	99,578
Accumulated depreciation	(76,370)
Net book amount	23,208
<i>(Unaudited)</i>	
Six months ended June 30, 2024	
Opening net book amount	23,208
Additions	6,145
Disposals	(448)
Depreciation	
– Continuing Operations	(8,252)
Closing net book amount	20,653
<i>(Unaudited)</i>	
At June 30, 2024	
Cost	105,275
Accumulated depreciation	(84,622)
Net book amount	20,653

Notes to the Interim Financial Information

16 Right-of-use assets (Continued)

	Properties RMB'000
<i>(Audited)</i>	
At December 31, 2022	
Cost	89,285
Accumulated depreciation	(49,182)
Net book amount	<u>40,103</u>
<i>(Unaudited)</i>	
Six months ended June 30, 2023	
Opening net book amount	40,103
Additions	3,070
Disposals	(1,148)
Disposal of subsidiaries	(773)
Depreciation	
– Continuing Operations	(12,751)
– Discontinued Operation	(386)
Closing net book amount	<u>28,115</u>
<i>(Unaudited)</i>	
At June 30, 2023	
Cost	90,434
Accumulated depreciation	(62,319)
Net book amount	<u>28,115</u>

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of revenue	2,848	6,777
Administrative expenses	4,434	4,746
Research and development expenses	970	1,228
	8,252	12,751

Notes to the Interim Financial Information



17 Deferred income tax

(a) Deferred income tax assets

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
The balance comprises temporary differences attributable to:		
– Deductible losses	134,794	150,589
– Employee benefits	6,180	7,461
– Leases	5,220	5,197
– Depreciation and amortisation	1,687	1,489
– Provisions for assets impairment	1,047	1,216
– Others	50	50
Total gross deferred income tax assets	148,978	166,002
Set-off of deferred income tax assets pursuant to set-off provisions	(5,116)	(5,155)
Net deferred income tax assets	143,862	160,847

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
<i>(Unaudited)</i>							
As at January 1, 2024	7,461	150,589	1,216	1,489	5,197	50	166,002
Credit to profit or loss, net	(1,281)	(15,795)	(169)	198	23	–	(17,024)
As at June 30, 2024	6,180	134,794	1,047	1,687	5,220	50	148,978
<i>(Unaudited)</i>							
As at January 1, 2023	5,306	138,557	825	1,067	9,547	50	155,352
Credit to profit or loss, net	–	6,431	–	–	–	–	6,431
Disposals of subsidiaries	–	–	–	–	(174)	–	(174)
As at June 30, 2023	5,306	144,988	825	1,067	9,373	50	161,609

Notes to the Interim Financial Information

17 Deferred income tax (Continued)

(b) Deferred income tax liabilities

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
The balance comprises temporary differences attributable to:		
– Leases	4,632	5,155
– Depreciation and amortisation	484	–
Total gross deferred income tax liabilities	5,116	5,155
Set-off of deferred income tax liabilities pursuant to set-off provisions	(5,116)	(5,155)
Net deferred income tax liabilities	–	–

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

	Depreciation and amortisation	Leases	Total
	RMB'000	RMB'000	RMB'000
<i>(Unaudited)</i>			
As at January 1, 2024	–	5,155	5,155
Credit to profit or loss, net	484	(523)	(39)
As at June 30, 2024	484	4,632	5,116
<i>(Unaudited)</i>			
As at January 1, 2023	–	9,318	9,318
Credit to profit or loss, net	–	–	–
Disposals of subsidiaries	–	(174)	(174)
As at June 30, 2023	–	9,144	9,144

Notes to the Interim Financial Information



18 Trade receivables

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables		
– third parties	706,272	519,702
– related parties (Note 29(d))	674,440	678,299
	1,380,712	1,198,001
Impairment loss allowance	(3,853)	(2,802)
	1,376,859	1,195,199

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

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 30 days	1,111,137	993,120
30 to 180 days	269,575	204,881
	1,380,712	1,198,001

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	(2,802)	(2,847)
Provision of impairment allowance		
– Continuing Operations	(3,783)	(3,992)
– Discontinued Operation	–	(4)
Written off as uncollectible	2,732	2,087
Disposal of subsidiaries	–	4
At the end of the period	(3,853)	(4,752)

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

Notes to the Interim Financial Information

19 Other receivables and prepayments

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Other receivables		
– Value-added tax recoverable	56,561	83,977
– Amounts due from related parties (Note 29(d))	36,923	40,609
– Deposits paid	15,070	13,372
– Prepaid social insurance premium	4,781	4,533
– Advances to employees	357	155
– Others	6,227	5,100
	119,919	147,746
Prepayments to suppliers	12,552	12,547
– Less: impairment loss allowance	(153)	(101)
	132,318	160,192

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	(101)	(518)
(Provision)/reversal of impairment allowance		
– Continuing Operations	(52)	(11)
– Discontinued Operation	–	86
Disposal of subsidiaries	–	354
At the end of the period	(153)	(89)

Notes to the Interim Financial Information



20 Cash and cash equivalents

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Cash at banks (i)	732,912	1,787,865
Cash held in other financial institutions (ii)	719,801	110,878
Restricted cash (iii)	600	2,908
	1,453,313	1,901,651

- (i) As at June 30, 2024, the Group had RMB5.88 million (December 31, 2023: RMB6.2 million) held in a bank account managed by Hwabao Trust Co., Ltd., for acquisition of the Company's shares (Note 23). 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 June 30, 2024 and December 31, 2023, the Group had certain amounts of cash held in accounts managed by third party payment platforms, in the amount of RMB17.4 million and RMB19.8 million, respectively, which have been classified as cash and cash equivalents on the condensed consolidated statement of financial position.

As at June 30, 2024 and December 31, 2023, the Group had certain amounts of cash held in accounts managed by securities companies in the amount of RMB7.0 million and RMB6.2 million respectively, and which have been classified as cash and cash equivalents on the condensed consolidated statements of financial position.

As at June 30, 2024 and December 31, 2023, the Group had RMB695.4 million (December 31, 2023: RMB84.9 million) held in accounts managed by SF Holding Group Finance Co., Ltd, a wholly-owned subsidiary of SF Holding which was incorporated upon approval from China Banking and Insurance Regulatory Commission ("CBIRC") (Shen Yin Jian Fu [2016] No. 193) in 2016.

- (iii) Natures of the restricted cash are as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Pledged for a letter of guarantee	–	1,500
Others	600	1,408
	600	2,908

Notes to the Interim Financial Information

20 Cash and cash equivalents (Continued)

(iv) Cash and cash equivalents were denominated in the following currencies:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
RMB	1,320,052	1,885,934
USD	112,885	1,028
HKD	20,376	14,689
	1,453,313	1,901,651

21 Share capital, share premium and treasury shares

	Number of shares	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000
As at December 31, 2023	933,457,707	933,458	4,161,560	(39,279)
Repurchase of shares (i)	–	–	–	(130,365)
As at June 30, 2024	933,457,707	933,458	4,161,560	(169,644)
As at December 31, 2022	933,457,707	933,458	4,161,560	–
Repurchase of shares	–	–	–	(39,279)
As at December 31, 2023	933,457,707	933,458	4,161,560	(39,279)

(i) During the six months ended June 30, 2024, the company bought back 13,489,400 H Shares on the market. Those shares have not been cancelled as at June 30, 2024, 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\$10.46 per share, with prices ranging from HK\$8.92 to HK\$12.68. The total amount of RMB130,365,000 paid or payable to acquire the shares has been deducted from total equity.

Notes to the Interim Financial Information



22 Other reserves

	As at June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	831,257	825,057
Share-based compensation expenses	4,860	–
Revaluation of financial assets at FVOCI	(16,581)	–
Currency translation difference	4,899	8,262
At the end of the period	824,435	833,319

23 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 in the market out of the Company’s resources in accordance with the Employee Incentive Scheme Trust agreement and in accordance with the instructions of the Company and the relevant provisions of the Employee Incentive Scheme rules. Pursuant to the Employee Incentive Scheme, eligible participants are granted trust benefit units by the Company for no cash consideration, which correspond to a certain amount of the shares of the Company.

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

Movement in the number of awarded trust benefit units for the six months ended June 30, 2024 is as follows:

	Number of awarded trust benefit units
At the beginning of the period	26,142,480
Granted during the period	–
Vested during the period	–
Forfeited during the period	(2,334,150)
At the end of the period	23,808,330

Notes to the Interim Financial Information

23 Share-based payments (Continued)

Employee Incentive Scheme (Continued)

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 for the six months ended June 30, 2024 are RMB4,860,000 (note 9).

24 Trade payables

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables to third parties	812,452	685,809
Trade payables to related parties (Note 29(d))	19,167	17,235
	831,619	703,044

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

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	806,322	677,804
3 months to 1 year	14,793	15,628
Over 1 year	10,504	9,612
	831,619	703,044

Notes to the Interim Financial Information



25 Other payables and accruals

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Salaries, wage and accrued bonus	182,922	186,008
Deposits received	192,406	179,422
Amounts due to related parties (Note 29(d))	1,258	596
Temporary receipts	10,034	11,730
Other tax payable	11,492	11,551
Payables for assets purchases	777	1,919
Others	24,485	26,419
	423,374	417,645

26 Contract liabilities

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contract liabilities – Intra-city on-demand delivery service		
– Third parties	75,351	70,097
– Related parties (Note 29(d))	1,185	254
Total current contract liabilities	76,536	70,351

Notes to the Interim Financial Information

27 Lease liabilities

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Minimum lease payments due		
– Within 1 year	16,483	12,909
– Between 1 and 2 years	4,673	8,959
– Between 2 and 5 years	2,458	2,155
– Later than 5 years	508	923
	24,122	24,946
Less: future finance charges	(931)	(1,056)
Present value of lease liabilities	23,191	23,890
At the end of the period/year		
– Within 1 year	15,804	12,407
– Between 1 and 2 years	4,502	8,615
– Between 2 and 5 years	2,398	1,974
– Later than 5 years	487	894
	23,191	23,890

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 six months ended June 30, 2024 was RMB5,246,000 (for the six month ended June 30, 2023: RMB5,297,000).

28 Dividends

No dividend has been paid or declared by the Group during the six months ended June 30, 2024 and 2023.

Notes to the Interim Financial Information



29 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.

The directors of the Company are of the view that the following parties/companies were related parties that had transactions with the Group during the six months ended June 30, 2024 and 2023, and/or balances with the Group as of June 30, 2024 and December 31, 2023.

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 senior management of the Group.

The compensation paid or payable to key management for employee services is shown below:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages, salaries and bonuses	4,470	4,521
Share-based compensation expenses	2,587	–
Fees	559	555
Pension costs – defined contribution plans	111	107
Other employee benefits	173	165
	7,900	5,348

Notes to the Interim Financial Information

29 Related party transactions (Continued)

(c) Significant transactions with related parties

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Intra-city on-demand delivery business and other business revenue		
– Subsidiaries of SF Holding	2,855,518	2,355,281
– Others	2,230	1,460
	2,857,748	2,356,741
Comprehensive services and material purchasing fee (Note i)		
– Subsidiaries of SF Holding	23,239	37,267
– Others	585	3
	23,824	37,270
Rental expense		
– Subsidiaries of SF Holding	739	3
Outsourcing services and labor safety supplies purchasing fee		
– Subsidiaries of SF Holding	24	20
– Others	436	217
	460	237
Interest income of deposits (Note ii)		
– Subsidiaries of SF Holding	484	527

Note i: Comprehensive services and material purchasing fee mainly include the costs and expenses of technical services, call center services and integrated support services.

Note ii: In 2022, the Company entered into the Financial Service Agreement with SF Holding Group Finance Co., Ltd., a wholly owned subsidiary of SF Holding, 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.



29 Related party transactions (Continued)

(d) Balances with related parties

	As at June 30, 2024	As at December 31, 2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash deposited in related party (Note 20(ii))		
– Subsidiaries of SF Holding	695,420	84,940
Trade receivables from related parties		
– Subsidiaries of SF Holding	673,432	677,457
– Others	1,008	842
	674,440	678,299
Prepayments to related parties		
– Subsidiaries of SF Holding	307	267
Trade payables to related parties (i)		
– Subsidiaries of SF Holding	19,076	17,004
– Others	91	231
	19,167	17,235
Lease liabilities to related parties		
– Subsidiaries of SF Holding	7,460	9,627
– Subsidiaries of Mingde Holding	2,293	2,636
	9,753	12,263
Contract liabilities from related parties (Note 26)		
– Subsidiaries of SF Holding	1,129	223
– Others	56	31
	1,185	254

Notes to the Interim Financial Information

29 Related party transactions (Continued)

(d) Balances with related parties (Continued)

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Amounts due from related parties (ii)		
– Subsidiaries of SF Holding	36,715	40,585
– Others	208	24
	36,923	40,609
Amounts due to related parties (iii)		
– Subsidiaries of SF Holding	1,142	450
– Others	116	146
	1,258	596

- (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 June 30, 2024 and December 31, 2023, the balances were unsecured, interest-free, and collectible on demand.
- (iii) As at June 30, 2024 and December 31, 2023, the balances were unsecured, interest-free, and repayable on demand.

Notes to the Interim Financial Information



30 Commitments

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

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
With 1 year	286	739
Between 1 to 2 years	165	–
Between 2 to 3 years	38	–
	489	739

Significant capital expenditures contracted for at the end of the period/year but not recognised as liabilities are as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Investments	26,882	25,000

31 Contingency

As at June 30, 2024, the Group did not have any material contingent liabilities.

32 Subsequent events

From July 1, 2024 to the date of this report, the Company had repurchased an aggregate of 1,061,800 shares of the Company at an aggregate consideration of approximately HK\$11,644,000. Up to the date of this report, the Company has repurchased an aggregate of 18,904,200 H Shares, among which, 16,082,200 H Shares repurchased by the Company were cancelled on August 6, 2024 and 2,822,000 H Shares repurchased by the Company continue to be held by the Company as treasury shares.

Save as disclosed above, the Group had no other material events during the period from July 1, 2024 to the approval date of the condensed consolidated financial statements by the Board of Directors on August 28, 2024.

“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
“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 interim report and for geographical reference only, except where the context requires, references in this interim 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
“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
“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
“Delegatee(s)”	the Board committee(s) and/or person(s) delegated by the Board
“Directors”	the directors of our Company

Definitions



“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 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
“lower-tier cities and counties”	cities, counties and towns 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
“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
“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”	on-demand retail delivery and fulfillment service unrelated to food delivery scenarios
“Prospectus”	the prospectus of the Company issued in connection with the Global Offering
“Reporting Period”	the period from January 1, 2024 to June 30, 2024
“Remuneration Committee”	the remuneration committee of our Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“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 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 Stock Exchange”	the Shanghai Stock Exchange (上海證券交易所)

Definitions



“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)
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	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
“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
“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
“USD”	United States dollars, the lawful currency of the United States of America
“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.

