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

2022
Annual Report

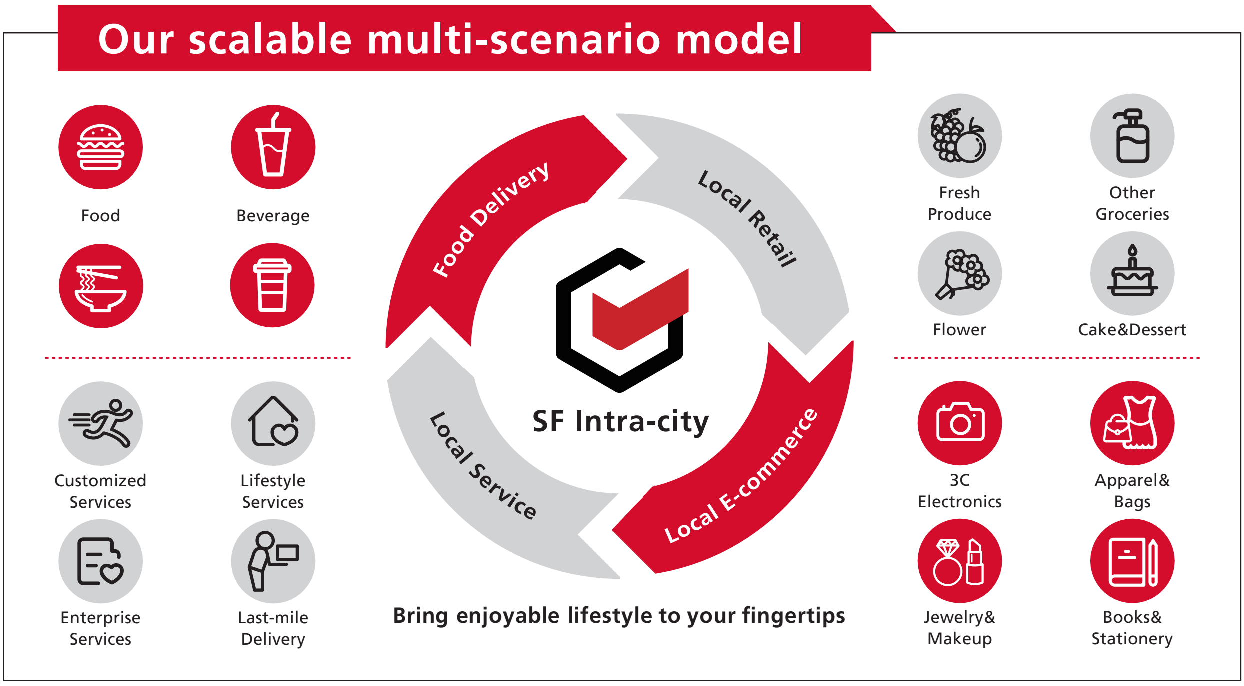
SF Intra-city

Contents

Company Profile

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

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



1 Such ranking is based on independent third-party order volume in China in 2022, according to iResearch. The calculation of order volume takes into account the number of orders sourced independently by the market players, excluding orders from related parties.

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Haijin *(Chief Executive Officer)*
Mr. Chan Hey Man *(elected on and effective from April 19, 2023)*
Mr. Chen Lin

Non-executive Director

Mr. Chan Fei *(Chairman)*
Mr. Xu Zhijun
Mr. Li Qiuyu
Mr. Han Liu

Independent Non-executive Director

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. Chan Fei
Mr. Wong Hak Kun

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. Chan Hey Man *(appointed on and effective from March 29, 2023)*
Ms. Liu Jia

AUTHORISED REPRESENTATIVES

Mr. Chan Hey Man (*appointed on and effective from April 19, 2023)*
Ms. Liu Jia

LEGAL ADVISORS TO OUR COMPANY

As to Hong Kong laws

Herbert Smith Freehills

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

As to PRC laws

Jia Yuan Law Offices

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Pengcheng 1st Road
Futian District
Shenzhen
PRC

AUDITOR

PricewaterhouseCoopers

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

COMPLIANCE ADVISOR

Guotai Junan Capital Limited

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181 Queen's Road Central
Hong Kong

REGISTERED OFFICE

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Zhejiang Province
PRC

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Guangdong Province
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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

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

COMPANY'S WEBSITE

www.sf-cityrush.com

STOCK CODE

9699

	Year ended December 31,		
	2022	2021	
	RMB'000	RMB'000	YoY%
Revenue	**10,265,191**	8,173,953	25.6%
Cost of revenue	**(9,851,834)**	(8,079,144)	21.9%
Gross profit	**413,357**	94,809	
Gross profit margin	**4.0%**	1.2%	
Net loss	**(286,903)**	(898,851)	(68.1)%
Net loss margin	**(2.8)%**	(11.0)%	
Adjusted net loss (non-IFRS measure) (unaudited)[1]	**(286,903)**	(667,421)	(57.0)%
Adjusted net loss margin (unaudited)	**(2.8)%**	(8.2)%	

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

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Cash and cash equivalents	**1,460,024**	2,538,226
Total assets	**4,102,673**	4,208,915
Total liabilities	**1,086,136**	899,472
Total equity	**3,016,537**	3,309,443

Dear Shareholders,

On behalf of the Board of Directors of Hangzhou SF Intra-city Industrial Co., Ltd. and its subsidiaries (collectively "**the Group**"), we are pleased to present to you the Annual Report of the Group for the year ended December 31, 2022 ("**2022**").

The Group persevered in adhering to our development concept of "high quality, high efficiency, and multi-scenario" and our mission of "bringing enjoyable lifestyle to your fingertips", through deepening the development of third-party on-demand delivery services. The past year was challenging and full of uncertainties in the external environment. We continued to expand our multi-scenario and multi-channel service network by polishing our specialized and differentiated service capabilities, resulting in breakthroughs of business. Moreover, leveraging on the effective operational foundation, the Company achieved continuous improvement in financial performance.

Our business demonstrated strong resilience and maintained steady growth with a 25.6% year-on-year increase in total revenue to RMB10,265.2 million in 2022, with a 28.3% increase of revenue from external customers[2], while expanding our leading position in the Chinese third-party on-demand delivery market. Our multi-scenario business model enabled us to diversify and balance our order structure, category and geography distribution, with significant growth potential demonstrated in personal services, non-food categories, and lower-tier cities and counties, which enriched our sources of revenue and strengthened our ability to withstand market uncertainties.

We have effectively optimized our business efficiency, resulting in significant and sustained improvement in profitability. In 2022, our Group achieved a gross profit of RMB413.4 million, representing a gross profit margin that improved consecutively over the past four years to reach 4.0%. Our net loss in 2022 improved by 68.1% year-on-year, while net loss margin improved by 8.2 percentage points, mainly due to the further growth in economies of scale and network effects, differentiated services driving high-value orders, optimal efficiency of technology-driven delivery networks, and continuous refinement of management to improve operational quality and resource efficiency.

Win-win cooperation with customers promotes a flourishing overall industry ecology

We adhere to our open and neutral positioning of on-demand service infrastructure to capture growing opportunities by providing scalable, open, and all-weather professional services for all increasing participants in the new consumption industry, including merchants, consumers, traffic platforms and logistics service providers. We undertook orders from more diverse channels and promoted overall ecological development through win-win cooperation with our customers.

We continuously empower our merchant customers to elevate their competitive advantages by co-creating delivery standards and service experiences, providing better quality services to the consumers, and integrating these advantages, experience and delivery capabilities into their brand businesses and our foundation to achieve mutual success.

In response to the vast number of individual consumers, we continuously optimize our service quality by establishing a more professional and high-standard delivery team, enabling better customer experience and more convenient delivery services.

2 Revenue from external customers refers to revenue attributable to independent third parties of the Company (which excludes revenue attributable to the SF Holding Group and its associates).

Driven by a multi-scenario model, we embrace the transition to multi-channel traffic for long-term growth

Our multi-scenario service network extends to various cities, business districts, periods, product categories, and customer types across the country. With the gradual shift of demand in the on-demand delivery industry from food to non-food categories, we further expand the coverage of our service scenarios. Fully aware of the industry pain points, we have further developed and refined solutions for various industries. Our multi-scenario coverage and diverse order sources resulted in higher order volume and stronger market penetration as well as enhancement in rider efficiency driven by balanced order structure.

As brand owners increasingly prioritize private domain and vertical platforms, e-commerce platforms, and short video live-streaming platforms have successively entered into the local lifestyle industry, traffic is gradually shifting from concentrated to diverse channels. Since the industry's demand for diversified, specialized and customized services has surged, it promotes the continuous development of third-party on-demand delivery service. We are actively responding to this transition by leveraging our neutral, and open market positioning and professional multi-scenario service capabilities. We strive to become the preferred on-demand delivery service provider for major traffic platforms and other industry participants and collaboratively exlpore and create new formats of local lifestyle services, such as "live-streaming to home" delivery and group-buying delivery.

Empowering efficiency through technology and promoting ecological prosperity through open SaaS infrastructure

Our industry-leading technology system is capable of efficient order matching and intelligent operations in complex multi-scenario and multi-level networks. On one hand, we possess multiple dispatching logics that integrate in-store, business district, and city-wide operations, improving rider efficiency and service quality. On the other hand, our intelligent marketing analyzes and forecasts data to optimize business introduction with our customers and operation management. Technology has unceasingly improved our financial performance, increasing our gross profit and narrowing our net loss levels.

We have improved our overall product capabilities through technology innovation as we launched a SaaS platform service for merchants and business partners. The core functions include order access and data management, intelligent multi-scenario scheduling, end-to-end operational management system, big data-assisted intelligent operations, and precise simulation intelligent systems for order forecasting, integrating into one-stop services from onboarding, ordering, dispatching, accepting orders, and delivery. By opening our platform system, we facilitate O2O digitalization for our merchants and business partners, strengthening our value positioning of the infrastructure platform as we collaborate towards creating a thriving ecosystem.

Practicing corporate social responsibility and creating a warm rider platform

We are committed to shouldering our corporate social responsibility while focusing on company development.

As our riders are our closest partners, we are committed to providing flexible income opportunities and a friendly, sustainable work environment for them. In 2022, the number of our annual active riders on our platform increased by 29.4%, reaching over 780,000 people. We aim to retain more first-rate and loyal riders by focusing on rider safety and health, online order fulfillment experience, personal and skills development, rights protection and platform services, care, and communication. We also ensure positive energy is cultivated in the rider community, encouraging them to actively participate in pandemic prevention, supply guarantee and public welfare activities with us. We hope to inspire riders to cultivate positive values and exert a positive influence on society, and simultaneously we seek to foster greater understanding and respect for the rider community among the general public.

In 2022, our highly flexible network continued to offer reliable delivery service for consumers and merchants amid the epidemic. Our business has demonstrated excellent resistance to risk and resilience. We have fulfilled our platform responsibilities, and attached great importance to the health and safety of riders and consumers during the epidemic. We provided riders and users with supplies and subsidy assistance, and proactively coordinated to support the basic life of riders.

Prospects

Challenges and opportunities come hand in hand, and the more uncertainty there is in the market, the more we need to evaluate opportunities to create for our company. Over the past year, demand for on-demand delivery from merchants and consumers continued to grow, and an increasing number of participants from different industries are investing in the local lifestyle and on-demand retail fields. The value of third-party on-demand platforms is increasingly recognized and emphasized. Furthermore, as consumer habits have been further consolidated, third-party on-demand delivery is expected to undertake the important role of expanding domestic demand and economic development, as a local lifestyle infrastructure in the future. We will continue to steadily improve our business quality and invest in our core capabilities for long-term business operations. We will seize the following core opportunities and build capabilities to meet the expectations and common needs of the industry, customers and riders:

1. Implement an intra-city local lifestyle services ecosystem with brands and traffic platforms;

2. Continuously expand our traffic;

3. Expand coverage in lower-tier markets and support the county-level on-demand delivery infrastructure and new economic development;

4. Provide multi-scenario, full-coverage, multi-time, multi-distance, and multi-channel services;

5. Prioritize our riders as the first partners by protecting their rights and interests and supporting their income opportunities and long-term development;

6. Continuously improve operation capability and profitability.

Appreciation

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

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

Chan Fei

Chairman of the Board of Directors

March 28, 2023

Sun Haijin

Executive Director and CEO

March 28, 2023

BUSINESS REVIEW

Overview

We are the largest third-party on-demand delivery service provider in China. As a neutral and open infrastructure platform, we serve the needs of multi-channel, multi-scenario, multi-time and multi-category on-demand delivery with high quality and high efficiency services.

In 2022, despite the uncertainties caused by the economic environment and the pandemic, we adhered to our goal of pursuing long-term sustainable and high-quality growth. We demonstrated our robust business resilience by steadily expanding our business while continuing improving our financial performance significantly. In terms of revenue, we have broadened our sources of revenue growth and strengthened our resilience to risk, attributable to the diversification of revenue structure under our multi-scenario business model. In terms of cost, with further enhancement of economies of scale, we have consistently refined our operations to increase efficiency and reduce costs, resulting in significant improvement on financial performance.

Our core business indicators continued to improve in 2022. We achieved a steady revenue growth with a 25.6% increase of total revenue from RMB8,174.0 million in 2021 to RMB10,265.2 million in 2022 and a 28.3% increase of revenue from external customers. Revenue from our intra-city delivery service increased by 28.7% from RMB5,089.6 million in 2021 to RMB6,548.4 million in 2022. Revenue from our last-mile delivery service increased by 19.9% from RMB3,070.3 million in 2021 to RMB3,680.4 million in 2022. The following table sets forth our revenue breakdown:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Intra-city on-demand delivery service	**10,228,787**	8,159,897
Intra-city delivery service	**6,548,394**	5,089,644
(1) To Merchants *(i.e. to B)*	**4,649,671**	3,882,508
(2) To Consumers *(i.e. to C)*	**1,898,723**	1,207,136
Last-mile delivery service	**3,680,393**	3,070,253
Others	**36,404**	14,056
Total	**10,265,191**	8,173,953

Additionally, we further enhanced our financial performance during the Reporting Period, displaying impressive continuous improvement for four consecutive years, which was mainly attributable to: (i) further economies of scale and network effects; (ii) differentiated services which drove high-value orders to fullfill various customer requirements; (iii) higher efficiency of delivery network driven by our technology; and (iv) further improvement in the efficiency of resource allocation and utilisation from continuously refined management. For the year ended December 31, 2022, we recorded a gross profit of RMB413.4 million and a gross profit margin of 4.0%, representing a significant improvement over last year's gross profit of RMB94.8 million and gross profit margin of 1.2%. Our net loss for the year ended December 31, 2022 was RMB286.9 million, representing a year-on-year improvement of 68.1%. Net loss margin narrowed from 11.0% in 2021 to 2.8% in 2022.

Intra-city Delivery

Revenue from our intra-city delivery service increased by 28.7% from RMB5,089.6 million in 2021 to RMB6,548.4 million in 2022. The steady growth in revenue was mainly attributable to: (i) the increasing delivery scenarios and business opportunities as more participants entered the local lifestyles and on-demand retail markets; (ii) our comprehensive logistics capabilities which enabled us to provide professional and high-quality on-demand delivery service to our customers to fulfill their diverse needs and delivery requirements; (iii) the strong performance of non-food delivery scenarios, recording a revenue of RMB2,417.4 million in 2022, representing a year-on-year increase of 29.2%, due to the increasingly stronger consumption habits of "what you see is what you get"; (iv) the continuing expansion in our industry-leading and professional on-demand delivery services and personal errand service to consumers, with a growth in revenue of 57.3% year-on-year to RMB1,898.7 million in 2022; and (v) the further extension of our reach to markets of lower-tier cities, with a growth in revenue of 36.5% year-on-year to RMB2,285.1 million in 2022.

Intra-city Delivery to Merchants

We empower and maintain extensive cooperation with merchants with our open and inclusive on-demand delivery network, as well as our professional, efficient and multi-scenario solutions. In 2022, intra-city delivery to merchants achieved a revenue of RMB4,649.7 million with a year-on-year increase of 19.8%.

During the year, focusing on high-density, high-potential business districts, cities and counties, we continued to broaden the channels for merchant introduction, optimized the online functionalities such as shop creation and operation, and improved the offline fulfilment to bring better user experience and higher operational efficiency to our merchants. We have also upgraded our merchant rights and benefits system and launched various online marketing campaigns to further enhance merchant retention and activity. In 2022, the number of annual active merchants on our platform reached 330,000, representing a year-on-year growth of 27.7%, with over 3,600 branded customers served cumulatively. We also developed new cooperation with branded customers such as Mixue (蜜雪冰城), Chayan Yuese (茶顏悅色), vivo and Chando (自然堂) during the year. More than 90% of our top 100 customers in 2021 by revenue chose to continue cooperating with us in 2022. We also have long-standing relationships with our top customers and continue to expand the scale and depth of our partnerships.

Our multi-scenario service model and differentiated network capabilities are well-positioned to meet the diversified on-demand service needs of merchants in the food and beverage and the non-food industries. We empowered our customers to elevate their competitive advantages by co-creating differentiated delivery standards and service experiences. We introduced industry solutions with competitive barriers by integrating these industry insights into our businesses to achieve mutual success. In 2022, revenue from high value-added scenarios such as local e-commerce and local services continued to grow at a high rate of over 50% compared with 2021. Revenue from representative categories such as tea and beverages, convenience stores, tobacco and alcohol, cosmetics, pharmaceuticals, 3C electronics and pets supplies all recorded a year-on-year growth of over 100%.

In 2022, we further strengthened our differentiated network capabilities. As of December 31, 2022, our network covered approximately 2,000 cities and counties nationwide, and the number of cities and counties with 24-hour operation increased by over 80% year-on-year to over 1,300 cities. Our flexible network enabled us to quickly cope with the requirements of our merchant customers' demands in terms of the increase in number of stores, the expansion in delivery area per store and the extension of business hours, supporting them to fulfil more incremental orders and increasing our order volume in the meantime. In addition to our two-wheeled delivery network, we introduced and continued to enhance the four-wheeled delivery network. We launched products such as "delivery within half a day" and "Two-wheels + Four-wheels" to better serve the needs of non-standardized long-tail scenarios such as mid-to-long-distance, large-volume or heavy goods, and multi-point deliveries. These solutions cater to our customers in industries such as supermarkets, fresh produce, specialized marketplace and high-end equipment and have also significantly enhanced our ground delivery capabilities and range of services. We continued to improve our networks flexibility and provided stable services for merchants during peak seasons such as e-commerce promotional campaigns, holidays and bad weather. In 2022, the revenue and order volume during peak seasons such as festivals and holidays increased significantly compared to last year. Moreover, the fluctuations in the fulfillment in-time rate during holidays and bad weather were less than 2.5% and 4.0% respectively, which reflected our commitment to service quality and stability.

We continued to actively seize multi-channel traffic opportunities and promote ecosystem-building with major local lifestyle service platforms. In 2022, we participated in the formulation of on-demand delivery standards for e-commerce platforms and short video live-steaming platforms, with in-depth collaboration on both operational and system levels. During the year, we were among the first batch of business partners to formally cooperate with Douyin Life Services (抖音生活服務) and became one of the major on-demand delivery service providers to access Douyin's "group purchase and delivery" (團購配送) to meet the diverse and omni-channel delivery needs of merchants on the platform, to improve the delivery efficiency and to provide the users with the "see-now-buy-now-get-now" experience. We continued to strengthen our cooperation with WeChat and our connection to the WeChat eco-system through various channels such as the real-time logistics assistant (即時物流助手), the accounts ledger services (收款小賬本), and the takeaways delivery locator (門店快送), thereby providing the merchants with a closed-loop cycle of "business traffic + on-demand delivery"「商流+即時物流」. Currently, we are also exploring other new business opportunities with a few strategic partners.

We also strategically cooperate with participants of SF Holding Group's ecosystem to devise integrated supply chain solutions for customers, namely "front-end warehousing + mid-end trunk + intra-city on-demand delivery". Customers can choose their logistics products more easily through integration of our resources and capabilities within the SF Holding Group. The integrated solutions broadened the customer reach and increased customer loyalty for both parties. In 2022, our service to Credit Customers with SF Holding Group has led to a contribution of RMB190.2 million in our revenue from external customers, representing a year-on-year growth of 94.5%.

Intra-city Delivery to Consumers

In 2022, revenue from intra-city delivery to consumers was RMB1,898.7 million, representing an increase of 57.3% year-on-year. The increase in revenue was mainly due to: (i) the increasingly stronger consumption habits of "what you see is what you get" and broader consumer base; and (ii) the acknowledgement and trust by our consumer gained through our quality service. The number of annual active consumers continued to expand to more than 15.6 million as of December 31, 2022, with an increase of 47.5% year-on-year.

For consumers, we are committed to offering industry-leading and professional on-demand delivery services. Our "Deliver for Me, Fetch for Me, Purchase for Me, Solve for Me" services covered personal work and life scenarios such as daily errands, medical and healthcare, and business agency services. These services helped to shape the consumers' mindset that "SF Intra-city is the best delivery choice for urgent and valuable items". During the Reporting Period, we strengthened our brand marketing to consumers by working with our partner merchants during festivals and popular activities to broaden users reach. We extended our channels to attract new consumers and optimized our marketing tactics to improve customer acquisition efficiency and conversion rate of new users. We improved our membership system to enhance the user experience, thereby driving retention and repeat orders among our core C-users base. We launched brand-new upgraded service named "Safe Delivery"(安心送) for delivery of valuable items. For insured valuable items, we provide full order monitoring, as well as full and speedy insurance claim process services. We continued to develop our personal service scenarios by improving the delivery process and quality to enhance the consumer experience. In 2022, as an increasing number of consumers recognized SF Intra-city's "fast and reliable" service, the revenue from the running errands business that covered "fetching, delivering, purchasing and solving plus" (取送買辦+) services had doubled. Moreover, we continued to extend our personal service scenarios, such as partnering with local governments in the elderly care sector to provide quality community services.

In 2022, we persisted in optimizing the quality of services for individual consumers to provide consumers with better delivery experience through high-standard delivery process. Meanwhile, we have built a team of "pioneer riders" exclusively for individual consumers, in order to efficiently meet their growing needs for mid-to-long-distance and non-standard services and to improve service quality.

Last-mile Delivery

Our last-mile delivery service acts as a flexible supplement to all aspects of logistics service providers. For logistics service providers, we aim to address their mismatch between order volume and delivery capacity, to improve the operational efficiency and reduce delivery cost while accelerating all aspects of logistics and customized services.

Revenue from our last-mile delivery service increased by 19.9% from RMB3,070.3 million in 2021 to RMB3,680.4 million in 2022. In 2022, our last-mile business experienced short-term pressure due to the pandemic. However, we have started to see a rapid recovery after the pandemic receded. We deepened our cooperation scenarios with key customers and product innovation, so that they were able to better cope with the peak order periods such as Double 11 and Double 12 Shopping Festivals, as well as the tight courier capacity at the end of the year. Not only has last-mile delivery service enabled us to further expand our network and achieve network effect and improve economies of scale, it has also enhanced riders' income, strengthened riders' long-term loyalty, and reduced our fulfilment cost.

Our Riders

Riders are our closest business partners. We have an integrated rider pool to service the nationwide coverage of our network. We are pleased to see that the number of annual active riders on our platform continue to grow in 2022 to over 780,000 with an increase of 29.4% year-on-year. We focused on the quality growth in terms of both existing business as well as exploration of new business lines, thereby strengthening the economies of scale. The citywide delivery coordination and scheduling enables us to adapt to different business and customer needs and maintain stable performance quality. In 2022, we increased the proportion of medium-to-long distances orders of over 3km, and the average delivery distance exceeded 3km. The average delivery time and fulfillment-in-time rate maintained a stable performance. Such expansion of business scale and our multi-scenario coverage have helped to provide our riders with higher income and more choices and have encouraged more riders to join our platform. While generating a large number of flexible part-time jobs opportunities, we continue to strictly implement our platform responsibilities and expand our services to protect the rights and interests of our riders, and are committed to providing professional empowerment and comprehensive support to our riders.

We value riders' personal development and skill enhancement, and have built a rider development system. Riders can freely choose among professional path, management path and other aspects, in order to achieve personal growth. We enriched the online learning resources offered by the Rider Academy (騎手學院) and encourage our riders to participate in the On-Demand Delivery Professional Certification (網約配送員職業認證). In addition, we have launched the Dream Fulfillment Scheme (圓夢計劃), which provides bursaries to riders to support their continuing education. We have also continued to develop our "Riders Public Welfare Fund" to support the basic life of riders and alleviate their worries.

We attach great importance to our riders' platform experience and the protection of their interest. We design riders' equipment in accordance with different categories of delivery items to enable our riders to fulfill the orders in a safe and efficient manner. We regularly launch rider welfare activities with prizes such as free equipment, SF Intra-city "coins" (同城幣), and "benefits vouchers (權益兌換券)". We work with external partners to provide support such as vehicle rental and battery charge/swap, and phone cards to reduce the delivery cost of rider. We launched the "Rider's Home" (騎手之家) platform to encourage online sharing and communication within the community. We have also launched the online "direct channel to station managers" (站長直通車) to help riders contact managers more easily in solving their problems. During winter of 2022, we set up "convenience service stations" for riders to rest in certain northern cities by working with external partners. We also acknowledge our riders' diversified interests. We continuously upgrade our riders' rights and incentive system by enriching the benefits and by making the tasks more fun. Not only do we welcome experienced riders to join us, but we also offer extra benefits for active riders and tailored policies in support of rookie riders, which further expanded our rider pool and improved retention. Particularly, in 2022, we build the industry's first exclusive welfare guarantee for female riders with customized equipments and care for them.

We care about the safety and health of our riders. In addition to arranging daily safety course training, working hours reminders, safety information notifications and other initiatives, we have made design improvements in the safety performance of rider equipment, as well as launching a voice safety reminder function designated for and in combination with smart helmets. During the pandemic, we provided subsidies and prevention supplies to our riders to pass on the spirit of mutual assistance and overcome difficult times together.

Our Technologies

Technology is the core of our business and is the key to efficiency enhancement and cost improvement. Our City Logistics System ("**CLS**") has three core functions, namely business forecasting and planning, integrated order recommendation and dispatching and real-time operation monitoring, which enable us to optimize riders' scheduling in different industries and scenarios across complex delivery networks. Our highly efficient real-time order dispatching system supports our complex delivery network, which has different layers of geographical coverage, including store level, business district level and city level. With the threefold delivery network above, we are able to dynamically and flexibly adjust the dispatch of orders, shorten delivery time and lower delivery costs.

For merchants, as an open and neutral third-party platform, we have continued to strengthen our ability to connect their order sources from different channels, platforms, and private domains, with intelligent distribution and planning, and strive to become the first choice for service providers based on the growing trend of multi-channel traffic in the future.

For riders, we prioritize order recommendation in related with business categories around designated rider groups to ensure consistent service quality and improvement of rider loyalty. In addition, the system will also account for factors such as rookie riders, female riders and other groups to support them in terms of scheduling, thereby reflecting corporate care on a technical level.

In 2022, based on the accumulation of our technology capabilities, we launched the "SF Intra-city Delivery Cloud" (豐配雲) SaaS real-time logistics system to provide one-stop intra-city logistics solutions for delivery service providers and brands with self-delivery business. The core functions of the "SF Intra-city Delivery Cloud" system comprises of multi-scenario intelligent scheduling, full-process operation management system, big-data assisted intelligent operation center and high-precision intelligent order forecasting system. These functions cover all aspects of intra-city on-demand delivery which enable service providers and merchants to access multi-channel orders and efficiently manage the full process, thereby improving their efficiency and achieving cost-saving.

In order to further improve our delivery capability and deployment of smart delivery network, we successfully launched our on-demand drone delivery service, providing a new service experience for our customers and the merchants.

Outlook

Looking back to 2022, facing the external uncertainties and the challenges of the pandemic, we emphasized on the long-term sustainable and high-quality development of our business, and successfully enhanced our profitability while achieving steady growth in our core business.

Looking forward to 2023, as part of the intra-city delivery infrastructure, we will strive to seize the opportunities arising from multi-channel traffic, local retail development and third party on-demand delivery service. We are confident in the development of the industry and the future of the Group. We plan to fully leverage on our advantages and continue to focus on high-quality growth, improved profitability, and steady development.

Our services go beyond the delivery. We hope to bring more extensive value creation to the customers and the society. Based on the trend of "bring all you need to your side", the demands and scenarios of intra-city on-demand delivery services are increasingly diversified. We have also been striving to expand our service boundaries, and to become an open platform for local lifestyle service that connects all parties to create a new business model consisting of local service together, with a view to achieving the mission of "bring enjoyable lifestyle to your fingertips".

FINANCIAL REVIEW

The following table sets forth the comparative figures for the years ended December 31, 2021 and 2022.

Consolidated Statement of Comprehensive Income

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Revenue	**10,265,191**	8,173,953
Cost of revenue	**(9,851,834)**	(8,079,144)
Gross profit	**413,357**	94,809
Selling and marketing expenses	**(201,928)**	(270,348)
Research and development expenses	**(96,557)**	(123,441)
Administrative expenses	**(509,150)**	(655,132)
Other income	**50,951**	44,847
Other gains, net	**14,046**	731
Net impairment losses of financial assets	**(1,969)**	(4,477)
Operating loss	**(331,250)**	(913,011)
Finance income	**45,009**	18,055
Finance costs	**(2,606)**	(7,630)
Finance income, net	**42,403**	10,425
Loss before income tax	**(288,847)**	(902,586)
Income tax credit	**1,944**	3,735
Loss for the year	**(286,903)**	(898,851)
Loss attributable to		
– Owners of the Company	**(286,903)**	(898,851)
Losses per share (expressed in RMB per share)		
– Basis and diluted losses per share (in RMB)	**(0.31)**	(1.28)

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(5,414)**	–
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity investments at fair value through other comprehensive income	**(589)**	–
Other comprehensive loss for the period, net of tax	**(6,003)**	–
Total comprehensive loss for the period	**(292,906)**	898,851
Total comprehensive loss for the period attributable to:		
– Owners of the Company	**(292,906)**	898,851

Key Balance Sheet Items

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Total non-current assets	**677,218**	375,555
Total current assets	**3,425,455**	3,833,360
Total assets	**4,102,673**	4,208,915
Total non-current liabilities	**17,311**	20,505
Total current liabilities	**1,068,825**	878,967
Total liabilities	**1,086,136**	899,472
Total equity	**3,016,537**	3,309,443
Total equity and liabilities	**4,102,673**	4,208,915
Net current assets	**2,356,630**	2,954,393

REVENUE

The following table sets forth our revenue by line of business for the years ended December 31, 2021 and 2022 respectively.

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Intra-city on-demand delivery service	**10,228,787**	8,159,897
Intra-city delivery service	**6,548,394**	5,089,644
(1) To Merchants *(i.e. to B)*	**4,649,671**	3,882,508
(2) To Consumers *(i.e. to C)*	**1,898,723**	1,207,136
Last-mile delivery service	**3,680,393**	3,070,253
Others	**36,404**	14,056
Total	**10,265,191**	8,173,953

Revenue increased significantly by 25.6% to RMB10,265.2 million for the year ended December 31, 2022, compared to RMB8,174.0 million for the year ended December 31, 2021, mainly due to (i) our commitment to building a healthy and robust business structure by providing high quality, efficient and stable real-time delivery services; and (ii) our in-depth cultivation and strong performance within diversified service scenarios such as delivery in a broad range of sectors including the food and beverage and retail sectors, lower-tier cities and personalised services.

Cost of Revenue

The following table sets forth our cost of revenue by category for the years ended December 31, 2021 and 2022 respectively.

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Labour outsourcing costs	**9,633,718**	7,918,221
Employee benefit expenses	**23,589**	32,550
Cost of material	**59,868**	48,475
Amortization of intangible assets	**63,435**	43,022
Depreciation of property, plant and equipment	**1,892**	1,679
Depreciation of right-of-use assets	**7,922**	2,657
Others	**61,410**	32,540
Total	**9,851,834**	8,079,144

Cost of revenue increased by 21.9% to RMB9,851.8 million for the year ended December 31, 2022, compared to RMB8,079.1 million for the year ended December 31, 2021, mainly due to the expansion of our business and the increase of order volume which in turn led to the growth in our rider pool.

Gross Profit and Margin

As a result of the foregoing, our gross profit and margin for the year ended December 31, 2022 was RMB413.4 million and 4.0% respectively, compared to the gross profit and margin of RMB94.8 million and 1.2% respectively for the year ended December 31, 2021. The gross profit increased significantly in 2022, which is mainly due to (i) a healthy growth in our revenue and further enhanced economies of scale and network effect; (ii) the traction of high-value orders through our differentiated services; (iii) the achieving of better efficiency of our delivery network; and (iv) the improvement in the efficiency of resource allocation and utilisation attributable to our continuous efficient management, refinement of operational quality and other initiatives.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 25.3% to RMB201.9 million for the year ended December 31, 2022, compared to RMB270.3 million for the year ended December 31, 2021, mainly due to the impact of the pandemic causing reduced offline and online promotion and marketing activities.

Research and Development Expenses

Our research and development expenses decreased by 21.7% to RMB96.6 million for the year ended December 31, 2022, compared to RMB123.4 million for the year ended December 31, 2021, mainly due to the reduction of share-based compensation expenses for our research and development staff.

Administrative Expenses

Our administrative expenses decreased by 22.3% to RMB509.2 million for the year ended December 31, 2022, compared to RMB655.1 million for the year ended December 31, 2021, mainly due to the reduction of share-based compensation expenses and listing expenses, partially offset by the increase in salaries, bonuses and outsourcing expenses arising from enlarged management team and increased outsourced personnel to accommodate business growth.

Other Income

Our other income increased by 13.8% to RMB51.0 million for the year ended December 31, 2022, compared to RMB44.8 million for the year ended December 31, 2021, mainly due to the increased deduction of value-added tax.

Finance Income, Net

Our finance income, net increased from RMB10.4 million for the year ended December 31, 2021 to RMB42.4 million for the year ended December 31, 2022, mainly due to (i) the increase in finance income due to the substantial increase in funds through the Series B financing and our Global Offering in December 2021; and (ii) a reduction in finance costs due to the absence of borrowings during the reporting period.

Income Tax Credit

Our income tax credit decreased by 48.6% from RMB3.7 million for the year ended December 31, 2021 to RMB1.9 million for the year ended December 31, 2022, mainly due to reduced provision for deferred income tax assets.

Loss for the Year and Net Loss Margin

As a result of the foregoing, we had a loss of RMB286.9 million in the year ended December 31, 2022, compared to a loss of RMB898.9 million in the year ended December 31, 2021, mostly due to (i) an increase in gross profit as a result of continued growth in our revenue and improvements in operational efficiency, delivery efficiency and refined management, and (ii) a reduction in share-based compensation expenses.

Non-IFRS Measure: Adjusted Net Loss

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

We define adjusted loss for the year as loss for the year adjusted by adding back share-based compensation expenses. Share-based compensation expenses are non-operational expenses arising from granted restricted shares 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 loss in order to provide investors and management with a complete and fair understanding of our core operating results and financial performance, so that they can assess our underlying core operating results and financial performance undistorted by items unrelated to our ordinary course of business operations, especially in (i) making period-to-period comparisons of, and assessing the profile of, our operating and financial performance; and (ii) making comparisons with other comparable companies with similar business operations.

Nonetheless, our presentation of such non-IFRS measure may not be comparable to similarly titled measures presented by other companies. Furthermore, the use of this non-IFRS 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.

The following table sets forth reconciliations of our adjusted net loss (non-IFRS measure) for the year (with share-based compensation expenses adjusted) to loss for the year, with its most directly comparable financial measure calculated and presented in accordance with IFRS, for the periods indicated:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Reconciliation of net loss to adjusted net loss (non-IFRS measure)		
Net loss for the year	**(286,903)**	(898,851)
Add:		
Share-based compensation expenses	–	231,430
Adjusted net loss (non-IFRS measure) (unaudited)	**(286,903)**	(667,421)

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 RMB1,458.0 million as of December 31, 2022, compared to the balance of RMB2,538.2 million as of December 31, 2021. The following table sets forth our cash flows for the years indicated:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Operating cash flows before changes in working capital	**(243,059)**	(609,645)
Changes in working capital	**(216,642)**	59,455
Interest received	**45,009**	18,055
Net cash used in operating activities	**(414,692)**	(532,135)
Net cash used in investing activities	**(644,191)**	(415,078)
Net cash (used in)/generated from financing activities	**(21,899)**	3,219,632
Net (decrease)/increase in cash and cash equivalents	**(1,080,782)**	2,272,419
Cash and cash equivalents at the beginning of the year	**2,538,226**	263,468
Effects of exchange rate changes on cash and cash equivalents	**580**	2,339
Cash and cash equivalents at the end of the year	**1,458,024**	2,538,226

Net Cash Used in Operating Activities

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

For the year ended December 31, 2022, net cash used in operating activities was RMB414.7 million, which was mainly attributable to our loss before income tax of approximately RMB288.8 million, as adjusted by: (i) non-cash and non-operating items, primarily consisted of amortization and depreciation of assets and income of financial assets (accounted at fair value and which movement are included in the profit and loss) of approximately RMB90.7 million; and (ii) changes in working capital of approximately RMB216.6 million.

Net Cash Used in Investing Activities

For the year ended December 31, 2022, net cash used in investing activities was RMB644.2 million, which was mainly attributable to our (i) investments in financial assets; (ii) investments in intangible assets and purchases of fixed assets; and (iii) investment in equity investment fund.

Net Cash Generated from Financing Activities

For the year ended December 31, 2022, net cash used in financing activities was RMB21.9 million, which was mainly attributable to the payment of lease liabilities.

Gearing Ratio

Our gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. As at December 31, 2022, given that the cash and cash equivalents exceed the aggregation of total borrowings and lease liabilities, gearing ratio is no longer calculated.

Financial Assets Measured at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss increased from RMB330.1 million as of December 31, 2021 to RMB812.1 million as of December 31, 2022, mainly due to our purchases of structured deposit products and private fund investments.

Borrowings

As of December 31, 2022, we did not have outstanding borrowing.

Capital Commitments

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

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Investment accounted for using the equity method	**35,000**	–
Intangible assets	**–**	1,823
	35,000	1,823

Capital Expenditure

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Payment for intangible assets	**99,214**	86,027
Payment for property, plant and equipment	**9,353**	13,917
Total	**108,567**	99,944

Lease Commitments and Arrangements

The table below lists the future minimum lease payments under non-cancellable leases according to their remaining term to maturity.

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
With 1 year	**2,765**	4,165
Between 1 to 2 year	**320**	39
	3,085	4,204

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

For the financial year ended December 31, 2022, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Participation in an Equity Investment Fund

On December 6, 2022, Shenzhen Intra-city (a subsidiary of the Company) entered into the Xiamen Xiaoyu Qingcheng Venture Investment Partnership (limited partnership) Partnership Agreement (《廈門小雨青城創業投資合夥企業(有限合夥)合夥協議》) to establish Xiamen Xiaoyu Qingcheng Venture Investment Partnership (limited partnership) (廈門小雨青城創業投資合夥企業(有限合夥)) (the "**Fund**"). The Fund mainly invests in unlisted enterprises in the fields of intelligence, low carbon and new opportunity areas in local lifestyle service. The target size of the Fund is RMB500 million, of which Shenzhen Intra-city agreed to contribute no more than RMB50 million or 45% of the total capital contribution of the Fund, whichever is lower.

As of December 31, 2022, the Fund has been registered in the Xiamen Administration for Market Regulation, and has a capital contribution of RMB121.25 million. Please refer to the Company's announcement dated December 6, 2022 for details.

Financial Risks

Market Risk

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

Foreign Exchange Risk

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

As of December 31, 2022, the Group had HKD7 million cash in bank (as at December 31, 2021: HKD2,105 million cash in bank which was generated from the Global Offering), which is different from the functional currency of RMB and exposed to foreign exchange risk. If the RMB strengthened/weakened by 1% against the HKD with all other variables held constant, net loss before tax for the year would have been RMB69,000 higher/lower (as at December 31, 2021: if the RMB strengthened/weakened by 1% against the HKD with all other variables held constant, net loss before tax would have been RMB17.2 million higher/lower).

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

Price risk

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

Cash Flow and Fair Value Interest Rate Risk

As of December 31, 2022, we had no significant interest rate risk as we did not hold any long-term interest-bearing debt.

Pledge of Assets

As of December 31, 2022, restricted cash amounting to RMB2 million were pledged to banks to secure fulfillment of contracts with certain customers.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities.

Future Plans for Material Investments and Capital Assets

As of December 31, 2022, we did not have other plans for material investments and capital assets.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Completion of the H Share Full Circulation

The Company received official approval from the China Securities Regulatory Commission (“**CSRC**”) in respect of the conversion of 78,947,684 unlisted domestic shares of the Company into H shares and the listing thereof on the Stock Exchange (the “**Conversion and Listing**”) on August 18, 2022, and was granted of approval by the Stock Exchange for implementation of the Conversion and Listing on September 9, 2022.

On February 6, 2023, the conversion of 78,947,684 unlisted domestic shares of the Company into H shares had been completed, and the listing of the converted H Shares on the Stock Exchange commenced on February 7, 2023. Details of the Conversion and Listing can be referred to the Company’s announcements dated May 5, 2022, August 18, 2022, September 9, 2022, February 2, 2023 and February 6, 2023, respectively.

Save as disclosed above, the Group had no other material events during the period from January 1, 2023 to the approval date of the consolidated financial statements by the Board of Directors on March 28, 2023.

Employee Incentive Scheme

Reference is made to the announcement published by the Company on March 28, 2023 in relation to proposed adoption of the employee incentive scheme (the “**Scheme**”). The adoption of the Scheme was approved by the Shareholders at the extraordinary general meeting held on April 19, 2023. As of the Latest Practicable Date, no trust benefit units have been granted under the Scheme.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2022, the Group had a total of 2,178 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.

The Board is pleased to present this Corporate Governance Report covering the period from January 1, 2022 to December 31, 2022.

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 14 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, regulate its operations, improves its internal control mechanism, implements sound corporate governance and disclosure measures, and ensures that the Company's operations are in line with the long-term interests of the Company and its shareholders as a whole.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period and up to the date of this report, the Company has complied with the CG Code. The Company continues to monitor developments in the arena of corporate governance externally to ensure the suitability and robustness of its corporate governance framework in light of the evolving business and regulatory environment and to meet the expectations of stakeholders.

COMPOSITION OF THE BOARD

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

As of the Latest Practicable Date, the Board comprises eleven Directors, consisting of three executive Directors, four non-executive Directors ("**NEDs**") and four independent non-executive Directors ("**INEDs**") as follows:

Executive Directors

Mr. Sun Haijin *(Chief Executive Officer)*
Mr. Chan Hey Man
Mr. Chen Lin

Non-executive Directors

Mr. Chan Fei *(Chairman)*
Mr. Xu Zhijun
Mr. Li Qiuyu
Mr. Han Liu

Independent Non-executive Directors

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

The biographic information of the Directors is set out in the section headed "Directors, Supervisors and Senior Management" on pages 45 to 51 of this annual report.

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

ROLES AND RESPONSIBILITIES

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

Board Functions

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

1. being informed of working reports of the senior management members of the Company and examining the work of the senior management members of the Company;

2. performing other duties and powers as stipulated in the laws and regulations, the Listing Rules, the Articles and as conferred by shareholders' general meetings; and

3. the following matters:

    - Formulating, reviewing and improving the Company's corporate governance system;

    - Reviewing and supervising the training for and continuous professional development of Directors and senior management members;

    - Making relevant disclosures in accordance with the laws and relevant provisions regulations of the securities regulatory authority; and

    - Working out the Company's code of conduct and relevant compliance manual and supervising the behaviours of its employees and Directors, etc..

Management Functions

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

Delegation of Powers

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer (CEO) are held by Mr. Chan Fei and Mr. Sun Haijin, respectively. The roles of the Chairman and the CEO are complementary, but importantly, they are distinct and separate with a clear and well-established division of responsibilities. The Chairman provides leadership and is responsible for the effective functioning of the Board. The CEO focuses on the Company's business strategies, management and operations generally.

Functions of the Chairman *(Non-Executive Director)*

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

Functions of CEO *(Executive Director)*

- to be in charge of the Company's operation, and management, to organize and implement the resolutions of the Board;
- to organize and implement the Company's annual plan and investment scheme;
- to prepare a plan for establishing internal governing bodies of the Company;
- to draft the Company's basic management system;
- to formulate fundamental rules and regulations for the Company;
- to propose to the Board to appoint or dismiss the other senior management members of the Company in accordance with these Articles and the relevant internal control system of the Company; and
- to exercise other functions and powers as conferred by the Articles and the Board.

INDUCTION, TRAINING AND DEVELOPMENT

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

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company. Besides, in preparation for the Global Offering and subsequently upon respective appointment (as the case may be), all Directors have received formal and comprehensive training on Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

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

The records of the continuous professional development that have been received by the Directors for the year ended December 31, 2022 and up to the Latest Practicable Date are summarised as follows:

Name of Directors	**Attended trainings**
Mr. Sun Haijin *(Chief Executive Officer)*	✓
Mr. Tsang Hoi Lam *(ceased to be an executive Director with effect from March 29, 2023)*	✓
Mr. Chan Hey Man *(elected on and effective from April 19, 2023)*	✓
Mr. Chen Lin	✓
Mr. Chan Fei *(Chairman)*	✓
Mr. Xu Zhijun	✓
Mr. Li Qiuyu	✓
Mr. Han Liu (*appointed on June 6, 2022 and effective from June 21, 2022*)	✓
Mr. Chan Kok Chung, Johnny	✓
Mr. Wong Hak Kun	✓
Mr. Zhou Xiang	✓
Ms. Huang Jing (*appointed on June 6, 2022 and effective from June 21, 2022*)	✓

During the year ended December 31, 2022, the Company organized training sessions on directors' duties and responsibilities conducted by the legal advisers for all Directors. The training sessions covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

BOARD MEETINGS AND GENERAL MEETINGS

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

During the Reporting Period, the Company held an annual general meeting on June 6, 2022, and an extraordinary general meeting on September 28, 2022.

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

Name of Directors	**Attendance**	
	Board meetings	**General meetings**
Mr. Sun Haijin *(Chief Executive Officer)*		
Mr. Tsang Hoi Lam *(ceased to be an executive Director with effect from*	7/7	2/2
March 29, 2023)	7/7	2/2
Mr. Chen Lin	7/7	2/2
Mr. Chan Fei *(Chairman)*	7/7	2/2
Mr. Xu Zhijun	7/7	2/2
Mr. Li Qiuyu	7/7	2/2
Mr. Han Liu (*appointed on June 6, 2022 and effective from June 21, 2022*)	4/4	1/1
Mr. Chan Kok Chung, Johnny	7/7	2/2
Mr. Wong Hak Kun	7/7	2/2
Mr. Zhou Xiang	7/7	2/2
Ms. Huang Jing (*appointed on June 6, 2022 and effective from June 21, 2022*)	4/4	1/1

Note: Mr. Chan Hey Man was appointed after the Reporting Period and therefore did not attend the Board meetings and general meetings.

BOARD COMMITTEE

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

AUDIT COMMITTEE

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

As at the date of this Report, the Audit Committee consists of three members, namely, Mr. Wong Hak Kun (INED), Mr. Chan Kok Chung, Johnny (INED), and Mr. Li Qiuyu (NED). The majority of the Audit Committee members are INEDs, and none of them are (or were in the past two years) employed by or otherwise affiliated with the Company's external auditor, PricewaterhouseCoopers. Ms. Wong Hak Kun is the chairman of the Audit Committee and he holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

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

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

- to make recommendations to the Board regarding the appointment, reappointment, and removal of external auditor, approve the remuneration and terms of engagement of the external auditor, and deal with all matters relating to the resignation or dismissal of external auditor;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

- to develop and implement policies on engaging an external auditor to provide non-audit services, to discuss with the Board of Directors and the senior management of the Company on such policies, and consider any significant and unusual items;

- to review the financial control, internal control and risk management system of the Company;

- to discuss with the management on risk management and internal control system to ensure that the management has performed its duty to maintain an effective risk management and internal control system;

- to consider major investigation findings on risk management and internal control on its own initiative or as delegated by the Board and the management's response to these findings;

- to monitor internal audit system of our Company and ensure the implementation of such system;

- to facilitate communications between the internal audit department and external auditor;

- to review the financial information and relevant disclosures of our Company;

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

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

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

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

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

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

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

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

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

NOMINATION COMMITTEE

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

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

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

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

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

Name of Directors	Attendance
Mr. Chan Fei *(Chairman)*	1/1
Mr. Chan Kok Chung, Johnny	1/1
Mr. Zhou Xiang	1/1

REMUNERATION COMMITTEE

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

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

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

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

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

Name of Directors	**Attendance**
Mr. Chan Kok Chung, Johnny *(Chairman)*	1/1
Mr. Wong Hak Kun	1/1
Mr. Chan Fei	1/1

Details of the remuneration of the Directors, Supervisors and key management of the Company by band are set out in Note 36 and Note 43 to the consolidated financial statements.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Company has adopted a formal, considered, and transparent procedure for the appointment of new directors. In accordance with the Company's Articles of Association, Directors shall be elected or replaced at shareholders' general meetings and serve a term of 3 years. The term of a Director shall start from the date on which the said Director assumes office until the expiry of the term of the prevailing session of the Board. Directors are eligible for re-election upon the expiration of their terms. However, the successive terms of independent non-executive Directors may not be more than 9 years.

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

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

DIRECTORS NOMINATION POLICY

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

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

Written notice of an intention to nominate a candidate as Director and a written notice by that person of his willingness to be nominated shall be delivered to the Company 7 days prior to the convocation of the shareholders' general meeting. Such period will commence no earlier than the day after the dispatch of the notice of the meeting for the purpose of considering such election and shall end no later than 7 days prior to the date of such meeting.

BOARD DIVERSITY POLICY

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

Background Diversity

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

Gender Diversity

While we recognise that the gender diversity at the Board level has achieved some progress, and can be further improved given its current composition of one female Director, we will continue to apply the principle of appointments based on merits with reference to our Board diversity policy as a whole, and are committed to providing career development opportunities for female staff.

The nomination committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing Board diversity under the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules. It is delegated by our Board to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments to achieve an appropriate balance of gender diversity with reference to shareholders' expectations and international and local recommended best practices, with the ultimate goal of bringing our Board to mixed gender.

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

To enhance our corporate governance by promoting gender diversity at the Board, we have set out the following targets and policies:

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

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

The Company adheres to the recruitment principles of "fairness, equity and openness" and treats every employee equally, regardless of factors such as gender, region, ethnicity, and religious belief, and fully respects and tolerates the diversity of employees. As of December 31, 2022, we had 2,178 full-time employees, of whom 1,574 were men and 604 were women. The Company aims to achieve a more balanced gender ratio of employees in the future, and will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from January 1, 2022 and up to the date of this report.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

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

The Company has established formal and informal channels of communication to ensure that independent views and inputs are available to the Board. Our Articles of Association and the terms of references of various board committee have set out a formal framework to ensure that the INEDs remain independent and free to express their views, and their views are systematically considered by the Board. The executive Directors and the chairman also engage regularly and directly with the INEDs to receive their independent views and inputs in a relation to a wide variety of matters. The implementation and effectiveness of the above mechanisms are reviewed on an annual basis. The Board considers that such mechanisms had been implemented properly and effectively in the year ended December 31, 2022.

TERM OF OFFICE OF NON-EXECUTIVE DIRECTORS

An INED shall serve a term of 3 years and is eligible for re-election. However, pursuant to our Articles of Association, the successive terms of INEDs may not be more than 9 years. As of the date of this report, none of the INEDs has served for more than 9 years.

SHAREHOLDERS' RIGHTS

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

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

Procedure for Shareholders to convene Extraordinary General Meetings

Shareholders may request for the convening of an extraordinary general meeting or a class meeting by the following procedures:

- 2 or more shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form of content requesting the Board to convene an extraordinary shareholders' general meeting or a class meeting and stating the subject of the meeting. The Board shall convene an extraordinary shareholders' general meeting or a class meeting as soon as possible after having received the aforesaid written request. The aforesaid shareholding shall be calculated as of the day on which the written request is made.

- If the Board fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, the shareholders who made such request may request the Board of Supervisors to convene the extraordinary shareholders' general meeting or class meeting.

- If the Board of Supervisors fails to issue a notice of convening such meeting within 30 days upon receipt of the above written request, shareholders, for more than 90 consecutive days, individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may convene the meeting of their own accord within 4 months upon the Board having received such request. The convening procedures shall, to the greatest extent possible, be identical to procedures according to which the shareholders' general meetings are to be convened by the Board.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board and the Board of Supervisors to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owed by the Company to the delinquent Directors and Supervisors.

Procedure for Shareholders to Put Forward Proposals in General Meetings

When the Company convenes a shareholders' general meeting, shareholders individually or jointly holding 3% or more of the total voting shares of the Company are entitled to propose new resolutions in writing to the Company and submit them to the convener 10 days before the meeting. The convener of the shareholders' general meeting shall issue a supplementary notice of the shareholders' general meeting and inform other shareholders within 2 days upon the receipt of such proposal and incorporate any matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting. The new agenda shall be tabled to the shareholders' general meeting for consideration.

Putting forward Enquiries to the Board

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

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

Email: TCIR@sf-express.com

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company amended the Articles pursuant to the Company Law of the People's Republic of China (中華人民共和國公司法) and the "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" (到境外上市公司章程必備條款) at the annual general meeting held on 6 June 2022, fixing the number of directors of the Company to 11. For details, please refer to the Company's announcement and circular dated 16 May 2022.

To adjust the book closure arrangement for share transfers in connection with the approval of potential corporate actions of the Company, the Company further amended the Articles of Association at the extraordinary general meeting held on 28 September 2022. For details, please refer to the Company's announcement dated 18 August 2022 and circular dated 13 September 2022.

Save as disclosed above, no amendments were made to the Articles of Association in 2022.

EFFECTIVE COMMUNICATIONS WITH INVESTORS

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

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

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

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

DIVIDEND POLICY

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk Management Process

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

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

Financial Risks

Financial Reporting Risk Management

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

Audit Committee and Internal Audit Function

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

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

Compliance Risks

Legal Compliance Management

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

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

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

Compliance Advisor

We have appointed Guotai Junan Capital Limited as our Compliance Advisor, and we must consult with and, if necessary, seek advice from our Compliance Advisor on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues or share repurchases;
- where our Company intends to use the proceeds from the Global Offering in a manner different from that detailed in the Prospectus;
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our H Shares or any other matters under Rule 13.10 of the Listing Rules.

Our Compliance Advisor, in a timely manner, informs us of any amendments or supplements to the Listing Rules that are announced by the Stock Exchange. Our Compliance Advisor also informs us of any amendment or supplement to applicable laws and guidelines.

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

Our Audit Committee, internal audit department and senior management together monitor the implementation of our risk management policies on an ongoing basis to ensure that our policies and implementation are effective and sufficient. In 2022, the Audit Committee reviewed one analysis reports on risk management and internal control, and put forward relevant opinions and suggestions.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control system for the year ended December 31, 2022, and has conducted in-depth communication with the Board and the Audit Committee on the framework and priorities of the Company's corporate risk management and internal control for 2023.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control system, including the financial, operational and compliance controls, for the year ended December 31, 2022, and considered that such systems are effective and adequate. Resolutions relating to the Company's risk management and internal control system have been proposed and approved at the annual Board meeting. As of the date of this report, there are no material internal control findings.

Inside Information Policy

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

- is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance and the Listing Rules;

- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission; and

- ensures, through its own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information.

Whistle-blowing Policy

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

Policy and system to support anti-corruption laws and regulations

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

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

AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

The remuneration paid or payable to the Company's external auditor, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended December 31, 2022 is set out below:

Service Category	**Fees Paid/Payable** (RMB '000)
Audit and audit-related service	2,950
Non-audit services (including tax and other advisory services)	220

The Directors of the Company are responsible for the preparation of consolidated financial statements for the year ended December 31, 2022. The Directors were not aware of any material uncertainties relating to any events or conditions which may cast a serious impact upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 121 to 124.

JOINT COMPANY SECRETARIES

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

Reference is made to the Company's announcements dated March 28, 2023 and April 19, 2023. Mr. Tsang Hoi Lam resigned as, among others, a joint company secretary of the Company with effect from March 29, 2023, and Mr. Chan Hey Man was appointed as a joint company secretary of the Company with effect from March 29, 2023.

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

CHANGES IN SHARE CAPITAL

Statement of changes in share capital

There was no change in the shareholding structure of the Company during the Reporting Period as the completion of full circulation of the 78,947,684 H Shares took place after the end of the Reporting Period. For details, please refer to the Company's announcements dated May 12, 2022, August 18, 2022, September 9, 2022, February 2, 2023 and February 6, 2023.

	January 1, 2022		Changes during the Reporting Period					December 31, 2022	
Unit: Shares	Number of shares	Percentage (%)	Issues of new shares	Bonus issue	Transfer from reserve	Others	Sub-total	Number of shares	Percentage (%)
I. Selling-restricted shares	–	–	–	–	–	–	–	–	–
II. Selling-unrestricted circulating shares									
1. Domestic Shares	562,615,431	60.27	–	–	–	–	–	562,615,431	60.27
2. H Shares	231,341,342	24,78	–	–	–	–	–	231,341,342	24,78
3. Unlisted Foreign Shares	139,500,934	14.95	–	–	–	–	–	139,500,934	14.95
Subtotal	933,457,707	100.00	–	–	–	–	–	933,457,707	100.00
III. Total number of shares	933,457,707	100.00	–	–	–	–	–	933,457,707	100.00

Security issuance and listing

Security issuance of the Company

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

Employee shares

As at the end of the Reporting Period, regarding the Pre-IPO Restricted Share Scheme, all the restricted shares have been vested since the date of Listing.

SHAREHOLDERS' INFORMATION

Particulars of Controlling Shareholders and de facto controlling party

There was no change in the Controlling Shareholders during the Reporting Period.

As of the date of this report, SF Holding Limited was wholly owned by SF Taisen, and Intra-city Tech was indirectly majority owned by SF Taisen through SF Technology, a wholly-owned subsidiary of SF Taisen. Ningbo Shunxiang is deemed to be acting in concert with SF Taisen by virtue of the Voting Power Entrustment Agreement. SF Taisen is wholly owned by SF Holding. SF Holding is a joint stock company listed on Shenzhen Stock Exchange (stock code of 002352.SZ), and was held as to approximately 54.95% by Mingde Holding, which in turn was held by Mr. Wang Wei as to approximately 99.90% as of the date of this report.

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

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

As of December 31, 2022, apart from the Controlling Shareholders aforementioned in the section headed "Particulars of Controlling Shareholders and de facto controlling party", (i) Mr. Eric Li, an independent third party who indirectly held 52,033,583 H Shares of the Company, representing 22.49% of the total H Share capital of the Company; (ii) Taobao China Holding Limited, a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Alibaba Group Holding Limited, held 51,844,000 H Shares of the Company in total, representing 22.41% of the total H Share capital of the Company and (iii) Idea Flow Limited, a limited company incorporated in Hong Kong, which is wholly owned by LC Fund VIII, L.P., holds 11,793,004 H Shares of the Company in total, representing 5.10% of the total H Share capital of the Company. For more details of shareholdings, please refer to the section headed "Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company" in the Report of Directors in this annual report.

EXECUTIVE DIRECTORS

Mr. Sun Haijin, aged 43, is our executive Director and chief executive officer. Mr. Sun joined SF Holding Group in April 2006 consecutively served as multiple significant positions within SF Holding Group including human resources director, regional general manager, head of product management from April 2006 to June 2016. Mr. Sun has abundant management experience in areas including human resources management, business operation and management and project incubation. Prior to the incorporation of the Company, Mr. Sun served as the head of the intra-city on-demand delivery business unit since June 2016, being fully responsible for the operation and management of the intra-city on-demand delivery business. Mr. Sun established the Group in March 2019 and continues to be responsible for formulating business strategy, making major corporate and operation decisions, as well as the overall management of the Group. His work experience in the Group mainly includes: served as the executive director and the general manager of Shenzhen Intra-city since October 2018; served as the executive director of Shanghai Fengpai from January 2019 to May 2020; served as the chief executive officer and the executive director of the Group since June 2019 and December 2019, respectively; since January 2022 served as the director of SF Intra-city Holding Limited and SF Intra-city (Hong Kong) Limited, each a subsidiary of the Company respectively incorporated in January 2022 in Hong Kong.

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

Mr. Chan Hey Man, aged 41, is our executive Director, chief financial officer, one of the joint company secretaries and a supervisor of multiple subsidiaries of the Company. He has nearly 20 years of experience in corporate finance, finance and management, and was involved in the listing and multiple corporate financing projects of S.F. Holding Group. Mr. Chan joined SF Holding Group in February 2014, and served successively as a financial analysis specialist and the deputy director of financial analysis of finance department, and head of investor relations department between February 2014 and February 2023. Mr. Chan also has extensive experience in auditing and financial analysis and worked in KPMG (Beijing office and Hong Kong office) from August 2003 to December 2009 with his last position as an audit manager.

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

Mr. Tsang Hoi Lam, aged 40, was our executive Director, chief financial officer, one of the joint company secretaries and a supervisor of multiple subsidiaries of the Company. Mr. Tsang joined our Group in January 2020 as the chief financial officer and has served as a supervisor of multiple subsidiaries of the Company since September 2020. Mr. Tsang was appointed as an executive Director in June 2021 and one of the joint company secretaries in June 2021 with effect from November 30, 2021. Mr. Tsang has nearly 20 years of experience in auditing, finance and management. Prior to joining the Group, Mr. Tsang's previous working experience principally includes: serving as an auditor and audit manager of Deloitte Touche Tohmatsu from August 2004 consecutively to September 2013, serving as a deputy financial controller of a subsidiary of Lee & Man Paper Manufacturing Company Limited (a company listed on Hong Kong Stock Exchange, stock code: 2314) from August 2014 to February 2017, and consecutively servicing as the deputy chief financial officer, chief financial officer, company secretary and executive director of Man Wah Holdings Limited (a company listed on Hong Kong Stock Exchange, stock code: 1999) from April 2017 to January 2020.

Mr. Tsang obtained a bachelor's degree of business administration (majoring in accounting and finance) from The University of Hong Kong in Hong Kong in December 2004. Mr. Tsang has been recognised as a certified public accountant by the Hong Kong Institute of Certified Public Accountants since December 2005, and has obtained the Certificate of Board Secretary of Listed Companies issued by the Shenzhen Stock Exchange in November 2020.

Mr. Tsang has resigned as an executive Director, chief financial officer, and one of the joint company secretaries of the Company in March 2023, and resigned as a supervisor of multiple subsidiaries of the Company in April 2023.

Mr. Chen Lin, aged 37, is our executive Director, chief technology officer and deputy general manager. Mr. Chen joined SF Holding Group in September 2017, and consecutively served as the director of infrastructure research and development and head of science and technology of the intra-city on-demand delivery business unit, being responsible for the research and development of the core intra-city delivery business system and intra-city delivery product, prior to the incorporation of the Company. Mr. Chen joined the Group in June 2019 and has since then served as the chief technology officer. He has served as the general manager of Shunda Tongxing since September 2019, and the executive director of Shunda Tongxing from September 2019 to September 2020. Mr. Chen was appointed as our executive Director and deputy general manager of the Company in June 2021 and May 2021, respectively.

Mr. Chen has over 11 years of experience in information technology, system architecture design, especially in the area of the research and development of food delivery and on-demand delivery systems based on AI big data. Prior to joining the Group, Mr. Chen served as a research and development engineer of Baidu, Inc. (a company listed on the NASDAQ and Hong Kong Stock Exchange under the stock code of BIDU and 9888, respectively) from January 2011 to June 2014 and participated in the research and development of products and systems including Baidu Know, Baidu Travel and Baidu Nuomi. Mr. Chen joined Baidu Delivery in November 2015 and consecutively served as architect and senior architect being responsible for the design and research and development of the transaction structure and basic service structure of Baidu Delivery.

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

NON-EXECUTIVE DIRECTORS

Mr. Chan Fei, aged 48, is our non-executive Director and chairman of the Board. Mr. Chan was appointed as our non-executive Director and chairman of the Board in December 2019 and has been appointed as the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company with effect from December 14, 2021. Mr. Chan has over 20 years of experience in management. He joined SF Holding Group since March 2016, and held multiple managerial positions, including the assistant chief executive officer and the chief strategy officer. He served as the director and deputy general manager of SF Holding from December 2019 to December 2022. Mr. Chan currently serves as the assistant chief executive officer of SF Holding. Prior to joining SF Holding, Mr. Chan served as an executive director of the Investment Banking Division of Goldman Sachs (a company listed on the New York Stock Exchange, stock code: GS) from July 2006 to March 2016. Since October 2021, Mr. Chan has been appointed as a non-executive director of Kerry Logistics Network Limited (a company listed on the Hong Kong Stock Exchange, stock code: 636).

Mr. Chan obtained a bachelor's degree in business administration from The Chinese University of Hong Kong in Hong Kong in December 1999, a bachelor's degree in law from University of London in London, the United Kingdom in August 2003, and a master's degree in business administration from Wharton School of University of Pennsylvania in Philadelphia, the United States of America in May 2006.

Mr. Xu Zhijun, aged 46, is our non-executive Director. Mr. Xu was appointed as a non-executive Director in June 2020. Mr. Xu currently also serves as head of Central Western region of SF Holding, chairman of the board of SF Multimodal Transportation Co., Ltd. (順豐多式聯運有限公司), and vice chairman of the board of China Railway SF International Express Co., Ltd. (中鐵順豐國際快運有限公司). Mr. Xu has over 21 years of experience in logistics management. Prior to joining the Group, Mr. Xu's previous working experience principally includes: consecutively serving as planning general manager, strategic planning director, corporate development director, president of the operation department, head of operation department, deputy general manager, assistant chief operation officer and chief operation officer of express delivery business segment of Shenzhen S.F. Taisen Holding (Group) Co., Ltd. from December 2004 to September 2016, serving as the deputy general manager of SF Holding from December 2016 to December 2022, serving as the vice chairman of the board of China Railway SF International Express Co., Ltd. (中鐵順豐國際快運有限公司) since June 2018, serving as the chief operation officer of SF Holding from December 2019 to January 2022 and serving as the head of Central Western region of SF Holding and chairman of the board of SF Multimodal Transportation Co., Ltd. (順豐多式聯運有限公司) since January 2022.

Mr. Xu obtained a master's degree in logistics management from National University of Singapore in Singapore in July 2001.

Mr. Li Qiuyu, aged 34, is our non-executive Director. Mr. Li was appointed as a non-executive Director in June 2019 and has been appointed as a member of the Audit Committee with effect from December 14, 2021. Mr. Li has over 12 years of experience in investment. Prior to joining the Group, he served as multiple positions within Huatai United Securities Co., Ltd (華泰聯合證券有限責任公司) from July 2010 to May 2018 with his last position as a director of investment banking division. Mr. Li has served as the head of investment and M&A department of SF Holding since June 2018.

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

Mr. Han Liu, aged 34, is our non-executive Director. Mr. Han was appointed as a non-executive Director at the annual general meeting of the Company held on June 6, 2022 with effect from June 21, 2022. Mr. Han has over 11 years of experience in logistics and supply chain management. Mr. Han started his career as a senior manager of the warehouse and logistics division of Jingdong E-commerce at JD.com, Inc. (a company both listed on NASDAQ, stock code: JD, and on the Hong Kong Stock Exchange, stock code: 9618) in 2011, and subsequently became a senior manager of the management supervision division in 2014. From 2015 to 2018, Mr. Han joined the JD Logistics Group and served as the general manager of the international supply chain division. Since January 2019, Mr. Han has been the general manager of the shared retail business unit (共享零售事業部), hyperlocal logistics business unit (同城物流事業部) and supermarket ecological business unit (超市生態事業部) of Alibaba Group Holding Limited ("**Alibaba Group**", a company with its American depositary shares listed on the New York Stock Exchange, stock code: BABA, and its ordinary shares listed on the Hong Kong Stock Exchange, stock code: 9988). He also served as the vice president of local retail (同城零售) of Alibaba Group between August 2021 and February 2022, and since March 2022, the vice president of Alibaba local life (阿里本地生活) and the president of fengniao logistics (蜂鳥即配). Mr. Han also serves as the non-executive director of Sun Art Retail Group Limited (a company listed on the Hong Kong Stock Exchange, stock code: 06808) since November 2021.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kok Chung, Johnny, aged 63, is an independent non-executive Director. He was appointed as an independent non-executive Director in June 2021 with effect from November 30, 2021 and has been appointed as the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company with effect from December 14, 2021.

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

Since January 2021, Mr. Chan has acted as an independent non-executive director of HSBC Provident Fund Trustee (Hong Kong) Limited, a member of HSBC Holdings plc (a company listed on the London Stock Exchange, stock code: HSBA, the Hong Kong Stock Exchange, stock code: 0005, the New York Stock Exchange, stock code: HSBC, and the Bermuda Stock Exchange, stock code: HSBC.BH). He has been an independent non-executive director of CNQC International Holdings (a company listed on the Hong Kong Stock Exchange, stock code: 1240) and a member of its audit, remuneration and strategic investment committees since January 2016. Mr. Chan is a member of the Listing Committee of Hong Kong Stock Exchange since July 2020, deputy chairman of the Listing Committee of the Hong Kong Stock Exchange since July 2022, and has been appointed as an ordinary member of the Market Misconduct Tribunal by the Financial Secretary of the HKSAR since January 2023. Mr. Chan is a member of the assessment panel, enterprise support scheme of the HKSAR Innovation and Technology Commission. He is currently an advisor of the Our Hong Kong Foundation Limited and a council member of the HK Startup Council of the Federation of HK Industries.

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

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

Mr. Wong Hak Kun, aged 66, is our independent non-executive Director. Mr. Wong was appointed as an independent non-executive Director in June 2021 with effect from November 30, 2021 and has been appointed as the chairman of the Audit Committee and a member of the Remuneration Committee with effect from December 14, 2021. Mr. Wong has over 36 years of experience in auditing, assurance and management prior to his retirement from Deloitte China in May 2017. Mr. Wong currently holds several directorships in listed companies including serving as an independent non-executive director of Yue Yuen Industrial (Holdings) Limited (裕元工業(集團)有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 551) since June 2018, Lung Kee (Bermuda) Holdings Limited (龍記(百慕達)集團有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 255) since June 2018, an independent non-executive director of Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 2238, the Shanghai Stock Exchange, stock code: 601238) since May 2020, and an independent non-executive Director of Haier Smart Home Co., Ltd. (海爾智家股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 6690, the Shanghai Stock Exchange, stock code: 600690 and the Frankfurt Stock Exchange, stock code: 690D) since June 2020.

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

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

Mr. Zhou Xiang, aged 44, is our independent non-executive Director. Mr. Zhou was appointed as an independent non-executive Director of the Company in June 2021 with effect from November 30, 2021 and has been appointed as a member of the Nomination Committee of the Company with effect from December 14, 2021. Mr. Zhou has rich experience in logistics and supply chain industry. Mr. Zhou has served multiple positions within The Chinese University of Hong Kong, including serving as an assistant professor of the Systems Engineering and Engineering Management Department from July 2006 to March 2012; an associate professor of the Department of Systems Engineering and Engineering Management and the Department of Decision Sciences and Managerial Economics from March 2012 to September 2013; an associate professor of the Decision Sciences and Managerial Economics Department from October 2013 to August 2016; a professor of the Decision Sciences and Managerial Economics Department since August 2016 and a chairperson of the Decision Sciences and Managerial Economics Department since August 2020.

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

Ms. Huang Jing, aged 58, is our independent non-executive Director. Ms. Huang has rich experience in marketing and brand management industry. Ms. Huang has served multiple positions within Wuhan University including serving as a lecturer of the Department of Business Administration in the School of Management from August 1991 to June 1998; an associate professor of the Department of Business Administration in School of Business from July 1998 to October 2003; a professor of the Department of Marketing in the School of Economics and Management from November 2003 and doctoral supervisor since October 2006. Ms. Huang served as the head of the Department of Marketing and Tourism Management in the School of Economics and Management of Wuhan University from June 2013 to March 2018. Ms. Huang is currently a professor and doctoral supervisor of the School of Economics and Management of Wuhan University, and concurrently serves as the executive director of the Marketing Research Association of Chinese Higher Education Institutions (中國高等院校市場學研究會), the executive director of the Marketing Association of Hubei Province (湖北省市場營銷學會), and the editorial board member of the Journal of Marketing Science (營銷科學學報). Ms. Huang has served as an independent non-executive director of Zhongbai Holdings Group Co., Ltd. (中百控股集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000759) from May 2016 to July 2022, and an independent non-executive director of Dinglong Co., Ltd. (湖北鼎龍控股股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300054) since May 2022.

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

SUPERVISORS

Ms. Gao Yuan, aged 43, was appointed as a Supervisor and the chairman of the Supervisory Committee in April 2023. She has over 20 years of experience in financial management. Ms. Gao had previously worked in financial management in various listed companies including China Telecom Corporation Limited (中國電信集團有限公司) (whose shares are listed on the Stock Exchange of Hong Kong (stock code: 0728) and Shanghai Stock Exchange (stock code: 601728.SH)) and ZTE Corporation (中興通訊股份有限公司) (whose shares are listed on the Stock Exchange (stock code: 0763) and Shenzhen Stock Exchange (stock code: 000063.SZ)). From March 2015 till now, Ms. Gao served in multiple positions in S.F. Holding Group, including the chief financial officer of Shenzhen S.F. Express Co., Ltd (深圳順豐快運股份有限公司) and the head of financial support for business unit of SF Holding Group.

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

Mr. Yang Zunmiao, aged 48, was our chairman of the Supervisory Committee. Mr. Yang was appointed as a Supervisor in June 2019. He resigned as a Supervisor in April 2023. Mr. Yang has over 20 years of experience in legal, finance and compliance fields. Prior to joining the Group, Mr. Yang's previous working experience principally includes: serving as multiple positions within SF Holding including the legal director, legal specialist, deputy director of strategic investment, financial director (shareholding structure), director of information disclosure, head of equity structure of the finance centre and head of incubation center since September 2009.

Mr. Yang obtained a bachelor's degree in material science and engineering and a master's degree in enterprise management from Tianjin University in Tianjin, the PRC, in June 1997 and September 2001, respectively. Mr. Yang obtained the PRC legal professional qualification certificate in May 2000. Mr. Yang served as a member of the fourth session of the Expert Advisory Committee of the Ministry of Transport (交通運輸部專家諮詢委員會) from June 2014 to June 2017 and has served as a member of the fifth session of Expert Advisory Committee of the Ministry of Transport (交通運輸部專家諮詢委員會) since July 2019.

Mr. Wu Guozhong, aged 47, is our Supervisor. Mr. Wu was appointed as a Supervisor in June 2019. Mr. Wu currently also serves as head of the license group of CEO's office and head of confidentiality group of SF Holding. Mr. Wu joined the Group in October 2018, and his working experience within the Group mainly includes: serving as a supervisor of Shenzhen Intra-city from October 2018 to November 2020, serving as the supervisor of Shenzhen Zhongplus from December 2018 to November 2020, and serving as the supervisor of Shanghai Fengpai from January 2019 to September 2020. Mr. Wu has over 20 years of experience in legal and compliance. Prior to joining the Group, Mr. Wu's previous working experience mainly includes consecutively serving as head of license group of CEO's office and head of confidentiality group of SF Holding.

Ms. Su Xiaohui, aged 44, is our Supervisor. Ms. Su was appointed as a Supervisor in October 2019. Ms. Su joined SF Holding Group in July 2005 and served as the head of human resources of intracity on-demand delivery business unit being responsible for our human resources management from September 2017 to June 2019. Ms. Su joined the Group in June 2019 as the head of human resources department of the Company. Ms. Su has over 20 years of experience in human resources. Prior to joining the Group, Ms. Su's previous working experience principally includes: serving in multiple positions including an organization development specialist and the deputy director of human resources performance management of SF Holding from July 2005 to September 2017.

Ms. Su obtained a bachelor's degree in international business administration from South China University of Technology (華南理工大學) in Guangzhou, the PRC in June 2000.

SENIOR MANAGEMENT

Mr. Sun Haijin, is our executive Director and chief executive officer. For details of the biography of Mr. Sun, see "Executive Directors".

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

Mr. Tsang Hoi Lam, was our executive Director, chief financial officer and one of the joint company secretaries. For details of the biography of Mr. Tsang, see "Executive Directors".

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

Ms. Liu Jia, aged 42, is the secretary of our Board and one of our joint company secretaries. Ms. Liu was appointed as the secretary of the Board in May 2021 and one of the joint company secretaries in June 2021 with effect from November 30, 2021. Ms. Liu currently also serves as the head of corporate strategy & IR department of the Company, the executive director of Shanghai Fengpai, the executive director of Shunda Tongxing, and the executive director of Shanghai Fengzan. Ms. Liu joined SF Holding Group in January 2015 and has since then consecutively served as its deputy strategy management director and strategy planning director, and has been responsible for the strategy management and project management of intra-city delivery department since August 2017. Ms. Liu has over 20 years of experience in strategy and investment management as well as multinational project management. Ms. Liu joined the Group in June 2019 and had served as the head of CEO's office of the Company from June 2019 to March 2022, and since March 2022, has served as the head of corporate strategy & IR department of the Company. Ms. Liu's previous working experience principally includes working in PricewaterhouseCoopers from August 2002 to December 2005 with the last position as a senior associate of assurance division, and working within Huawei group from December 2005 to July 2012 with the last position as senior investment manager.

Ms. Liu obtained a bachelor's degree in English literature with a minor degree in law from Sun YatSen University (中山大學) in Guangzhou, the PRC in June 2002, and a master's degree of business administration from Rotman School of Management of the University of Toronto in Toronto, Canada in June 2014. Ms. Liu was recognized as fellow member of Association of Chartered Certified Accountants (FCCA) in February 2015.

The Board is pleased to present this report and the audited financial statements of the Group for the year ended December 31, 2022.

GLOBAL OFFERING

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

PRINCIPAL BUSINESS

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

During the year ended December 31, 2022, there was no material change in the nature of the principal activities of the Group.

An analysis of the Group's revenue and operating profit for the year ended December 31, 2022 by principal activities is set out in the section headed "Management Discussion and Analysis" on pages 10 to 25 in this annual report.

RELATIONS WITH EMPLOYEES, RIDERS, CUSTOMERS AND SUPPLIERS

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

Employees

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

Riders

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

Customers and Suppliers

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

SEGMENT INFORMATION

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

RESULTS

The results of the Group for the year ended December 31, 2022 are set out in the consolidated statement of comprehensive income on pages 125 to 126. Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in Management Discussion and Analysis of this annual report on pages 10 to 25.

ISSUED SHARES

As at December 31, 2022, the Company issued 933,457,707 ordinary Shares in total (including 231,341,342 H Shares and 562,615,431 Domestic Shares and 139,500,934 Unlisted Foreign Shares). Details of movements in the share capital of the Company during the year ended December 31, 2022 are set out in note 26 to the consolidated financial statements.

DIVIDENDS

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2022. The Company has adopted a dividend policy on payment of dividends. The Company does not have any pre-determined dividend pay-out ratio. The decision to make distributions will be made at the discretion of the Board and will be based upon the Company's operations and earnings, development pipeline, cash flow, financial conditions, capital and other reserve requirements and surplus, general financial conditions, contractual restrictions and any other conditions or factors which the Board deems relevant, and having regard to the Directors' fiduciary duties. The ability of the Company to make distributions is subject to the laws and regulations of the PRC and the Articles of Association. The payment of distributions may also be subject to the restrictions of the PRC laws and the financing agreements of the Company (including any financing agreements that may be entered into by the Company in the future) and will operate in accordance with the law and the regulations in order to comply with the relevant requirements.

EQUITY FUND RAISING ACTIVITIES

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

COMPLIANCE WITH LAWS AND REGULATIONS AND LEGAL PROCEEDINGS

The Group recognizes the importance of compliance with regulatory requirements and the risks and consequences of non-compliance with such requirements. The Group has allocated abundant resources to ensure ongoing compliance with laws and regulations and to maintain health relationships with regulators through effective communications. During the year ended December 31, 2022, the Group has complied, to the best of our knowledge, with all relevant rules and regulations that have a significant impact on the Company.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

USE OF PROCEEDS FROM THE LISTING

During the Reporting Period, the Group has gradually used the proceeds from the initial public offering for the intended purposes set out in the prospectus of the Company dated November 30, 2021 (the "**Prospectus**"). The unused net proceeds from the Global Offering (as defined in the Prospectus) were approximately HK$1,107.4 million after deducting underwriting commissions and offering expenses paid or payable. See the table below for details regarding the amount of net proceeds that the Company has utilised up until December 31, 2022:

Purpose	**Net proceeds from the Listing available**	**Actual net amount utilised for the year ended December 31, 2022**	**Unused net proceeds up to December 31, 2022**	**Expected timeline for utilising unutilised net amount**
	(HK$ million)	(HK$ million)	(HK$ million)	
Research and development and technology infrastructure	718.0	232.7	485.3	by end of 2023
Expand the Company's service coverage	410.3	410.3	–	N/A
Funding the potential strategic acquisition of and investment in upstream and downstream businesses along the industry value chain	410.3	–	410.3	by end of 2024
Marketing and branding	307.7	95.9	211.8	by end of 2023
Working capital and general corporate use	205.2	205.2	–	N/A
Total	**2,051.5**	**944.1**	**1,107.4**	

As of December 31, 2022, the Group has utilised approximately HK$944.1 million of the proceeds for the intended purposes set out in the Prospectus, accounting for 46.0% of all raised funds, and the remaining unutilised proceeds is approximately HK$1,107.4 million. The balance of the proceeds from the Global Offering will continue to be utilised according to the intended purposes as mentioned above.

PRINCIPAL SUBSIDIARIES

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2022 are set out in the note 42 and note 27 respectively to the consolidated financial statements

DISTRIBUTABLE RESERVES

As at December 31, 2022, the Company has no distributable reserves.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the year in the property, plant and equipment of the Group are set out in notes 14 to the consolidated financial statements.

BORROWINGS

As of December 31, 2022, we do not have outstanding borrowing.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the largest and the five largest customers of the Group accounted for approximately 36.0% and 59.1% of the Group's revenue, respectively. The largest and the five largest suppliers of the Group accounted for approximately 47.7% and 89.0% of the Group's purchases, respectively.

For the year ended December 31, 2022, the Group's revenue derived from 1 major customer (2021: 1), which individually contributed 10% or more of the Group's total revenue, for approximately RMB3,698.1 million (2021: RMB3,056.0 million), accounting for approximately 36.0% (2021: 37.4%) of the Group's total revenue. At no time during the year did a Director, an associate of a Director or any Shareholders (which to the knowledge of the Directors had more than 5% interests in the Company) had an interest in any of the Group's five largest customers or suppliers.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force during the year ended December 31, 2022. The Company has maintained appropriate liability insurance for its Directors and senior management during the Reporting Period.

CONNECTED TRANSACTIONS

During the year ended December 31, 2022, the Group has conducted the following connected transactions:

On June 30, 2022, Shenzhen Intra-city entered into a tenancy agreement (the "**Tenancy Agreement**") with Shenzhen Shunfeng Supply Chain Co., Ltd. (深圳市順豐供應鏈有限公司) ("**SF Supply Chain**"), pursuant to which Shenzhen Intra-city (as the lessee) agreed to lease the entire floors of the 21st and 22nd floors of the SF Express Headquarters, no. 3076 Xinghai Avenue, Nanshan District (the "**Properties**") from SF Supply Chain (as the lessor) as office premises. SF Supply Chain is a wholly owned subsidiary of SF Taisen, which is one of the controlling shareholders of the Company, and is therefore a connected person of the Company.

The Tenancy Agreement has a term from August 1, 2022, to July 31, 2025, including a rental free period from August 1, 2022, to September 30, 2022. The rentals of the Properties (i) between August 1, 2022, and July 31, 2023, are RMB397,160.28 (inclusive of tax) per month, (ii) between August 1, 2023, and July 31, 2024, are RMB417,018.29 (inclusive of tax) per month, and (iii) between August 1, 2024, and July 31, 2025, are RMB437,869.21 (inclusive of tax) per month, payable by Shenzhen Intra-city to SF Supply Chain on a monthly basis.

For details of the Tenancy Agreement, please refer to the Company's announcement dated June 30, 2022.

Continuing Connected Transactions

Continuing connected transactions	Connected parties	Transaction value for the year ended December 31, 2022	Annual cap amount
		RMB'000	RMB'000
1. Intra-city On-demand Delivery Service Cooperation Framework Agreement	S.F. Holding Co., Ltd.		
– Intra-city Delivery Service	S.F. Holding Co., Ltd.	190,233	400,000
– Last-mile Delivery Service	S.F. Holding Co., Ltd.	3,507,864	4,000,000
2. Comprehensive Service Purchasing Framework Agreement	S.F. Holding Co., Ltd.	93,363	139,000
3. Leasing Framework Agreement	S.F. Holding Co., Ltd.	6,858	7,000
4. Financial Services Framework Agreement[1]	SF Holding Group Finance Co., Ltd		
— Deposit Services	SF Holding Group Finance Co., Ltd		
— Deposits placed by the SF Intra-city Group with SF Finance – maximum daily balance	SF Holding Group Finance Co., Ltd	332,980	600,000
— Interest income received by the SF Intra-city Group from SF Finance	SF Holding Group Finance Co., Ltd	261	4,750
— Entrusted Loan Services	SF Holding Group Finance Co., Ltd	–	100

Note 1: The Financial Services Framework Agreement was approved by the independent shareholders on September 28, 2022, and the transaction volume is the amount incurred between September 28, 2022 and December 31, 2022. For details of the Financial Services Framework Agreement, please refer to the Company's announcement dated June 28, 2022.

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

On November 19, 2021, the Company entered into an intra-city on-demand delivery service cooperation framework agreement with S.F. Holding Co., Ltd. (順豐控股股份有限公司) ("**SF Holding**") (the "**Intra-City On-demand Delivery Service Cooperation Framework Agreement**"), pursuant to which the Group will provide intra-city on-demand delivery services to SF Holding and/or its associates under the following scenarios:

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

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

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

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

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

Acting as a supplement to SF Holding Group's last-mile delivery force, especially during peak seasons such as the online shopping events or festive period, or in areas where SF Holding Group lacks local delivery force or in case that it is more cost-efficient for SF Holding Group to entrust us to conduct the delivery, the Group will collect certain parcels from the local delivery outlets of SF Holding Group or the warehouses of corporate customers of SF Holding Group and deliver the parcels to the designated recipients by the Group's riders or vehicles.

The service fees paid by SF Holding and/or its associates to our Group will be principally determined with reference to a relatively stable mark-up on top of the rider commission fee.

The mark-up will be determined on arm's length basis taking into consideration complexity of the services required, market rates, and industry standards. The Group also provides last – mile delivery services to Independent Third Parties. The pricing methodology for the last-mile delivery services provided to Independent Third Parties is largely consistent with that for the last-mile delivery services provided to SF Holding Group. The Group will cross-check against the last-mile delivery services we provide to Independent Third Parties and ensure that the service fee paid by SF Holding and/or its associates, in particular, the mark-up for the last-mile delivery services SF Holding Group bears, is at least comparable to that of Independent Third Parties. Where the bidding process is necessary under the internal policies of SF Holding and/or its associates, the service fee shall be ultimately determined in accordance with the tender and bidding process. During the bidding process, our bidding quotations will be determined after taking into consideration the factors including market rates, industry standards, the actual cost, tender quantities, potential competition and relevant requirements as per tender documents.

Our Group will, or to the extent needed, may consider engaging an industry consultant to, on an annual basis, conduct researches on comparable companies to evaluate and assess the applicable market rates for the last-mile delivery services provided under the Intra-City On – demand Delivery Service Cooperation Framework Agreement to ensure that service fees paid by SF Holding and/or its associates are on normal commercial terms, fair and reasonable, and in the interests of our Shareholders as a whole.

The Intra-City On-demand Delivery Service Cooperation Framework Agreement commenced on the Listing Date and shall end on December 31, 2023.

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

Annual Caps

The aggregate annual transaction amount (representing the fee paid by the SF Holding Group and/or its associate to our Group) for the intra-city delivery service under the Intra – City On-demand Delivery Service Cooperation Framework Agreement for the years ending December 31, 2021, 2022 and 2023 shall not exceed RMB100.0 million, RMB400.0 million and RMB1,000.0 million, respectively. The Board resolved on August 18, 2022 to revise the Original Annual Caps under the Intra-city On-demand Delivery Service Cooperation Framework Agreement for Intra-city Delivery Service for the years ending December 31, 2022 and 2023, to increase of the Original Annual Caps under the Intra-city On-demand Delivery Service Cooperation Framework Agreement for Intra-city Delivery Service for the two years ending December 31, 2022 and 2023 from RMB140.0 million to RMB400.0 million, and RMB200.0 million to RMB1,000.0 million, respectively, which was approved at the extraordinary general Meeting held on September 28, 2022.

The aggregate annual transaction amount (representing the fee paid by the SF Holding Group and/or its associate to our Group) for the last-mile delivery service under the Intra-City On – demand Delivery Service Cooperation Framework Agreement for the years ending December 31, 2021, 2022 and 2023 shall not exceed RMB3,300.0 million, RMB4,000.0 million and RMB4,800.0 million, respectively.

2. Comprehensive Service Purchasing Framework Agreement

On November 19, 2021, the Company entered into the comprehensive service purchasing framework agreement with S.F. Holding Co., Ltd. (順豐控股股份有限公司) ("**SF Holding**") (the "**Comprehensive Service Purchasing Framework Agreement**"), pursuant to which SF Holding and/or its associates will provide services to our Group which includes:

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

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

(iii) customized research and development services to further optimize Fengshi business system, an online group catering service platform offering enterprise customers a wide selection of high – quality staff meals, to cater for our design and operation needs including serving more scenarios and end-users.

The Comprehensive Service Purchasing Framework Agreement commenced on the Listing Date and shall end on December 31, 2023. Relevant subsidiaries or associated companies of both parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Comprehensive Service Purchasing Framework Agreement.

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

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

Annual Caps

The aggregate annual amount for transactions under the Comprehensive Service Purchasing Framework Agreement for the years ending December 31, 2021, 2022 and 2023 shall not exceed RMB120.0 million, RMB139.0 million and RMB161.0 million, respectively.

3. Leasing Framework Agreement

On November 19, 2021, the Company entered into a leasing framework agreement with S.F. Holding Co., Ltd. (順豐控股股份有限公司) ("**SF Holding**"), pursuant to which our Group will rent certain properties from SF Holding and/or its associates for a term of less than 12 months each (the "**Leasing Framework Agreement**").

The Leasing Framework Agreement commenced on the Listing Date and shall end on December 31, 2023. Relevant subsidiaries or associated companies of both parties will enter into separate underlying agreements for a term of less than 12 months which will set out the specific terms and conditions according to the principles provided in the Leasing Framework Agreement.

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

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

Annual Caps

The aggregate annual amount for the rent under the Leasing Framework Agreement for the years ending December 31, 2021, 2022 and 2023 shall not exceed RMB7.0 million, RMB7.0 million and RMB8.0 million, respectively.

4. Financial Services Framework Agreement

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

Scope of services

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

1. Deposit Services

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

Annual Caps

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

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

2. Entrusted Loan Services

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

Annual Caps

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

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

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

(ii) on normal commercial terms or better; and

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

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

The Company entered into certain transactions with "related parties" as defined under applicable accounting standards during the financial year ended December 31, 2022. Please refer to note 36 "Related Party Transactions" to the consolidated financial statements of this annual report for details of the related party transactions as defined by applicable laws and regulations and accounting standards. Save for the related party transactions involving payment of compensation to certain directors of the Group disclosed in the aforementioned note 36 of consolidated financial statements which constitute continuing connected transactions fully exempt from the connected transaction requirements under Rule 14A.76(1) or Rule 14A.95 of the Listing Rules, the transactions disclosed in the section headed "Connected Transactions" of the Report of the Board and the fully exempt connected transactions or continuing connected transactions under Rule 14A.76 of the Listing Rules, no other related parties transactions disclosed in the consolidated financial statements in this annual report constitutes a connected transaction as defined under Chapter 14A of the Listing Rules. In respect of the related party transactions which constituted connected transactions or continuing connected transactions, the Company has complied with the requirements under Chapter 14A of the Listing Rules.

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

DIRECTORS

The Directors during the year ended December 31, 2022 and up to the Latest Practicable Date were:

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

Non-executive Directors:
Mr. Chan Fei *(Chairman)*
Mr. Xu Zhijun
Mr. Li Qiuyu
Mr. Han Liu *(appointed on June 6, 2022 and effective from June 21, 2022)*

Independent Non-executive Directors:
Mr. Chan Kok Chung, Johnny
Mr. Wong Hak Kun
Mr. Zhou Xiang
Ms. Huang Jing *(appointed on June 6, 2022 and effective from June 21, 2022)*

SUPERVISORS

The Supervisors during the year ended December 31, 2022 and up to the Latest Practicable Date were:

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

The Board of Supervisors held three meetings during 2022. Details of the events conducted by the Board of Supervisors during 2022 are set out in the section headed "Report of Supervisors" of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, each of our Directors and Supervisors (apart from Mr. Chan Hey Man and Ms. Gao Yuan) entered into a contract with our Company on November 18, 2021 and renewed on June 6, 2022 upon expiry in respect of, among other things, (i) the compliance of relevant laws and regulations, (ii) compliance with the Articles of Association, and (iii) the provision on arbitration. Mr. Chan Hay Man and Ms. Gao Yuan respectively entered into such contract with the Company on April 19, 2023 upon their appointment as approved by the Shareholders.

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

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period and as at the Latest Practicable Date, the Board comprises eleven Directors in total.

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

CHANGES IN INFORMATION OF DIRECTORS

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

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

2. Since September 2022, Mr. Tsang Hoi Lam has served as the supervisor of Shenzhen Fengsu Qihang Limited (深圳市豐速啟航科技有限公司), a subsidiary of the Company incorporated in September 2022 in PRC.

3. From December 2016 to December 2022, Mr. Chan Fei had served as a director and deputy general manager of SF Holding.

4. From December 2016 to December 2022, Mr. Xu Zhijun had served as a deputy general manager of SF Holding.

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

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

7. In March 2023, Mr. Chan Hey Man was appointed as the chief financial officer and a joint company secretary of the Company. In April 2023, he was appointed as an executive Director, authorised representative of the Company under the Listing Rules and a supervisor of multiple subsidiaries of the Company.

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

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

In compliance with the CG Code as set out in Appendix 14 to the Listing Rules, the Company has established the Remuneration Committee of the Company to review and consider the remunerations of the directors, supervisors and senior managements. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority.

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

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTION, ARRANGEMENT OR CONTRACT

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

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

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

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

As at December 31, 2022, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "**SFO**")), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**"), were as follows:

Interest in Shares or underlying Shares of our Company

Name of Director, Supervisor and chief executive	Class of Shares	Nature of Interest	Number of Shares interested(1)	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares of the Company
Tsang Hoi Lam	Unlisted Foreign Shares	Interest of controlled corporation(2)	20,000,000 (L)	14.34%	2.14%
Sun Haijin	Domestic Shares	Interest of controlled corporation(3)	66,891,800 (L)	11.89%	7.17%
Chen Lin	Domestic Shares	Others(4)	7,815,431 (L)	1.39%	0.84%
Li Qiuyu	Domestic Shares	Others(5)	388,010 (L)	0.07%	0.04%
Xu Zhijun	Domestic Shares	Others(6)	42,110 (L)	0.01%	0.00%
Su Xiaohui	Domestic Shares	Others(7)	2,267,498 (L)	0.40%	0.24%

Notes:

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

(2) Sharp Land, the beneficial owner of 20,000,000 Unlisted Foreign Shares of the Company, is wholly owned by Mr. Tsang Hoi Lam. As such, Mr. Tsang Hoi Lam is deemed to be interested in the Shares held by Sharp Land.

(3) Shenzhen Tonglu Zhiyuan Investment Co., Ltd ("**Tonglu Zhiyuan**"，深圳市同路致遠投資有限公司) 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, representing 11.89% of domestic shares.

(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, representing 11.89% and 0.34% of domestic shares respectively.

(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, representing 0.34% and 0.53% of domestic shares respectively.

(6) Mr. Xu Zhijun is a limited partner of Yinghe Fengrui. Yinghe Fengrui is a beneficial owner of the Company, representing 0.34% of domestic shares.

(7) Ms. Su Xiaohui is a limited partner of Ningbo Shunxiang. Ningbo Shunxiang is a beneficial owner of the Company, representing 11.89% of domestic shares.

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]
Chan Fei	SF Holding	Beneficial owner[3]	488,000 (L)	0.01%
Li Qiuyu	SF Holding	Beneficial owner[3]	272,000 (L)	0.01%
Xu Zhijun	SF Holding	Beneficial owner[3]	272,000 (L)	0.01%

Notes:

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

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

(3) Mr. Chan Fei, Mr. Li Qiuyu and Mr. Xu Zhijun has or is deemed to have interest in 488,000, 272,000 and 272,000 underlying shares of equity derivatives of S.F. Holding Co., Ltd. respectively.

Save as disclosed above and so far as is known to the Directors, Supervisors and chief executives of the Company, as at December 31, 2022, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

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

RETIREMENT BENEFIT SCHEME

As at December 31, 2022, the Company did not have any retirement benefit scheme (per definition in the Listing Rules). For details regarding remuneration received by the Directors and Supervisors in the form of fees, salaries, share based compensation, pension schemes contribution and other benefits (subject to applicable laws, rules and regulations), please refer to Note 43 to the consolidated financial statements.

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

As at December 31, 2022, so far as is known to the Directors, the following persons (not being Directors, Supervisors or chief executives of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Interest in Shares or Underlying Shares of our Company

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares interested[(1)]	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares of the Company
Wang Wei	Domestic Shares	Interest of controlled corporation and others [(2)]	485,421,596 (L)	86.28%	52.00%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
Shenzhen Mingde Holding Development Co., Ltd.	Domestic Shares	Interest of controlled corporation and others [(2)]	485,421,596 (L)	86.28%	52.00%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
S.F. Holding Co., Ltd.	Domestic Shares	Beneficial owner, interest of controlled corporation and others [(2)]	485,421,596 (L)	86.28%	52.00%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
Shenzhen S.F. Taisen Holding (Group) Co., Ltd.	Domestic Shares	Beneficial Owner	343,529,796 (L)	61.06%	36.80%
	Domestic Shares	Interest of controlled corporation [(3)]	75,000,000 (L)	13.33%	8.03%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
	Domestic Shares	Interest through voting rights entrustment Arrangement [(3)]	66,891,800 (L)	11.89%	7.17%
SF Technology Co., Ltd.	Domestic Shares	Interest of controlled corporation [(3)]	75,000,000 (L)	13.33%	8.03%
Beijing SF Intra-city Technology Co., Ltd.	Domestic Shares	Beneficial Owner	75,000,000 (L)	13.33%	8.03%
Ningbo Shunxiang Tongcheng Venture Capital Investment Partnership (Limited Partnership)	Domestic Shares	Beneficial Owner [(4)]	66,891,800 (L)	11.89%	7.17%
Eric Li	H Shares	Interest of controlled corporation [(5)]	52,033,583 (L)	22.49%	5.57%
Shining Star Fund, L.P.	H Shares	Beneficial Owner [(5)]	37,500,000 (L)	16.21%	4.02%
Duckling Fund, L.P.	H Shares	Beneficial Owner [(5)]	14,533,583 (L)	6.28%	1.56%
Sharp Land Development Limited	Unlisted Foreign Shares	Beneficial Owner	20,000,000 (L)	14.34%	2.14%
Alibaba Group Holding Limited	H Shares	Interest of controlled corporation [(6)]	51,844,000 (L)	22.41%	5.55%
Taobao Holding Limited	H Shares	Interest of controlled corporation [(6)]	51,844,000 (L)	22.41%	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)	22.41%	5.55%
Legend Capital Co., Ltd. (君聯資本管理股份有限公司)	H Shares	Interest of controlled corporation [(7)]	11,793,004 (L)	5.10%	1.26%
Idea Flow Limited	H Shares	Beneficial Owner [(7)]	11,793,004 (L)	5.10%	1.26%

Notes:

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

(2) Ningbo Shunxiang has entrusted its voting rights with respect to its shareholding of 66,891,800 shares in the Company to SF Taisen. SF Taisen is wholly owned by SF Holding. SF Holding is a non-wholly owned subsidiary of Mingde Holding, which in turn was held by Mr. Wang Wei as to approximately 99.90%. As such, each of Mr. Wang Wei, Mingde Holding and SF Holding are deemed to be interested in the Shares which SF Taisen is deemed to be interested in.

(3) SF Holding Limited is the beneficial owner of 117,076,764 Unlisted Foreign 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. Ningbo Shunxiang is deemed to be acting in concert with SF Taisen by virtue of the Voting Power Entrustment Agreement whereby SF Taisen is entrusted by Ningbo Shunxiang to exercise the voting rights attached to the entire 66,891,800 shares held by Ningbo Shunxiang. As such, SF Taisen is deemed to be interested in the Shares held by SF Holding Limited, Intra-city Tech and Ningbo Shunxiang; and SF Technology is deemed to be interested in the Shares held by Intra-city Tech.

(4) The general partner of Ningbo Shunxiang was Shenzhen Tonglu Zhiyuan Investment Co., Ltd. ("**Tonglu Zhiyuan**"，深圳市同路致遠投資有限公司) which was owned by Mr. Sun Haijin, our executive Director and chief executive officer, and Ms. Liu Jia, secretary of our Board and one of our joint company secretaries as to 99% and 1%, respectively.

(5) Shining Star and Duckling Fund each is indirectly controlled by Mr. Eric Li. As such, Mr. Eric Li will be deemed to be interested in the Shares held by Shining Star and Duckling Fund.

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

(7) Idea Flow Limited is indirectly wholly owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司). As such, Legend Capital Co., Ltd. (through its interest in a controlled corporation or controlled corporations, as the case may be) is deemed to be interested in the H Shares held by Idea Flow Limited.

Save as disclosed above, as at December 31, 2022, the Directors of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Other than the Pre-IPO Restricted Share Scheme, the Company did not enter into any equity-linked agreement during the year ended December 31, 2022.

LOAN AND GUARANTEE

As of December 31, 2022, we have not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors and senior management of the Company, the Controlling Shareholders of the Company (if any) or their respective connected persons.

PRE-EMPTIVE RIGHTS

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

SUFFICIENT PUBLIC FLOAT

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

Pursuant to the completion of the H Share Conversion and Listing on February 7, 2023, to the best knowledge of the Directors, the H Shares currently regarded as held by the public has increased to approximately 28.92%.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The Audit Committee has reviewed annual results and the consolidated financial statements of the Group for the year ended December 31, 2022 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and PricewaterhouseCoopers, the auditor of the Company (the "**Auditor**").

MANAGEMENT CONTRACT

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

PRE-IPO RESTRICTED SHARE SCHEME

For the purpose of incentivizing the Group's core employees, as well as promoting the long-term development of the Group and maintaining the Group's competitive advantages, we adopted the Pre-IPO Restricted Share Scheme on January 22, 2020. Ningbo Shunxiang and Sharp Land were designated as employee share ownership platforms for the Pre-IPO Restricted Share Scheme.

As at December 31, 2022, Ningbo Shunxiang and Sharp Land were the Shareholders of the Company with 66,891,800 shares and 20,000,000 shares, respectively. For the Pre-IPO Restricted Share Scheme granted in September 2019, 20% of the restricted shares was vested in the first year after the grant date, whereas the remaining 80% was vested upon the date of Listing, December 14, 2021. As for the Pre-IPO Restricted Share Scheme granted in January 2020, all the restricted shares have been vested since the date of Listing. All participants have completed the payment of the price of the restricted shares under the scheme and have been registered as the limited partners of Ningbo Shunxiang or the shareholder of Sharp Land.

Information about the details of the Pre-IPO Restricted Share Scheme of the Company is set out in the section headed "Pre-IPO Restricted Share Scheme" as disclosed in the Prospectus and Note 29 to the consolidated financial statements of this report.

EMPLOYEE INCENTIVE SCHEME

Reference is made to the announcement published by the Company on March 28, 2023 in relation to proposed adoption of the employee incentive scheme (the "**Scheme**"). The adoption of the Scheme was approved by the Shareholders at the extraordinary general meeting held on April 19, 2023. As of the date of this report, no trust benefit units have been granted under the Scheme.

ENVIRONMENTAL POLICY AND PERFORMANCE

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

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting is scheduled to be held on June 6, 2023 (the "**AGM**"). A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

The register of members of the Company will be closed from June 1, 2023 to June 6, 2023, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents of H shares accompanied by the relevant shares certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre,16 Harcourt Road, Hong Kong before 4:30 p.m. on May 31, 2023.

AUDITORS

The consolidated financial statements for the year ended December 31, 2022 have been audited by PricewaterhouseCoopers, who will retire and being eligible, offer themselves for re-appointment. A resolution will be proposed in the forthcoming AGM to re-appoint PricewaterhouseCoopers as auditor of the Company.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

In addition to the Employee Incentive Scheme discussed above, the material events after the Reporting Period are as follows:

Completion of the H Share Full Circulation

The Company received official approval from the CSRC in respect of the conversion of 78,947,684 unlisted domestic shares of the Company into H shares and the listing thereof on the Stock Exchange (the "**Conversion and Listing**") on August 18, 2022, and was granted of approval by the Stock Exchange for implementation of the Conversion and Listing on September 9, 2022.

On February 6, 2023, the conversion of 78,947,684 unlisted domestic shares of the Company into H shares had been completed, and the listing of the converted H Shares on the Stock Exchange commenced on February 7, 2023. Details of the Conversion and Listing can be referred to the Company's announcement dated May 5, 2022, August 18, 2022, September 9, 2022, February 2, 2023 and February 6, 2023, respectively.

On behalf of the Board

Chan Fei
Chairman of the Board

PRC
March 28, 2023

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

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

WORKS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

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

(1) On March 30, 2022, a meeting was convened in the form of video conference meeting, at which the proposal on (i) the annual results of the Group for the year ended December 31, 2021; (ii) the Report of the Supervisory Committee in 2021; (iii) the recommendation on not paying a final dividend were reviewed and approved.

(2) On May 16, 2022, a meeting was convened in the form of video conference meeting, at which the proposal on the re-election of Mr. Yang Zunmiao and Mr. Wu Guozhong as shareholders' representative supervisors of the Company were reviewed and approved respectively.

(3) On June 21, 2022, a meeting was convened in the form of video conference meeting, at which the proposal on the election of Mr. Yang Zunmiao as the Chairman of the Board of Supervisors was reviewed and approved;

(4) On August 30, 2022, a meeting was convened in the form of video conference meeting, at which the proposal on (i) the interim results of the Group for the six months ended June 30, 2022; (ii) the recommendation on not paying an interim dividend were reviewed and approved.

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

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

COMMENTS OF THE SUPERVISORY COMMITTEE ON CERTAIN MATTERS OF THE COMPANY IN 2022

Lawful Operation of the Company

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

Financial Position of the Group

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

USE OF PROCEEDS FROM IPO

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

CONNECTED-PARTY TRANSACTIONS

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

2023 OUTLOOK

In 2023, the Board of Supervisors will continue to abide by the principle of being responsible to all the Shareholders, and perform its supervisory duties in strict accordance with relevant laws and regulations and the requirements of the Articles, so as to safeguard the legitimate rights and interests of the Group and its shareholders, and play a positive role in achieving the standardized operation and development of the Group.

By order of the Board of Supervisors

Yang Zunmiao
Chairman of the Board of Supervisors

PRC
March 28, 2023

Report Description

This is the 2022 Environmental, Social and Governance Report (hereinafter referred to as "**ESG Report**") of SF Intra-city, which is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* ("**Reporting Guide**") of Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. During the preparation of the ESG Report, the Group adhered to the principles of "Materiality", "Quantitative", "Balance" and "Consistency" in the Reporting Guide.

The ESG Report is prepared through researching and interviewing the Company's stakeholders, identifying the ESG-related major issues of concern to stakeholders, understanding opinions of stakeholders, determining the materiality of the issues, deciding the disclosure scope of the ESG Report, collecting related materials and data, reviewing the materials and data, preparing the ESG Report based on the related materials and data collected, and was reviewed and approved by the Board of Directors. It is recommended to read the part on governance in conjunction with the "Corporate Governance Report" section contained in the 2022 Annual Report of the Company.

The period of this Report ranges from January 1, 2022 to December 31, 2022, with some references to previous years or 2023. Unless otherwise specified, the scope of this Report is the same as that of the Company's 2022 Annual Report, which includes the Company and its subsidiaries.

Statement of the Board

The Board of Directors attaches great importance to its sustainable development in the ESG fields, and has established a three-level ESG governance structure, forming a practical closed-loop management system from decision-making, communication, and implementation to assessment and reporting.

The Board of Directors is responsible for SF Intra-city's overall ESG management, including: (i) deciding the Company's ESG development direction and strategies; (ii) identifying, assessing and managing material ESG risks related to the Company's business; (iii) regularly listening to the briefings from the ESG leadership team or other relevant management; (iv) reviewing and approving the Company's ESG related management policies, etc.

The Company has set key ESG targets in compliance with the listing rules and in consideration of business operation. The Board of Directors has reviewed and discussed the setting of targets, and will regularly review the progress of achieving relevant targets.

This Report discloses the aforementioned ESG-related matters in detail, and was reviewed and approved by the Board on March 28, 2023.

Corporate Culture

Mission Bring enjoyable lifestyle to your fingertips

Vision High-quality, High efficiency and Multi-scenario third-party on-demand delivery platform

Talent philosophy Appreciate highly motivated people. Being positive, optimistic, focused and rising to challenges

Business philosophy Do right things with long-term value. Serve customers while being dedicated to the success of employees

Values Being equal and respectful, openness and communication, entrepreneurship and innovation, professionalism and dynamics are the core principles that SF people will always adhere to

Highlights of the Year

Highlights of ESG Performance

Governance:

- Striving to improve its corporate governance and diversity. One female Independent Non-executive Director was newly appointed, raising the proportion of females in Directors, Supervisors and Senior Management[1] to 27%.
- Adhering to the principle of "zero tolerance" for corruption. The signing rate of the *Letter of Commitment to Anti-corruption* by second- and third-line employees reached 100%.
- Strengthening the construction of network information security. The Company passed the ISO 27001 Information Security System certification, with 100% coverage of staff training on cybersecurity and information security.

Services:

- Quality, efficient and stable fulfillment. The fluctuation of fulfillment-in-time rate during holidays and bad weather were less than 2.5% and 4.0%, respectively.
- End-to-end management and improving user experience. All of the consumer complaints were handled in a proper and timely manner and the customer complaints per million orders was improved.
- Clean, transparent and green procurement. The signing rates of supplier integrity agreement and supplier social responsibility clauses both reached 100%.

Society:

- 100% employee labour contract signing rate. Launched a one-stop online learning platform "Intra-city Academy" with a staff training coverage of 99%.
- Created a warm and friendly career platform with sustainable development opportunities for riders.
- Delivered social value and actively interacted with local communities in scenarios such as community service, elderly care and anti-pandemic support.

Environment:

- Green delivery capacity. 95% of riders fulfilled orders via electric two-wheeled vehicles or public transportation, covering more than 90% of capacity scenarios.
- Energy conservation and emission reduction. The GHG emission intensity, office electricity and water intensity, as well as office waste intensity were all lower than those of 2021, achieving the environmental target of 2022.

[1] Including directors, supervisors and senior management as defined in the Company Law of the People's Republic of China.

Honors & Awards

Fields	Awards
Excellent Services	• 2022 CYZONE "Quality Technology Service Provider for Logistics Digitalization and Intelligence", "Logistics data broker" • 2022 JRJ "Outstanding Digital Intelligence Application Innovation Award" • 2022 China Intra-city On-demand Delivery Industry Summit "Technology Innovation Award" • 2022 Reassurance Award "Annual On-demand Logistics Platform" • 2022 China Federation of Logistics and Purchasing "Social Responsibility pioneer of China's Logistics Industry"
Capital market recognition	• 2022 Gelonghui "Annual Large Market Cap Growth Value Award" • 2022 Hithink RoyalFlush (同花順) "Best Investor Relations Management Award" • 2022 Tiger Brokers "Best Investor Companion Award", "Best Investor Interaction Award" • 2022 IRSC "Best Shareholder Relations Award" • 2022 Futu "Capital Market Communication Innovation Team" • 2022 National Business Daily "Overseas Listed Company with Most Growth Potential"

Management of Sustainability

Based on the brand proposition of "delivery with warmth and professionalism", the Company upholds the sustainability principle and actively assumes its social responsibility. By establishing a well-performing ESG governance structure, identifying key issues, and maintaining good communication with stakeholders on a regular basis, the Company gradually improves ESG management. In the meanwhile, as the largest third-party on-demand delivery service provider[2] in China, we hope to bring more extensive value creation and fulfill our responsibilities to shareholders, employees, riders, partners and other stakeholders.

Communication with Stakeholders

The Company highly values the voices of stakeholders, and has established a normalized, diversified and targeted communication mechanism to collect the opinions of stakeholders, to review their concerns, and use their expectations and requirements as an important basis for the continuous improvement of the Company's ESG management, thereby strengthening the sustainability of the Company.

The Company are committed to actively conveying our values to the market in an ongoing manner, and actively communicates with stakeholder in various means through a combination of "online + offline" forms to ensure efficient communication.

Stakeholder	Concerns	Means of communication	Response Measures
Shareholder and Investors	• Corporate governance • Business ethics and anti-corruption • Risk management • Compliance operation • Safe delivery • Data security and privacy protection • Provide high-quality products and services	• Information disclosure • Shareholders' general meeting • Roadshow events • Investor Summit • Investor official website, hotline, email • On-site and online research	• Ensure information disclosure and compliance operation, and expand information dissemination channels • Organize and participate in different types of investor events • Maintain good communication and relationship with shareholders • Improve the internal corporate governance system

2 Such ranking is based on independent third-party order volume in China in 2022, according to iResearch. The calculation of order volume takes into account the number of orders sourced independently by the market players, excluding orders from related parties.

Stakeholder	Concerns	Means of communication	Response Measures
Employee	• Employee health and safety management • Talent attraction and retention • Staff training and development • Employee rights and welfare	• Internal OA platform • Employee satisfaction survey • Training activities • Employee labor union	• Safeguard the rights of employees in accordance with the law • Improve talent promotion and remuneration mechanism • Actively carry out various types of training • Implement diversified employee benefits
Customer	• Safe delivery • Data security and privacy protection • Provide high-quality products and services • Customer communication and customer complaint management	• Customer satisfaction survey • SF Intra-city APP, official website, hotlines and other online channels • Customer communication and customer service	• Provide safe, quality and efficient services • Improve customer complaint and claim processes • Optimize user experience
Riders	• Safe delivery • Riders' health and rights protection	• Rider satisfaction survey • Rider APP • Online forum, hotline • Rider care activities • Training activities	• Provide flexible income opportunities • Guarantee the legal rights of riders • Create a warm community of riders • Build online and offline communication channels
Supplier and business partner	• Provide high-quality products and services • Business ethics and anti-corruption • Supply chain symbiosis and win-win • Promote green packaging	• Cooperation agreements • Field visit • Daily communication	• Make transparent procurement to eliminate corruption • Procure one-on-one signing of cooperation agreements, social responsibility agreements and integrity agreements • Conduct regular site visits and qualification audits
Government/ regulatory authorities	• Compliance operation • Data security and privacy protection • Business ethics and anti-corruption • Social welfare • Tackling climate change • Improve energy efficiency • Save water resources	• Information disclosure • Special research	• Operate in accordance with laws and regulations • Actively assume corporate social responsibility • Cooperate with the government in its work
Industry associations/ media/public	• Technology innovation • Social welfare • Promoting local communities' development • Promoting green packaging • Tackling climate change	• Information disclosure • Establish communication and interaction mechanisms • Participate in the compilation of industry white paper, the discussion and research of industry systems and standards	• Participate in government-organized research and seminars • Participate in forums, summits and other industry exchange activities • Actively cooperate with all parties

Table: Stakeholder Communication Form

Determination of Materiality Issues

To further clarify our ESG management focuses and timely response to stakeholders' concerns, the Company collects feedback from multiple parties through online questionnaires, and on-site/telephone interviews, etc., and has established an ESG issue database with a total of 21 issues as an important basis for the Company's ESG management and information disclosure, which includes 9 highly important issues. In the future, we will continue to follow up on the concerns of various stakeholders based on the Company's ESG materiality issue matrix to ensure that the ESG-related materiality issues can truly reflect the Company's current condition.

Issue identification	Taking into account the company's business model, policies, capital markets, disclosure standards, industry benchmarks, as well as the opinions of various stakeholders, a comprehensive review was conducted to identify the important ESG issues related to the Company.
Stakeholder survey	We conducted a questionnaire survey to both internal and external stakeholders including shareholders/investors, management team, riders, customers, suppliers etc., to fully understand the ESG-related issues of the Company that were focused on by all parties.
Issue assessment	Based on the stakeholder survey results, the Company analyzed and ranked ESG issues from the two dimensions of "importance to corporate development" and "importance to stakeholders" according to the substantive principle, forming a matrix of materiality issues.
Review and confirmation	The materiality issues and their ranking were reviewed by the Board, and were deliberated by external experts with corresponding recommendations to ensure that the materiality issues can truly reflect the characteristics of the industry and the Company.

Figure: Process for identifying materiality issues

SF Intra-city 2022 Environmental, Social and Governance Report Materiality Issues Matrix

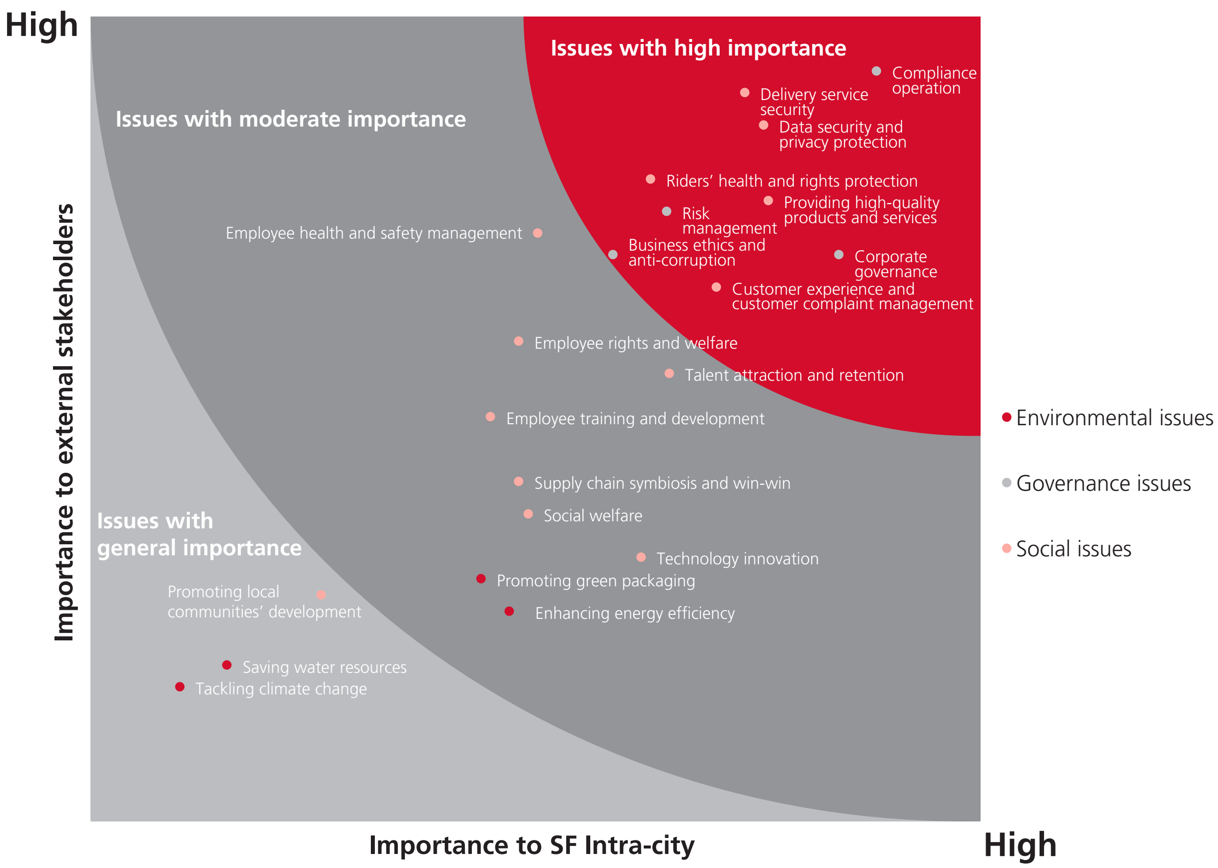

Figure: 2022 Materiality Issues Matrix

Governance: Forging Ahead with Original Aspiration

Related SDGs Goals in this section

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Corporate Governance

A sound corporate governance is an important foundation to ensure the legal and compliant operation of enterprises, to enhance corporate social value, and to safeguard the interests of stakeholders. SF Intra-city strictly complies with the requirements of relevant laws, regulations and normative documents such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and the Rules Governing the Listing of Securities on the Stock Exchange, constantly improves the Company's internal corporate governance structure, establishes and refines the Company's internal management and control mechanism, and regulates corporate operations, in a bid to promote the Company's compliance, improve the corporate governance, and protect the long-term interests of shareholders, especially the minority shareholders.

Corporate Governance

Upholding the principle of professionalism, leadership and transparency, SF Intra-city has formed a governance mechanism and governance structure that is scientific and standardized, efficient and balanced with clear division of authority and responsibilities. Through a professional and diversified management team, the Company has conducted comprehensive and effective supervision of its business development and internal governance, and constantly optimized its corporate governance methods, standardized operations, improved internal control mechanisms, and carried out sound corporate governance and disclosure measures, fully safeguarding the interests of shareholders and the Company to ensure its sustainable, long-standing and stable development.

Governance Structure

The Board has established three Board Committees in accordance with the relevant laws and regulations, the Articles of Association, and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration Committee, and the Nomination Committee. All committees are established with specific written terms of reference, which deal clearly with their authority and duties, and are responsible for overseeing the management of the Company's operations and related matters within its duties from multiple aspects. The Board steers and directs the management directly and indirectly through its committees, formulates strategies and supervises its implementation by management, continuously monitors the Company's business and financial performance, formulates, reviews and improves the Company's corporate governance system in an attempt to ensure the soundness of the internal control and risk management system.

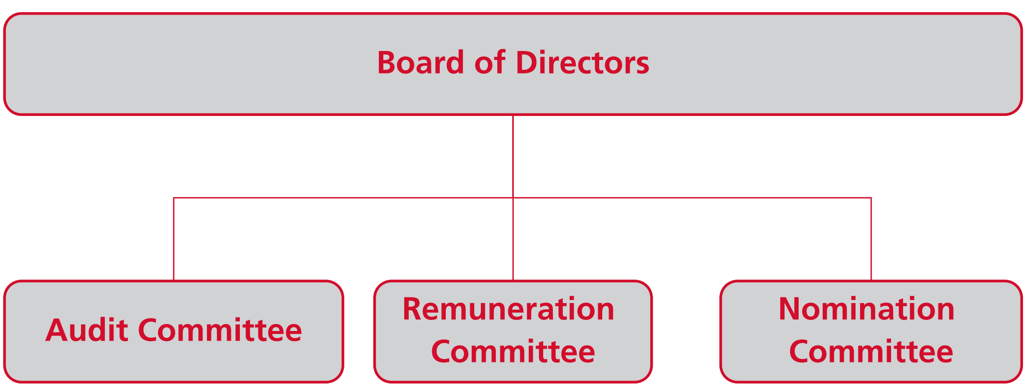

Figure: The Governance Framework of the Company

Diversified Directors, Supervisors and Senior Management

To enhance corporate governance, the Company advocates and constantly follows the diversity policy of Directors, Supervisors and Senior Management, and achieved a balanced mix of skills and experience in terms of gender, age, educational background, professional competence, work experience and industry experience, thereby providing a comprehensive perspective, rich views and insights for the effective performance of the Board's duties and facilitating a sound decision-making of the Company.

At present, the Company's Directors, Supervisors and Senior Management are composed of 15 members with extensive experience in logistics, O2O Internet, technology, retail and new consumption, strategic investment, financial management and other fields. During the year, the Company also arranged corresponding training and reading materials in a timely manner to help them enhance their professionality and update their expertise, thus facilitating their performance of duties.

In order to implement the policy of diversity, we appointed one new female independent non-executive director in 2022, increasing the proportion of female directors, supervisors and senior management to 27%, further lifting our gender diversity. In the meantime, the Company is committed to providing good career development opportunities for female employees. To this end, we ensured gender diversity in recruitment, focused on cultivating female employees with long-term experience and outstanding performance in the on-demand delivery industry and business management, and drew upon the talent pool of female executives, directors and supervisors of the Company.

ESG Governance Framework

In accordance with the ESG management guidelines of the Stock Exchange of Hong Kong Limited, the Company has established a three-level ESG governance structure with the Board of Directors as the core and has formed an orderly mechanism of "governance-management-execution" from top to bottom. The Board regularly listens to the ESG leadership group reports, expresses opinions on major issues, supervises and evaluates the Company's ESG management progress and provides recommendations for improvement.

Under the sound governance structure, the Company not only operates its own business efficiently but also constantly improves its ESG-related capacity building and sustainable development, ensuring the effective implementation of ESG issues and contributing to the enhancement of ESG management in the on-demand delivery industry.

Governance: Board of Directors

Composed of members of the Board of Directors

- Review major ESG issues
- Supervise and evaluate the Company's overall ESG management and implementation
- Give advice on the integration of ESG issues into business development
- The Board assumes overall responsibility for the Company's ESG strategy and reporting

Management: ESG Leadership Group

Headed by the Chief Financial Officer and the Secretary of the Board, and the members are senior management from various business groups and functional departments related to ESG issues

- Assist the Board in formulating and reviewing the Company's ESG objectives, and implement the annual work content according to the ESG management objectives
- Identify, evaluate and manage ESG issues
- Lead each executive group to carry out ESG work and monitor its progress
- Summarize ESG work regularly and report to the Board

Executive: ESG Taskforce

Composed of staff from various business groups and functional departments related to ESG issues

- Implement specific ESG-related tasks and promote the achievement of ESG goals
- Collect ESG-related information and data, and prepare the ESG report
- Report work progress to the ESG Leadership Group

Figure: SF Intra-city Sustainability Management Structure

Risk Management

The Company attaches importance to enhancement of risk management and control capabilities. By formulating internal management systems such as the *SF Intra-city Risk Management System, the Implementation Manual for Internal Control of SF Intra-city* and *SF Intra-city Internal Control Evaluation Method*, the Company constantly optimizes its risk management system, conducts an overall internal audit on the full link of its operation, continuously inspects and evaluates its processes, internal risk control matters, timely identifies the deficiencies and weaknesses in internal risk control of each business segment and management process, and thus promotes corresponding rectification to ensure the sound operation and development of the Company.

Risk Management Framework

We have established and continuously refined our risk management framework, formed a normalized risk management operation mechanism to ensure the effective control of risks. The Board of Directors, as the highest authority for risk management, together with the Audit Committee, forms the risk control strategy formulation organization, which is responsible for guiding and developing the risk management strategy. It also manages and supervises the compliance risks and the effectiveness of internal control of the Company. The public affairs department serves as the risk control coordination and management organization, which is responsible for optimizing and managing the risk control system. Management and internal audit team jointly formed the executives of risk management, where management takes action to implement organizational objectives, while internal audit team maintains its independence to inspect and supervise. Specifically, the executives have built a three-line defense management system to implement a risk management system that runs through the whole post and full-process. The Headquarters and regional business departments have formed the first line of defense, which is responsible for products, services and daily risk control. The headquarters' risk control team and internal control team have formed the second line of defense to coordinate, put in place and control internal risk management, and optimized the risk control and internal control system. Auditors functioned as the third line of defense for risk control, independently reviewing the effectiveness of internal controls and reporting issues identified to the Audit Committee.

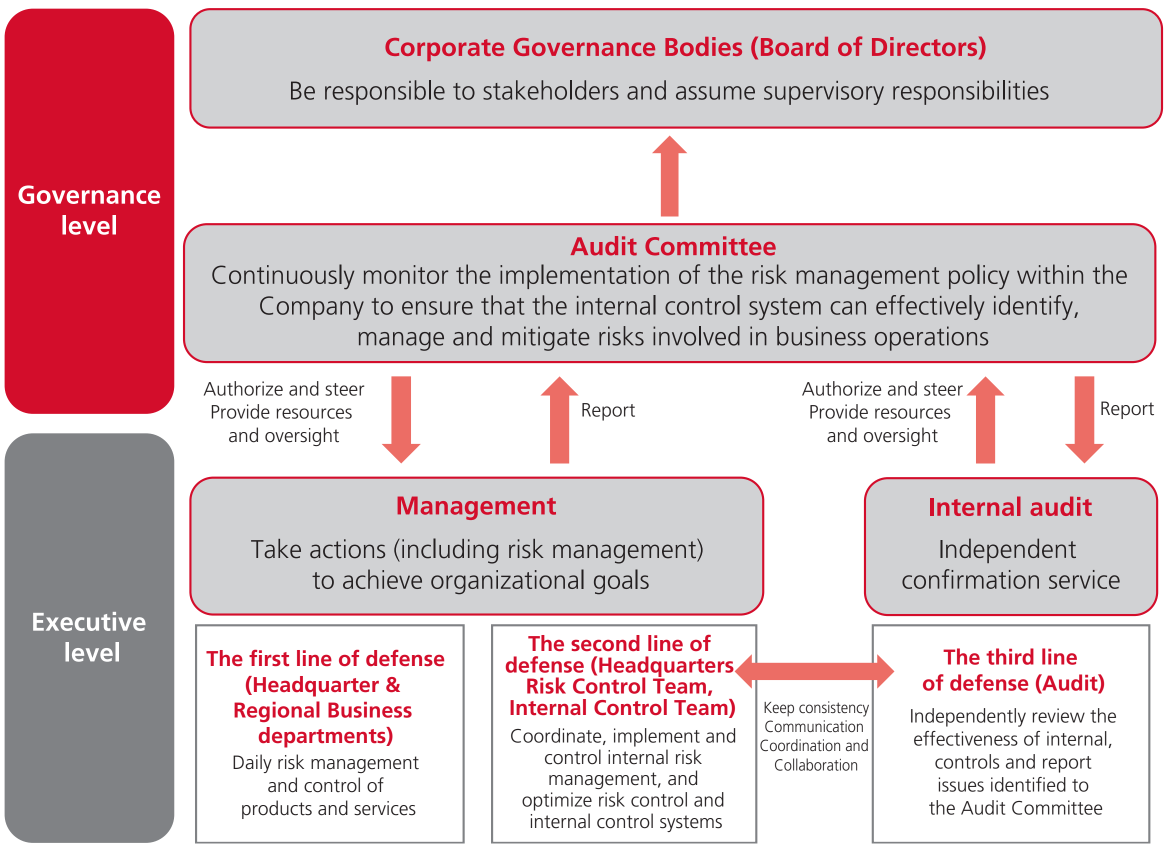

Figure: Risk Management Structure

Risk Management System

The Company keeps furthering the construction and integration of risk management and internal control systems, and builds a "five-in-one" comprehensive risk management system, including the risk management culture system, risk management function architecture, internal control system, risk management information system and risk management supervision and assessment system around the corporate strategic goals. Also, the Company forms a closed-loop of risk management covering risk identification, risk assessment and analysis, risk diagnosis and response, solution implementation, risk rectification and surveillance as well as result reporting, and effectively strengthens risk supervision and control, ensuring the sound operation of the Company.

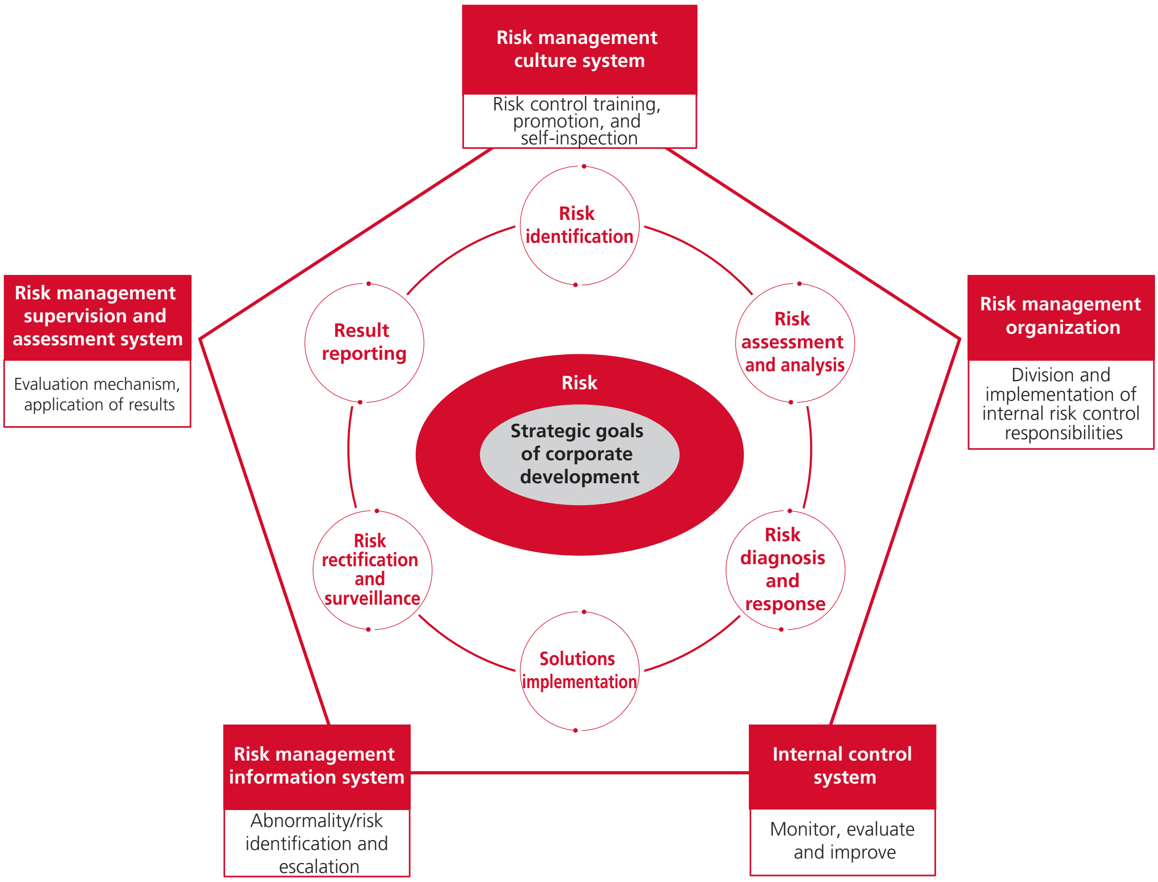

Figure: Risk Management System

In order to identify possible risks in a timely and comprehensive manner and prevent negative events, the Company conducts regular internal control evaluations, internal and external audit, and holds risk management trainings.

- Regular Internal Control Inspection: Several special evaluations on internal control were carried out throughout the year in accordance to the *SF Intra-city Internal Control Inspection and Assessment System*, with a focus on high-risk areas such as rider management, sales, procurement, and capital activities, and no major deficiencies were found.

- Irregular Internal Audit: The Company carried out special internal inspections covering all product lines, business units and business processes from time to time, and made timely alarm regarding the issues spotted during inspection in accordance with the corresponding system, urged the responsible departments to make rectification and supervised its effectiveness.

- External Independent Audit: External auditors were engaged by the Company to carry out independent third-party audits semiannually, and risks indicated by the external auditors will be promptly moved to the responsible department and person for rectification.

- Training on Risk Management: The Company provided risk management courses and special training based on the characteristics of key positions, systematically expounded on the requirements of risk control management policies and systems, helped risk managers at all levels enhance risk identification capability and management awareness, and took timely control of risks through internal control and other measures, in a bid to minimize the impact of risks by all means.

Integrity Management System

The Company maintains "zero tolerance" principle to corrupt behaviors. We strictly comply with *the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China* and other applicable laws and regulations. We have formulated *the SF Intra-city Measures for Reporting Management, the SF Intra-city Measures for Anti-Corruption Management,* and *SF Intra-city Measures for Relatives Avoidance Management*, and other internal policies. By these efforts, we incorporate the concept of integrity into every business process, strive to regulate the behavior of all internal employees and external stakeholders, and proactively identify and effectively avoid the risk of commercial bribery and corruption.

Publicity and Training on Integrity

The Company attaches great importance to enhancing the compliance awareness and ability of all employees in anti-corruption and anti-bribery. We actively conduct regular themed trainings on anti-corruption and anti-bribery, publicize applicable policies and codes of conduct, and conduct warnings education with fraud cases, to steadily raise employees' awareness of business ethics and integrity.

The Company has set up an integrity publicity system, and take the initiative in advocating the corporate culture of honesty and integrity to all employees by means such as online integrity courses, anti-corruption induction training for new employees, regular offline audit training and cultural lectures, and emails about integrity to all employees from time to time. During the Reporting Period, 8,414 attendances participated in integrity publicity and education organized by the Company, with a total of 2,236 training hours. Specifically, local delivery outlet managers, an important group of grassroots managers, received a total of 786 hours of training, with a participation rate of 100%. In 2022, 100% employees of the Company signed the Letter of Anti-Corruption Commitment.

During the Reporting Period, there were no corruption lawsuits filed against the Company or its employees.

In the Letter of Anti-Corruption Commitment, employees guarantee when employed, inter alia:

- not to engage in any bribery offering, bribery taking, embezzlement and other improper business practices;

- to refuse on the spot and report to the Company immediately if any entity or individual in business with the Company offers employees or solicits from employees any gift; and

- not to embezzle or misappropriate the Company's or any customer's funds or assets.

Corruption Reporting Management

In order to create a good atmosphere of integrity, the Company encourages employees, suppliers, partners and other stakeholders to monitor the Company's integrity in operations, and requires the relevant informed personnel handling reporting to protect and keep confidential all whistleblowers and incidents reported.

A variety of channels for reporting have been set up. Whistleblowers may report violations, irregularities, frauds and other misbehaviors via the Rider App, email, letter, phone and other means.

Reporting Channels for Non-compliance events		Applicable parties
SF Intra-city Rider App	Rider App – Rider Reporting	Internal employees and external stakeholders such as third parties
Email	sftcjsjubao@sf-express.com	
Hotline	400-188-1888	
Mailing address	Audit Office, 21/F, Shunfeng Headquarters Building, No. 3076 Xinghai Avenue, Nanshan District, Shenzhen, Guangdong Province (Attention)	

The reporting handling procedure has been established according to the *Management Measures on SF Intra-city Reporting Management*. Nowadays, all information related to reporting incidents can be transferred online and all reporting information received by each channel will be aggregated to and processed by the reporting workstation, to improve the efficiency of reporting supervision and case investigation. The Company will take the initiative to contact the whistleblower within one working day after receiving the reporting, decide within a week whether to file a case and conduct investigation. Once a case is filed, the Company will allocate investigation resources by importance and impact of the case, and issue a written investigation report within one month after completing the investigation. After the completion of the investigation, the investigation report together with key evidences will be archived. Besides, any employee who has access to the reported information is required to keep the information confidential. We appoint the head of each organization as the first responsible person for witness protection, who shall take proper measures to protect the witnesses (including the whistleblower), protect by law their legitimate rights and interests, and eliminate any retaliation.

Suppliers' Integrity Code

In terms of integrity management of external cooperation, the Company has formulated and procured suppliers to sign the *Honesty and Integrity Agreement*, which prohibits any form of solicitation, bribery offering, bribery taking and other behaviors against the business ethics. In addition, the Company has stated reporting channels for suppliers in contracts, agreements and bidding documents, so that suppliers can report any irregular behavior if they find any acts affecting fair cooperation or other non-compliance. The Company will work together with external partners to create a clean business environment. During the Reporting Period, 100% suppliers of the Company signed the *Honesty and Integrity Agreement*.

Information Security

Management Structure for Information Security

The Company strictly complies with the *Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China,* the *Personal Information Protection Law of the People's Republic of China*, and other applicable laws and regulations. A three-level information security management structure of "Decision-Management-Implementation" based on the requirements of ISO 27001 standard has been built, to manage comprehensive information security from three dimensions: network security, information security and data security. We have kept reinforcing information security management, in order to reduce the risk of data leakage and abuse, and guarantee the privacy security of customers and partners.

For this purpose, the Company has established the Information Security Decision-making Committee as the top governing body, responsible for information security decisions, appointments or instructions. The Information Security Team of Technology Center shall be responsible for the daily management and monitoring of information security, coordinating cross-departmental work, and organizing and implementing various information security work and information security training guidance of the Group. Officers in charge of information security in each business department shall supervise and confirm the information security management of the department, execute and promote implementation of the information security requirements and measures in the department.

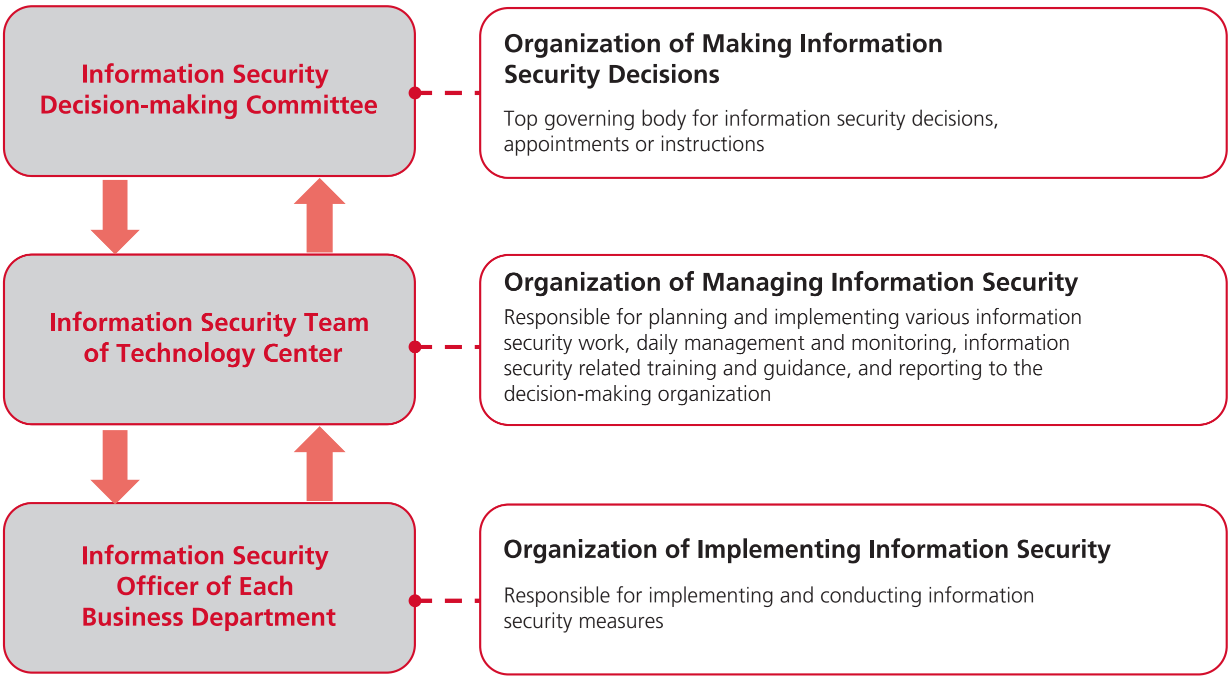

Figure: Organizational Structure of Information Security Management

Establishment of the Security System

Based on a rigorous management system and process system, the Company continues to improve the information and data security management system concerning three modules: data security, information security and network security. With ISO 27001 as the core, the Company upholds the security system development concept of taking "technology as the means, people as the key, and management as the guarantee". A long-term operation mechanism featuring "equal emphasis on management and technology, and integration of technology and measures" has been established to build a solid barrier for protecting information and data security and safeguarding customers' privacy.

Establishment of the Data Security System	A comprehensive and in-depth data security system is established by sorting data asset into different levels and categories, and data security is protected and managed throughout the full life cycle
Information Security Management	A sound information security management system is established and the ISO 27001 international information security management system certification is obtained
Development of Network Security Technologies	We have invested in and developed technologies concerning network security, application security, host security, cloud-native security, and office security, etc.

Figure: Establishment of the Data Security System

The Company carries out strict hierarchical classification and division management of all data assets, and has formulated institutional documents such as *Data Confidentiality Level Classification and Disposal Management System of SF Intra-city* and *Guidelines on Big Data Service Information Security Rules of SF Intra-city* to strictly control the risk of privacy leakage and ensure that data risks are minimized. In the meanwhile, the Company takes full lifecycle management of data as a key to establish the data security system. In order to reduce security risks in the full life cycle of sensitive data and further improve the data protection capability of our system, the Company has formulated the *SF Intra-city Information Security and Privacy Management Strategy Manual* and the *SF Intra-city System Privacy Data Security Management Specification*. Such policies set clear requirements for the full-process protection of privacy data through collection, transfer, storage, access, processing and destruction, and ensure the confidentiality, integrity and availability of data processing.

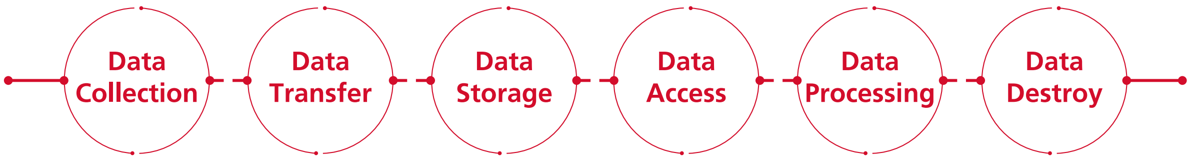

Figure: Full Lifecycle Security Management System for SF Intra-city Data

In order to guarantee information security in supply chain, supplier access requirements such as the *Supplier Security Assessment Survey Details of SF Intra-city* and the *SF Intra-city Suppliers Security Baseline* are formulated, including but not limited to data security baseline and personnel management baseline. In addition, we provide technical support and regulatory requirements on information security for suppliers to effectively control and avoid information security risks in the process of access and execution of infrastructure changes.

Information Security Emergency Response

In response to information security incidents, the Company developed the *Manual on Information Security Incident Management of SF Intra-city* and the *SF Intra-city Information Security Emergency Guidance*, which regulate the content and process of the Company's emergency response in five stages: early warning, type matching, graded response, emergency handling and summary & review. The Company clearly classifies information security incidents into cyber attack incidents, harmful program incidents, information leakage incidents and information content security incidents, and sets up corresponding solutions for various types of information security incidents. The Company classifies the information security incidents into: Level 1 events (major-risk), Level 2 events (medium-risk) and Level 3 events (low-risk) through evaluation of the urgency of the incidents. Accordingly, the Company reports the incident rating results to the Emergency Response Leadership Team under the Information Security Decision-making Committee, and establishes the full-process of information security incident response and handling from reporting, processing, investigation, summary and improvement, rewards and punishments to notification. By these efforts, we continuously strengthen our emergency response capability to ensure the safe and stable operation of information systems and business continuity.

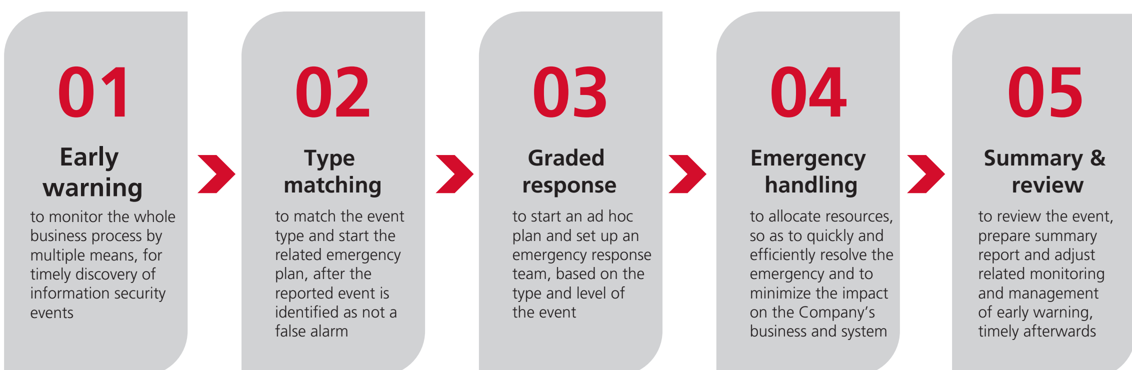

Figure: Information Security Emergency Response Mechanism

Information Security Training

Our employees are required to comply with all policies and systems related to information security and privacy data protection, education and training related to participate in information security and privacy data protection, and raise their information security awareness. The Company held monthly training related to information security covering 100% of its employees.

Information Security Certification and Audit

The Company had obtained ISO 27001 information security system certification. We organize regular information security audits to evaluate the effectiveness, adequacy and appropriateness of the operation of the information security management system, and improve the system continuously. During the Reporting Period, we conducted one internal and one external audit each, all of which passed the certification.

Protection of Intellectual Property Rights

Technological innovation is the driving force for SF Intra-city's development. Only by protecting intellectual property rights can we guarantee the growth of innovation. The Company strictly abides by the *Patent Law of the People's Republic of China* and *Trademark Law of the People's Republic of China*, and have formulated policies such as *SF Intra-city Trademark (Trade Name) Management Policy* and *SF Intra-city Patent (Software Copyright) Achievement Management Policy*, to strengthen the formation and protection of intellectual property rights in all aspects of operation, and to further regulate the administration of intellectual property rights in the Company. We also protect and safeguard its patents, trademarks, copyrights and domain names through online monitoring, offline actions, internal management and other initiatives. As of December 31, 2022, we had obtained a total of 32 authorized patents and held a total of 251 intellectual property rights.

Service: Tailor-making Services to Deliver Value

Related SDGs Goals in this section

Providing Quality Services

As the largest third-party on-demand delivery service platform in China, the Company is committed to providing customers with quality, efficient and multi-scenario on-demand delivery services. Under the "user-centered, demand-oriented and experience-based" service concept, the Company effectively meets the changing needs of merchants and consumers with a multi-channel and multi-scenario business model. Driven by technology, the Company builds a protection mechanism for customer rights and interests in all application scenarios and service experience, and provides faster and higher quality services to both merchants and individual customers in a wider range of life and work scenarios.

Product Responsibility

Guarantee of Delivery Safety

The Company attaches great importance to delivery safety, which is the foundation of our operation, and it is our long-term commitment to ensuring that goods are delivered safely to our customers. To better fulfill this commitment, the Company implements digital operations. All the order information is processed online. The order status can be inquired in real-time, and the platform will track the order status in backstage and provide real-time warnings for abnormal orders. On the other hand, the Company provides guidance and safety training on pick-up and delivery instructions for each registered rider (see "Riders' Safety" in the Social Section for more details) to ensure that each rider on duty understands and can ensure maximum delivery safety. For customers, they can also choose from a variety of options such as privacy protection, pick-up and receipt codes, and insured valuable items when placing orders to protect personal privacy and item security, thus increasing customer satisfaction and recognition of the Company's delivery safety. In addition, to control delivery of illegal and prohibited items, the Company has established a list of prohibited items, including but not limited to flammable materials, explosives, weapons, petrol and drugs. Customers are required to specify the properties of their deliverables before placing an order, and riders must check all items before handling them, in order to maintain public safety and to protect customer rights.

Real-time supervision
Real-time order status tracking in backstage

Self-operated delivery
Experienced riders

Privacy protection
Hidden addresses and virtual phone numbers

Pick-up and receipt codes
Single code for each order to ensure accurate delivery

Information Security and Privacy Protection

In order to provide safe and reliable platform services, the Company has formulated internal policies such as the *SF Intra-city Privacy Policy*, the *SF Intra-city Information Security and Privacy Management Strategy Manual* and the *SF Intra-city System Privacy Data Security Management Specification*, applicable to users and riders respectively in accordance with the national standard such as the *Information Security Technology – Personal Information Security Specification, Cybersecurity Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China* and *Data Security Law of the People's Republic of China*. Through our official website, APP, WeChat official account and mini-programs, users and riders are clearly informed of the principles of personal information protection, and the measures and mechanisms in terms of personal information collection, handling and protection, enabling users and riders to feel at ease to use all services (see the "Information Security" section in the Governance Section for more details).

Responsible Marketing

We are aware of the risks and responsibilities involved in marketing and therefore give top priority to fairness in marketing and the protection of consumer rights. The Company strictly complies with the *Advertising Law of the People's Republic of China* and other relevant laws and regulations, scrupulously implements the requirements of the *SF Intra-city Social Media Management System*. By establishing a sound and strict brand marketing management mechanism, we regulate the management, operation and content review of our brand to avoid any false, misleading, fraudulent, unfair or ambiguous marketing situation.

Quality, Efficient and Stable Fulfillment

Our on-demand delivery services are designed to meet the instant, point-to-point and time-sensitive delivery needs of our customers. We believe that providing quality and efficient performance is our core competency. Facing with the growing demand for intra-city on-demand delivery and more diversified service scenarios, the Company strives to enrich its product categories, diversify industry solutions and constantly expand our business scenarios coverage from on-demand delivery to personal compliance service. For special delivery needs, the Company also strategically cooperate with participants of SF Holding Group's ecosystem to devise integrated supply chain solutions for customers, namely "front-end warehousing + mid-end trunk +intra-city on-demand delivery". Customers can choose their logistics products more easily through integration of our resources and capabilities within the SF Holding Group.

Our technological capabilities and infrastructure are critical to our business operations, and we insist on casting capacity barriers driven by technology. Our customers come from a wide range of industries and their delivery needs vary significantly in terms of items, timeliness, distance, etc. Our self-developed City Logistics System (CLS) effectively supports large volume and highly differentiated orders through three core functions, completes the most efficient matching and distribution within a short time to meet various fulfillment needs, which continuously enhanced delivery efficiency and customer experience, in a bid to build a barrier of professional and differentiated delivery capability.

- Intelligent business planning. The system will realize demand forecasts based on peak differences between customers and categories, enabling us to schedule and deploy delivery capacity in advance.

- Integrated order recommendation and dispatching. The system will recommend orders to the designated group of riders based on the departure of the order, delivery route, real-time location of nearby riders, rider skill tags and other factors, thus improving the overall pick-up rate. In terms of timeliness, the system will take into account the customer's fulfillment requirements, meal preparation time, arrival time and delivery time to achieve optimal planning. In terms of riders' efficiency, the system will also automatically batch orders that can be efficiently packaged for delivery and suggest the best delivery order and route to improve rider fulfillment efficiency.

- Real-time operation monitoring. The system realize the digitalization of the end-to-end delivery process, enabling real-time monitoring of the delivery status and automated intervention for abnormalities or notification to the relevant operation staff for timely handling.

As of the Reporting Period, the delivery services provided by the Company cover approximately 2,000 cities and counties nationwide, of which over 1,300 cities and counties operate 24×7. Our fulfillment-in-time rate reached 95%, and fluctuations of the fulfillment-in-time rate did not exceed 2.5% and 4.0% even during holidays and bad weather respectively.

Insist on technological innovation and external empowerment. Based on the accumulation of our technological capability, the Company launched the "SF Intra-city Delivery Cloud" SaaS real-time logistics system, which provides one-stop intra-city logistics solutions for on-demand delivery service providers and brands with self-delivery businesses. By sharing our platform system capabilities, the "SF Intra-city Delivery Cloud" real-time logistics system aims to achieve full coverage with intelligent multi-scenario capabilities, the full-process monitoring with intelligent management systems, big data assistance with intelligent operation centers and accurate simulations with intelligent simulation systems, so as to help partners in local retail business deployment and gain development opportunities.

Insist on technology for goodness. To make it easy for special people to use our on-demand delivery services, we have upgraded and improved our online functions of APPs, applets, etc. For visually impaired users, the Company adds descriptive labels to clickable areas or buttons on the critical path to place an order, so that when visually impaired users touch the designated location, voice prompts are issued to help them place orders smoothly. For deaf riders, intelligent voice tools are provided to support human-machine interaction and customer communication to further improve the work and life experience of special riders.

Customer Experience and Customer Complaint Management

For both internal and external users, we insist on experience-oriented optimization. Professional customer interface, face-to-face customer experience, service stability and after-sales experience are key values of our on-demand delivery service. So far, the Company has established an internal "end-to-end experience monitoring and management" system for the full process. We kept monitoring and managing internal and external users' awareness and experience, including but not limited to platform brand awareness, usage considerations, satisfaction NPS, potential demands, customer complaints and handling, etc.

To learn more about user experience and demands, the Company conducts periodic monitoring and special research through a combination of online and offline methods. Based on various situations and feedback, the Company delves into problems for specific categories, people, steps and products, understands various pain points and needs, identifies problems and proposes solutions by virtue of qualitative and quantitative analysis, and monitors the implementation of solutions on a rolling basis for a closed cycle of customer experience management. Through a combination of internal and external experience, qualitative and quantitative analysis, periodic and special research, the system keeps offering solutions for improving products and services, and new market opportunities, which will continuously and effectively improve customer experience.

For complaints and problem resolution, customers may easily and quickly contact the platform for enquiries and complaints via multiple channels, including hotlines, APP complaint section and online customer service. With an aim to standardize the processes of customer complaint acceptance and claim settlement, the Company has improved the *SF Intra-city On-demand Delivery Operational Guidelines for Handling Customer Complaints, Individual Customer Claim Settlement Clauses* and other systems. In the process of handling customer complaints, customer service personnel will identify and classify the problems, screen out major exceptional problems with high risks in terms of safety, brand and noncompliance reporting, and adopt corresponding escalation mechanisms to rapidly handle and properly solve the problems. During the Reporting Period, we actively promoted the intelligent order management system to reduce tedious manual operations in customer service and improve the efficiency of order management. In addition, in view of the increasing cities and counties with round-the-clock service, the online customer service hours were expanded to 24×7 to meet customers' service needs round the clock. During the Reporting Period, we received 187 complaints per million orders, slightly down from last year. Of these, 100% of consumer complaints are addressed properly.

Responsible Procurement

In pursuit of the cooperation philosophy of honesty and integrity, understanding and communication, enhancement and optimization, the Company is committed to building a responsible supply chain, ensuring quality delivery of products and services, and establishing close cooperative relationships together with upstream and downstream partners to jointly build an industry ecosystem of win-win cooperation.

Supplier Management

The Company constantly improves the full-process supplier management system. To be specific, the Company has set up a special procurement department and formulated the *SF Intra-city Administrative Measures for Suppliers Introduction,* the *SF Intra-city Procurement Management Policy*, the *SF Intra-city Administrative Measures for Suppliers Certification for Centralized Procurement* and the *SF Intra-city Operational Guidelines for On-site Audit of Suppliers*. These policies clarify the standards and requirements for suppliers, standardize the full process from registration to daily management, actively maintain supplier relationships, and promote common progress with suppliers.

As for the supplier management process, our procurement team will regularly evaluate and review the qualification of suppliers based on procurement needs, which requires suppliers to provide materials including proof of business scale, credibility, operations, financial positions and other requirements. And in combination with on-site evaluation and investigation, qualified suppliers are introduced after going through a comprehensive evaluation and getting certified. For suppliers in cooperation, the Company will strictly control their standards and quality through continuous reviews to ensure that they meet applicable requirements. In addition, the Company has incorporated the environmental protection requirements of ISO 9000 certification and Restriction of Hazardous Substances (RoHS) into the on-site review requirements for production suppliers to implement the concept of green procurement. In case of any violation of business ethics, the Company will adopt the principle of "zero tolerance", promptly terminate cooperation with the relevant suppliers, and remove them from the list of qualified suppliers.

In 2022, the Company launched online and applied the digital supply chain system to achieve a closed-loop integration from budget management, demand application to procurement payment. The system includes supplier self-registration, certification management, classification management, contract management and performance management, which effectively accumulates the Company's supplier resource and improves the efficiency of our supplier management.

Transparent Procurement Management

The Company follows the basic principles of fair, just, honest and transparent procurement to ensure that the whole procurement process to realizes "transparent introduction" at the front office, "fair process" at the middle office and "fair supervision" at the back office, thus ensuring an honest and clean procurement environment.

The Company has formulated and required suppliers to sign the *SF Intra-city Integrity Terms and Conditions* to prohibit any form of extorting, offering or accepting bribes. The Company specifies reporting channels for suppliers in the bidding documents, so that suppliers can report complaints if they find any behavior affecting fair trade or other non-compliant acts. In 2022, 100% of the Company's suppliers have signed the *SF Intra-city Integrity Terms and Conditions*.

Cooperation with Multiple Partners

SF Intra-city is committed to tailor-making the industry's first-class professional on-demand delivery. Empowering merchants with an open and inclusive on-demand delivery network, the Company has provided professional, efficient and multi-scenario delivery solutions, as well as "Deliver for Me, Fetch for Me, Purchase for Me, Solve for Me" services covering personal life and work scenarios such as assistance in daily life and healthcare. In 2022, the Company actively cooperated with merchants, individual consumers, major local lifestyle service platforms, local governments and communities and other partners to develop new service scenarios and build a value ecosystem together.

Furthered Cooperation with Communities

SF Intra-city takes the initiative to reach out to local communities for community services. The Company made the best of its professional and flexible delivery network and cooperated with communities to provide convenient service and elderly care service. With a focus on mutual benefit and development, this reciprocal initiative creates more opportunities for the overall business development of the Company, and formed a virtuous interaction between the Company and communities. In addition, at the critical moment of the pandemic, the Company responded to the governments' call and assisted in the anti-pandemic actions of the local sub-districts and communities. (see "Supporting the Supply of Daily Necessities for the People" in the Society Section for more details).

Case: SF Intra-city and Loufeng Sub-district, Suzhou City Pioneered the "Love Kitchen" Cooperation Model to Promote Service Innovation in Elderly Care

In 2022, SF Intra-city and Loufeng Sub-district, Suzhou City pioneered the "Love Kitchen" cooperation model, sending meals to the elderly by a meal delivery solution of "one-outlet delivery to the whole sub-district + one-stop delivery in the forward and reverse directions", helping the elderly in the sub-district for more convenient dining pattern.

With the advantages of local life infrastructure, SF Intra-city helps to open up and complement the 24-hour service chain of the home care industry, better meeting the needs in medical, food, housing, transportation, health, care and nursing scenarios for elderly home-care, and promote new models and the development of the new industry for elderly home-care. All these efforts are aimed to enable the elderly to truly enjoy community elderly care services "around them, at home and in their neighborhood".

Figure: SF Intra-city and Loufeng Sub-district, Suzhou City cooperate to send meals to the elderly at home

Case: Optimizing Communities and Elderly Care with Professional Services, Ensure the Elderly in Laoximen Sub-District, Shanghai "a Bite of Happiness"

Food support comes first as for helping the elderly. SF Intra-city worked together with Laoximen Sub-district, Shanghai to provide a better community service experience and ensure the quality of life for the elderly in their homes through the cooperation of government and professional enterprise.

SF Intra-city provided professional advice and customized services to Laoximen Sub-district who faced complex challenges in meal delivery such as scattered delivery destinations, mixed routes and a wide variety of food orders. By playing a professional role, we worked together with the community to provide a warm meal delivery service and give the elderly "a bite of happiness".

Figure: SF Intra-city riders deliver meals to the elderly in the community

Promoting the Industry Development

As the largest third-party on-demand delivery service provider in China, it's incumbent upon SF Intra-city to contribute to the healthy development of the industry.

SF Intra-city actively participates in developing industry standards. In 2022, the Company participated in the compilation of two national standards, namely the *Specification for On-demand delivery Service*[3] and the *General Safety Management Rules for On-demand delivery Enterprises*[4], as well as the release of the Group Standard of *Requirements on Intelligent Technology Application of Helmets for Deliverymen for Online Orders*[5].

Besides, SF Intra-city is active in participating in industry cooperation and exchanges to facilitate industry interoperability and experience sharing. In 2022, the Company participated in industry conferences such as the Cloud Summit of the 5th Interface New Consumption Gala and the Online Summit for China Intra-city Delivery Industry, and has established ties with dozens of industry associations from various industries to keep deepening communication and exchange among peer companies and partners.

In addition, SF Intra-city takes the lead in providing benefits and protection exclusive for female riders in the industry, and the exclusive uniforms launched for female riders became a precedent in the industry. SF Intra-city respects and cares for every female rider, listens to the voice of female riders with practical actions, pays attention to the rights and interests of female riders, and gives full play to the "her" power of SF Intra-city. The Company has launched uniforms exclusive for female riders, jointly carried out public welfare activities for female riders, and provided exclusive delivery and benefits for female riders.

[3] On March 17, 2023, *"Specification for On-demand delivery Service" was released.*

[4] As of March 2023, the opinion solicitation for *"General Safety Management Rules for On-demand Delivery Enterprises"* had been completed and the draft for approval had been submitted to relevant authorities.

Case: "SF Intra-city x Erke" Produce High-Tech Quality Uniforms and Launch the First Uniforms Exclusive for Female Riders in the Industry

In the fourth "917 Riders' Day", SF Intra-city joined hands with Erke to launch the first uniforms "tailored for female riders" in the industry, giving female riders more comprehensive and meticulous care and showing the strength of women in the on-demand delivery industry.

Figure: Poster of cooperation between SF Intra-city and Erke

Society: Teaming up for a Better Life

Related SDGs Goals in this section

SF Intra-city is committed to protecting the rights, interests and development of all employees and riders, establishing a comprehensive talent management and care system, and providing a broad space for outstanding talents to realize self-worth. Besides, we actively fulfill our corporate social responsibility, keep focusing on public welfare, participate in community building, and give back to the community through our own quality services and capabilities, making humble contribution to social development through corporate responsibility.

A Sound Talent Pool

SF Intra-city believes that high-quality talents are the most valuable resources and assets of the Company. We insist on a people-oriented approach, treat every employee with equality and tolerance, and protect the rights and interests of employees in accordance with the law. We establish sound systems in talent recruitment, talent incentive and compensation and benefits, creating a safe and healthy working environment, and guarding the physical and mental health of employees.

Employees' Rights and Interests

We attract more outstanding talents to join us with a "fair, just and open" attitude, to create a clean and friendly working environment, a diversified and inclusive corporate culture, a democratic and free communication mechanism and a competitive compensation system for each employee, and to fully respect and protect the rights and interests of our employees.

Compliant Employment

The Company insists on legal and compliant employment. The Company strictly observes the *Labor Law of the People's Republic of China,* the *Labor Contract Law of the People's Republic of China,* the *Employment Promotion Law of the People's Republic of China,* the *Law on the Protection of Minors* and other applicable laws and regulations. The Company has established and kept improving internal management policies such as the SF Intra-city Recruitment Management Policy.

We strictly prohibit any form of child labor and forced labor. When employees join the Company, we will strictly examine their identity with the help of information from the national public security department network, to avoid any child labor resulting from concealment or misrepresentation. Besides, the Company respects and safeguards the labor wishes of each employee, ensures reasonable working hours and leaves, and prohibits any form of forced labor. As at the end of the Reporting Period, there were no incidents of child labor or forced labor in the Company.

In addition, we adhere to a fair and equitable, equal and inclusive employment policy, respecting and protecting human rights, respecting the personality of our employees and safeguarding their freedom of belief. We firmly prohibit corporal punishment, mental or physical coercion, verbal abuse and any other form of mistreatment towards our employees, and provide special labor protection for female employees as required by applicable national rules.

Diversity in Recruitment

The Company encourages and respects the diversity of talents, and upholds the principle of "fair, just and open" recruitment. We strictly prohibit any discrimination in recruitment on the basis of ethnicity, race, nationality, religious beliefs, gender, age and other circumstances. We provide equal employment opportunities for each applicant, and fully respect and accommodate the diversity of employees.

In addition, we provide various recruitment channels such as campus recruitment, social recruitment and internal transfer, both online and offline, to attract outstanding talents from all walks of life and keep injecting vitality into the Company.

Case: Dreaming with "Feng" (夢想同豐起) — SF Intra-city 2022 Autumn Campus Recruitment

To attract talented fresh graduates from different majors to join us, SF Intra-city launched the "Dreaming with SF" autumn campus recruitment campaign at various universities across China. The event was held to convey the corporate culture and development opportunities of SF Intra-city to fresh graduates and to give them a better understanding of SF Intra-city to attract more talents to join us.

Figure: Dreaming with "Feng" — Autumn Campus Recruitment

Compensation and Performance

To ensure the efficient operation of the compensation and benefit payment mechanism and to match objectively and fairly the value of employees, the Company has formulated and followed the *Employee Performance Management System of SF Intra-city* and the *Employee Benefit Management System of SF Intra-city*, which clarify the standards for compensation and benefits management and provide employees with competitive salaries in the industry. Besides, the Company also attracts talents through a flexible salary adjustment mechanism, value-contribution-oriented bonus incentives and a diversified benefit system to motivate employees and bring their potential into play, further attracting and retaining talents.

Employees' Development

By building a comprehensive training system with rich course resources, SF Intra-city provides professional training tailored for talents in different positions, helping employees to consolidate their business foundation, stimulate their potential in every aspect and achieve a leap in capability. Besides, the Company provides employees with clear career path planning, diversified workplace ability coaching, and abundant opportunities for job rotation to achieve their career development dreams.

Figure: SF Intra-city Talent Training System

Employees' Training and Cultivation

- Training for new employees

For new employees, the Company has developed a training system for new employees from induction to becoming a regular employee. We have a five-stage training program and growth objectives, to help new employees learn corporate culture and values, business overview and business ethics and other matters, adapt to the working environment and job role transformation, and integrate into the Company rapidly.

- Specialist training program

The Company encourages employees to develop themselves horizontally and vertically, and creates a platform for them to develop specialized business skills. The Company offers a specialist training program for employees, setting up a training system with operational and business dimensions. For specialized employees who have only one kind of capability and lack comprehensive competence, the Company sets a training process composed of selection and entry into the pool, study and tests, competency assessment and rotation training, to help such employees to transform from "with one specialty" to "with multiple abilities".

- Cultivation of city managers

City managers play an important role in the Company's business development and city operation, and their professional skills and personal capacity enhancement are vital to the Company. In 2022, the Company offered courses on business, operation and management for city managers to promote tailored talent development through targeted professional courses. In order to help city managers to master their work quickly and encourage them to share excellent experience, the Company has worked with related parties to compile the "*SF Intra-city Position Manual for City Managers*", which is expected to be released in 2023.

- Cultivation of local delivery outlet managers

Local delivery outlet managers in local sites act as the connection between the Company and riders, and play an important role in the management and maintenance of local sites. In 2022, the Company formulated the "SF Intra-city Position Manual for Local delivery outlet managers" to clarify the position responsibilities and content. We also developed courses with relevant professional departments to develop and launch riders service courses to boost up local delivery outlet managers and reserve talents.

Driven by Digital Technology

In order to increase the efficiency of acquiring and sharing knowledge and skills, and accelerate the cultivation of talents at all levels, the Company has introduced a one-stop online learning platform "SF Intra-city Academy". The Academy is composed of sections as online classes, learning community, micro-learning centers and points shopping center, which provides employees with knowledge learning and training opportunities and encourages employees to share their knowledge, skills and experience to build a sharing-based learning environment. In 2022, SF Intra-city Academy has offered hundreds of courses covering various fields and categories, providing a convenient channel for employees to improve both their professional and comprehensive abilities.

Employees' Safety

The Company rigorously follows *the Law of the People's Republic of China on Work Safety* and *Regulations on Work-related Injury Insurance*, attaches great importance to the health and safety of employees, and keeps improving our safety management system. In order to protect employees' health and safety, and create a safe and healthy working environment, the Company sets safety operation procedures for employees to follow in the course of work, and raises employees' safety awareness and emergency handling ability by means of safety operation procedure publicity, emergency plan drills and safety knowledge training. In 2022, 100% regular employees of the Company participated in safety education and training.

Care for Employees

SF Intra-city makes every effort to take comprehensive care of and keep a close watch on each and every employee, and to keep improving the happiness of our employees. The Company has formulated *the Employee Benefit Management System of SF Intra-city* to enhance employees' satisfaction and sense of belonging by keeping improving the benefits and protection system and implementing diversified benefits and care initiatives to create a warm and healthy atmosphere.

Benefits	Contents
Basic Benefits	The Company pays the five major social insurance programs and housing provident fund for employees, and provides benefits such as paid leave, communication allowance, birthday benefits, free annual medical check-up, paternity leave for male employees, and merit leave for outstanding employees.
Care from the Labour Union	The SF Group's trade union pays visit to and provides subsidies for employees who are hospitalized or suffer from serious illnesses. The union also offers help for the employees who are trapped into financial difficulty and helps to pay the tuition for their children, organizes activities to visit their family, help to realize children's dream, and send gifts for study.
Talents Housing Subsidies Plan	To alleviate the burden of renting or buying houses for employees, the Company provides housing subsidies for eligible employees. In regard to family care, employees working away from home are entitled to enjoy home leave and corresponding transportation subsidies.
Humanistic Care	The Company holds welcome ceremony for new employees and prepares with studious care various holiday benefits for employees, such as organizing cultural and entertainment activities, sending customized gifts and delivering red envelopes during the Chinese New Year, etc.
Care for Employees' Life and Recreation	The Company provides monthly activity funds and organizes themed birthday parties for employees every quarter, delivering blessings and gift vouchers of local malls. The Company provides vigorous supports in organizing recreational activities for employees, such us establishing Zumba Club, basketball club, hiking organization and other groups for employees to relax themself and enjoy a healthy life after work.

Figure: Birthday party on Mid-Autumn Festival

Figure: Activities of the Company's basketball club

Employee Satisfaction

Upholding the concept of "every voice counts", the Company conducts quarterly satisfaction and engagement surveys based on items such as organizations, job contents, employee development, work reporting and company culture, fully understands the opinions and suggestions of employees towards the Company, improves management strategies in a targeted manner according to survey results, and optimizes work plans.

Protect Rights and Interests of Riders

The Company regards riders as its first partners, dedicating to building a rider-friendly platform in the industry. We have built a comprehensive management system covering the guarantee of riders' rights and interests, care and growth, etc., through the CLS system, "Rider's Home" platform, Rider Academy, etc., to achieve full-process support and management of riders, and wholeheartedly protect the rights and interests of every rider.

Riders' Safety

Safety Management System

Since its inception, the Company has adhered to the principle of "safety first". The Company has developed safety criteria for riders concerning their workplaces and work processes. Based on the intra-city rider safety management framework, a dedicated rider safety service team is established to ensure the fine management for safety-related processes and mechanisms and continuously improve the safety guarantee system.

- The Company strictly controls the working hours and performance of each rider to avoid fatigue and overwhelming pressure in their work. Through City Logistics System (CLS), the Company has set a limit on the number of daily orders for each rider, reminds riders to take 20-minute break every 4 hours of work to ensure adequate rest, preventing accidents caused by overwork. We manage to ensure sufficient time for delivery by evaluating riders' real-time information such as the number of orders, delivery routes, experience and skills.

- We have developed extreme weather alerts, congestion and accident information reminder, traffic knowledge quizzes and other functions in the system, on which push notifications about safety knowledge and warning cases are regularly sent to enhance riders' safety awareness.

- The Company has added a function of traffic accident reporting with a completing processing procedure. In the event of any traffic accident, in order to ensure the safety of our riders, the order can be delivered by other riders.

- The Company also works to reduce traffic accidents by monitoring accident rates and other data, analyzing accident causes through our model, establishing safety records, exploring efficient management modes and other fundamental management methods.

Safety Measures

Putting the safety of rider first. The Company strictly takes measures to improve management and ensure riders' safety, like covering insurance for riders, using smart helmets, improving the quality of uniforms and improving skid control. In addition to providing the riders with necessary safety equipment such as helmets and knee pads, we promote pilot projects for smart helmets to help reduce the frequency of manual phone operation during delivery, allowing riders to focus on road conditions and reducing risks on the road.

Safety Training

The Company is highly concerned with safety training for riders. New riders must pass the new rider training covering safety knowledge before taking up their posts. Only after completing the study and passing the examination are they authorized to take orders online. The passing rate was 100%. The Company has also added a new category of safety and health courses on our Rider App, including traffic knowledge, accident cases, first aid knowledge, pandemic prevention, extreme weather guidance, fitness exercises and other content, providing safety training courses for different scenarios. Additionally, the Company arranges regular activities and special projects focusing on safety to ensure continuous improvement of riders' safety awareness.

Care for Riders

SF Intra-city treats every rider with care and respect, and strives to build a culture of caring riders. The Company deepens care for riders in a gradual manner through the construction of "Rider's Home" platform, improving incentive measures and caring for female riders, continues to enhance the sense of belonging and recognition of riders towards the intra-city business.

Special Community

In response to the common demands of riders and promote online culture in 2022, the Company established a "Rider's Home" platform for new riders, offering a channel for riders to express their needs and advices. The functions of the community include rider communication, rider performance display, rider care, newcomer guidance, cultural promotion and other features to encourage online communication and experience sharing and to help solve problems faced by riders, therefore enhancing their recognition and trust in the platform.

Rider Incentive

The Company focuses on providing physical and mental incentives to outstanding riders. In 2022, 180 riders were awarded the special contribution title of "Outstanding Rider in Endeavors Against COVID-19". The Company held the fourth "917 Riders Day" event. The event was divided into three chapters: "Strengthen Ties among Each City", "Build the City with Sincerity", "Let the City Witness Our Remarkable Achievements", highlighting events like Rider Honor Awards, Rider Development Plan Promotion, Million Co-creation Fund, Lighthouse Action.

Figure: Activities in the fourth "917 Riders Day"

Riders' Development

The Company values the personal development and skill improvement of riders. We have established a comprehensive rider training system covering various categories such as essential skills for beginners, common delivery exceptions, specialized enhancement courses, refresher training, health and safety, and experiences of riders. The diverse courses not only cover the guidance and norms required for the entire business process, but also involve support related to personal development. All these learning resources have been launched on the SF Intra-city Rider Academy and are freely available to all riders. The Company has also established an internal team of lecturers for riders and regularly organizes events like course sharing and qualification certification of lecturers. The Company still continues to upgrade the online learning resources of Rider Academy and encourages riders to participate in the professional certification for delivery personnel for online orders.

Moreover, the Company has established a rider development system, including multiple personal development paths, and each path has a clear development path and great prospects. Riders can choose from the four paths as they like according to their personal interests.

Serving the Community

Under the concept of "Supporting Community Development and Bearing Social Responsibilities", the Company actively participates in social welfare activities and provides support for community development.

Warm Public Welfare Actions

The Company takes active measures in social welfare and emergency relief, promoting the culture of kindness and serving for a better society. In 2022, the Company continues to expand the coverage in its public welfare endeavors, making remarkable achievements through our humble yet persistent move and injecting more positive energy into the society.

Case: Persist in the Selfless Act of Blood Donation and Promote the Spirit of "Good Will be Rewarded" among Riders

As a retired soldier, Li Changsong joint SF Intra-city and became a rider. Having a rare blood type of RH negative blood, he has been committed to donating blood voluntarily over a long period of time, with the total amount donated reaching 7,600 milliliters. This long-term selfless act of voluntary blood donation has helped Li Changsong win the title of "Passionate Public Welfare and Justice Envoy" granted by SF Intra-city.

Case: Local Riders Voluntarily Support Chongqing City in Fighting Against the Forest Fire

In August 2022, multiple forest fires were triggered by the sustained high temperatures in the Sichuan-Chongqing region. Chongqing rider team members Sheng Cheng, Yang Jia and other 20 riders unanimously decided that, without affecting the normal delivery capacity, some riders were designated on day and night shift to support the delivery of emergency supplies such as mineral water, bread, watermelon, etc.

Supporting the Supply of Daily Necessities for the People

During the pandemic, the Company utilized on its flexible delivery network to work at the forefront of the fight against the pandemic. Collaborating with local governments and businesses, the Company strived to distribute resources, optimize allocation of delivery capacity and mobilize riders to participate in endeavors against COVID-19, thus helping maintain normal operations in the city. The Company provided 24-hour continued running errands and delivery services such as "fetching, delivering, purchasing, solving and more" (取送買辦+) services, covering daily scenarios like fresh food, daily necessities and medicine, business documents. We made utmost efforts to safeguard the city's supply chain as a lifeline and assume our social responsibility in terms of public welfare distribution, thus continuously creating value for society.

Case: Allocating Rider Capacity to Ensure the Delivery of Supplies for Citizens

After the outbreak of pandemic in Cangzhou city, Hebei province in March 2022, Xu Junwang, a local manager of SF Intra-city Jijin district branch, immediately collaborated with relevant emergency departments of the Municipal Government to ensure basic living supplies and medical deliveries for residents of Cangzhou.

Environment: Pursuing a Green & Low-carbon Trip

Related SDGs Goals in this section

SF Intra-city attaches great importance to climate change and ecological harmony, and abides by the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China,* the *Water Law of the PRC*, the *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste*, etc., as well as the relevant laws and regulations of the place where it operates. We actively advocate green transportation and green operation, pay attention to the application of clean energy, promote green packaging, practice energy conservation and emission reduction, and provide environmental-friendly distribution services.

Tackling climate change

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (SFB) in 2015, responsible for preparing uniform guidance for companies to assist in making voluntary climate-related financial risk disclosures. The Company is deeply aware that climate change will bring various risks and opportunities to our business. With reference to the recommendations of TCFD, we voluntarily disclose relevant content through a consistent, comparable, reliable, clear and efficient framework, and will gradually improve the disclosure content in the coming years.

Governance

As other risks, the climate change risks have been included in the risk management system of the Company. As the highest risk management authority, the strategy formulation organization consisting of the Board of Directors and the Audit Committee, and is responsible for the identification, prevention and control of ESG risks. The ESG Leadership Group coordinates and collates ESG-related policies and system updates every year, integrates the annual ESG practice performance, reviews the Group's annual ESG performance and the progress in achieving its goals, and reports relevant information to the Board of Directors to ensure the effectiveness of ESG work promotion.

Strategy

From the perspective of business types and operations, the Company identifies the physical risks and transformation risks with great impact and possibility and looks for potential opportunities.

Type of risks	Potential impact
Physical risks	Physical destruction or damage caused by climate changes to assets, supply chains, delivery chains, personnel safety, etc.
➢ Acute risks	Risks driven by extreme weather events
	• Severe supply chain disruptions are caused
	• Transport infrastructure is damaged, and delivery are delayed
	• The power supply of the back-end system is unstable, or the network is faulty, which affects services
	• Safety risks of riders are increased
	• Delivery is suspended, resulting in compensation for damage to goods
	• The cost of repairing or replacing damaged or destroyed assets is increased, resulting in serious economic loss
➢ Chronic risks	Environmental changes brought about by the shift of long-term climate pattern
	• Summer temperatures continue to rise, increasing safety risks for riders
	• Hardware performance is affected, leading to the early scrapping of the Company's existing assets
	• Business development in coastal cities is restricted.
Transformation risks	Broad changes in the external environment in terms of policy, law, technology and markets during the transition to a low-carbon economy.
➢ Policy and regulation risks	• Increased costs to meet compliance requirements, such as energy-saving retrofitting of office equipment, and the purchase of carbon quotas.
	• Increased delivery costs due to energy price rise.
	• Increased information disclosure risks.
➢ Technical risks	• The transitional cost of equipment replacement due to technology change, such as procurement, testing, training, etc.
	• The cost of communicating the environmental protection concept of green delivery to consumers.
➢ Market risks	• The public demand for on-demand delivery continues to increase, and they have higher requirements for the quality of delivery service.
	• Customers deepen their understanding of low carbon and prefer green delivery services.
➢ Other stakeholder impacts	• During the low-carbon transformation period, the government's attitude towards products or projects affects the financing cost.
	• Concerns about delays in the on-demand delivery sector in extreme weather may affect investment.
	• Enterprises are required to report and communicate on sustainable development and ESG-related issues regularly.

Table: List of climate-related opportunities of the Company

Type of opportunities	Potential impact
Energy	
➢ Response	• On-demand delivery enterprises develop smart delivery to reduce operating costs.
	• The Company saves water and electricity resources and operating expenses.
	• The Company sets and discloses the internal environmental protection targets to shape a more positive corporate image.
➢ Rise of new technologies	• Develop smart operations to control delivery, operation, service and management in a more refined and dynamic manner.
	• Gain insight into the development trend of clean energy in terminal transportation.
➢ Participation in green finance	• Financial institutions may link loan rates with green data, and enterprises that adopt sustainable development measures and make progress in achieving their goals may receive more favorable financing rates from banks, reducing financing costs.
Products and services	
➢ R&D and innovation	• The risk of future energy price rise can be reduced and resilience to climate risk can be enhanced.
	• Reputation increases and demand for on-demand delivery services rises.
➢ Changes in consumer preferences	• Consumers with green preferences will increase their demand for green services and pay more attention to the sustainable development performance of the on-demand delivery industry.
	• The Company can adapt to the changes in consumer preferences and enhance the research, application and publicity of green delivery.
	• Actively respond to incidents such as large-scale delivery delays, delivery errors, and other events caused by extreme weather, and avoid negative impact on corporate reputation.
➢ Preferences of investors	• Investors will increase their investment in low-carbon green operation enterprises, and the working capital of enterprises will increase, rendering a more stable capital chain.

Table: List of climate-related opportunities of the Company

Risk management

To reduce the impact of climate risk on the Company and seize the opportunities, the Company has continuously promoted the change of delivery capacity and energy structure, and increased the contribution of new energy vehicles to delivery capacity, kept upgrading and optimizing our innovation in green business, and output green environmental protection products to the value chain, in an attempt to reduce the impact of transformation risk through proactive measures. To manage and respond to physical risks, the Company has developed an emergency response mechanism for bad weather and gives early warning of unusual weather via the SF Intra-city Rider App in a timely manner to ensure timely response when disasters occur. We also provide high temperature subsidies to riders in hot weather, flexibly allocate transportation capacity, protect the health and safety of employees and riders, and strive to reduce personal accidents and asset losses caused by physical risks.

Indicators and Goals

The Company will continuously disclose environmental indicators related to climate change such as energy consumption and density, greenhouse gas emissions and density (please refer to "ESG Key Performance Table" for details) in its annual environmental, social and governance reports, and measure the Company's achievements in tackling climate change through quantitative indicators.

The Company has set targets related to emissions, energy, water resources and waste in 2021, and successfully achieved them during the year. In order to effectively reduce the environmental impact in the operation process, the Company will continue to promote environmental targets setting for 2023.

Indicators	2022 Targets	Progress of 2022 Targets	2023 Targets
Emission goal	Lower GHG emission intensity than in 2021	Achieved	Lower GHG emission intensity in 2023 than in 2022.
Energy use efficiency	Lower office electricity intensity than in 2021	Achieved	Lower office electricity intensity in 2023 than in 2022.
Water use efficiency	Lower office water intensity than in 2021	Achieved	Lower office water intensity in 2023 than in 2022.
Waste generation	Lower office waste intensity than in 2021	Achieved	Lower office waste intensity in 2023 than in 2022.
			100% waste classification in the headquarter office premises.

Practicing Low-carbon Transformation

The Company strictly complies with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other laws and regulations. The Company has formulated internal management systems and taken environmental protection measures including green delivery, green packaging and green office, to reduce the environmental impacts of the Company's business operations and to create green, sustainable and on-demand delivery services.

Green delivery

While providing high-quality, efficient and multi-scenario delivery services, the Company pays special attention to enhancing the green and low-carbon level of our delivery system. We are committed to providing more consumers with "green services" and contributing to the national goal of carbon neutrality by building a more environmentally-friendly on-demand delivery system.

The main delivery capacity of the Company's on-demand delivery business consists of two-wheeled vehicles and four-wheeled vehicles. The two-wheeled vehicles are owned by riders and their source of power is electricity; and four-wheeled vehicles include gasoline vehicles, diesel vehicles and new energy vehicles, all of which are outsourced. Approximately 95% of our active riders fulfilled their orders via electric two-wheeled vehicles or public transportation, covering more than 90% of transportation scenarios. Moreover, by considering the real-time position of the rider, the position of the order and other factors, we achieved optimal route planning, shorter mileage, and energy consumption reduction through our CLS system.

Green office

The Company's operation process does not involve the use of a large amount of water and the discharge of wastewater, nor does it involve products and businesses that are likely to pollute water, and it has no significant impact on the environment and natural resources. In daily operations, the Company has always adhered to the green development philosophy, strived to practice green concept in each operation, and taken a number of measures to enhance employees' water and energy use efficiency. Also, the Company has reduced waste of office supplies and waste generation, improved resource utilization, and cultivated a green and low-carbon working style, thus reducing environmental impact.

- Comprehensively promote paperless office, online signature system, and paperless file management, and encourage black and white double-sided printing;
- Unified management of temperature control and lighting, encouraging employees to turn off the lights during non-working hours;
- Advocate timely shutdown of idle computers to ensure that "shut down the computer and cut off its power connection before leaving";
- The Company has established the *SF Intra-city Office Site Configuration Guide*, makes proper arrangements of office supplies and office consumables, sets self-service stationery collection cabinets and posts saving reminders in shared areas and requires employees to collect them as needed;
- Strengthen routine maintenance and repair of electronic office equipment.

Green packaging

Committed to taking on more corporate responsibilities, as an advocate and practitioner of green environmental protection, the Company actively responds to national policies, and takes the lead to drive partners to accelerate the sustainable development of the on-demand delivery industry through various R&D and cooperation activities.

To reduce the use of disposable document envelopes, we have actively developed and put into use recyclable document envelopes. It is estimated that each recyclable document envelope can reduce the use of 50 paper document envelopes, which greatly promoted the resource conservation while enhancing the recycling efficiency, and reduced the carbon footprint of products.

In addition, the Company cooperates with merchants to launch a recycling service to encourage merchants to recycle the thermal insulation bags. Moreover, riders thank and encourage customers who use recycle packaging, which has optimized the overall delivery process. In this way, the Company enables customers to improve their environmental protection awareness while achieving energy saving and efficiency improvement, drives the trend of public green consumption, and jointly contributes to creating a green society.

Appendix:

ESG Key Performance Overview

KPIs	Unit	2022
A. Environmental[5]		
A1: Emissions		
A1.1[6]		
A1.2		
Direct GHG emissions (Scope 1)[7]	tCO2e	0
Indirect GHG emissions (Scope 2)[8]	tCO2e	311.79
Total GHG emissions	tCO2e	311.79
GHG emissions intensity	tCO2e/RMB million revenue	0.03
A1.3		
Total hazardous waste produced	t	The Company's own operation does not involve the generation of a large amount of hazardous waste, and the generation of hazardous waste in the office process has not been counted this year.
Total hazardous waste intensity	t/employee	
A1.4		
Total non-hazardous waste produced[9]	t	1.98
Total non-hazardous waste intensity	t/employee	0.001

5 The environmental data covers the offices of SF Intra-city and its subsidiaries.

6 The Company's own operation does not involve gas fuel consumption and use of motor vehicles, so there is no available emission data on air pollutants SO_2, NO_x, and PM.

7 The Company's own operation does not involve the GHG emissions from direct energy consumption.

8 The source of grid electricity GHG emission factor is *Notice on the work related to the management of GHG emission reports of enterprises in the power generation industry for 2023-2025*.

9 The total amount of non-hazardous waste only includes waste paper, the scrap electronic equipment is not counted by weight.

KPIs	Unit	2022
A2: Use of Resources		
A2.1		
Electricity consumption	kW•h	546,719.24
Comprehensive energy consumption	MW•h	546.72
Comprehensive energy intensity	MW•h/RMB million revenue	0.05
A2.2		
Water consumption	m^3	5,879.87
Water intensity	m^3/RMB million revenue	0.57
A2.5		
Packaging used	t	152.38
Packaging intensity	t/RMB million revenue	0.01
B. Social		
B1. Employment		
B1.1[10]		
Total number of employees	Person	2,178
Total workforce by gender		
Male	Person	1,574
Female	Person	604
Total workforce by employment type		
Management	Person	34
Non-management	Person	2,144
Total workforce by age group		
29 and below	Person	863
30-49	Person	1,304
50 and above	Person	11
Total workforce by geographical regions		
China Mainland	Person	2,176
Hong Kong, Macau, Taiwan and overseas	Person	2

[10] Total number of employees includes the number of full-time employees that signed formal labor contracts with SF Intra-city.

KPIs	Unit	2022
B1.2[11]		
Overall employee turnover rate	%	27.96%
Employee turnover rate by gender		
Male	%	27.83%
Female	%	28.31%
Employee turnover rate by age group		
29 and below	%	34.65%
30-49	%	23.54%
50 and above	%	27.27%
Employee turnover rate by geographical regions		
China Mainland	%	27.94%
Hong Kong, Macau, Taiwan and overseas	%	50.00%

KPIs	Unit	2021	2022
B2. Health and safety			
B2.1[12]			
Number of work-related fatalities of employees	Person	0	0
Rate of work-related fatalities of employees	%	0%	0%

KPIs	Unit	2022
B2.2		
Lost days due to work injury of employees	Days	0

11 The formula for calculating the employee turnover ratio is: the number of each category employees left in the current year/the number of each category employees at the end of the current year* 100%.

12 SF Intra-city, listed on the Main Board of the Hong Kong Stock Exchange on December 14, 2021, has now disclosed data on the rate of work-related fatalities in 2021 and 2022.

KPIs	Unit	2022
B3. Development and training		
B3.1		
The percentage of employees trained	%	99.86%
The percentage of employees trained by gender		
Male	%	99.81%
Female	%	100%
The percentage of employees trained by employee category		
Management	%	100%
Non-management	%	99.86%
B3.2		
The average training hours completed per employee	Hours	37.77
The average training hours completed per employee by gender		
Male	Hours	39.97
Female	Hours	32.03
The average training hours completed per employee by employee category		
Management	Hours	23.68
Non-management	Hours	37.99
B5. Supply chain management		
B5.1		
Number of suppliers by geographical region		
China Mainland	Units	634
Hong Kong, Macau, Taiwan and overseas	Units	30

KPIs	Unit	2022
B6. Product responsibility		
B6.1		
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	The Company only provides distribution services, and does not assume corresponding responsibility for the goods delivered (except for claims caused by our company's responsibility, such as loss or damage during the delivery process), and does not involve product recalling
B6.2		
Percentage of products – and service-related complaints received	Times/million parcel	187
B7. Anti-corruption		
B7.1		
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the year ended December 31, 2022	Cases	0
B7.3		
Total duration of anti-corruption training	Hours	2,236
The number of people participating in anti-corruption training	Attendances	8,414
The number of board members and senior management participating in anti-corruption training	Attendances	161
Duration of anti-corruption training for the board of directors and management	Hours	287
Community		
B8: Community Investment		
B8.2		
Investment in the public welfare project for riders	RMB ten thousand	18

ESG Index

Aspects	Index number	Index content	Disclosure paragraph
A. Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Practicing Low-carbon Transformation
	A1.1	The types of emissions and respective emissions data.	ESG Key Performance Table
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Indicators and Goals
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Practicing Low-carbon Transformation
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Practicing Low-carbon Transformation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh '000s) and intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ESG Key Performance Table
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Indicators and Goals
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Indicators and Goals
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ESG Key Performance Table

Aspects	Index number	Index content	Disclosure paragraph
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Practicing Low-carbon Transformation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Practicing Low-carbon Transformation
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Tackling Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Tackling Climate Change
B: Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	A Sound Talent Pool
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ESG Key Performance Table
	B1.2	Employee turnover rate by gender, age group and geographical region.	ESG Key Performance Table
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employees' Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG Key Performance Table
	B2.2	Lost days due to work injury.	ESG Key Performance Table
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employees' Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employees' Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	ESG Key Performance Table
	B3.2	The average training hours completed per employee by gender and employee category.	ESG Key Performance Table

Aspects	Index number	Index content	Disclosure paragraph
B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Employees' Rights and Interests
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employees' Rights and Interests
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employees' Rights and Interests
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Procurement
	B5.1	Number of suppliers by geographical region.	ESG Key Performance Table
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Responsible Procurement
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Responsible Procurement
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Responsible Procurement
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	ESG Key Performance Table
	B6.2	Number of products and services related complaints received and how they are dealt with.	Providing Quality Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	The Company's business doesn't involve the production and manufacturing of the products
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security

Aspects	Index number	Index content	Disclosure paragraph
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity Management System
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ESG Key Performance Table
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Integrity Management System
	B7.3	Description of anti-corruption training provided to directors and staff.	Integrity Management System
Community			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Serving the Community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Serving the Community
	B8.2	Resources contributed (e.g. money or time) to the focus area.	ESG Key Performance Table

羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Hangzhou SF Intra-city Industrial Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 125 to 214, comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Intra-city on-demand delivery service revenue recognition Refer to notes 2.23 and 5 to the consolidated financial statements. The Group provides intra-city on-demand delivery services. Intra-city on-demand delivery service revenue of RMB10.2 billion was recognized for the year ended December 31, 2022. We consider this area a key audit matter as significant efforts were spent on auditing the intra-city on-demand delivery service revenue recognition due to the material amount of revenue and the huge volume of revenue transactions.	We have performed the following procedures to address this key audit matter: (i) We understood the business process of intra-city on-demand delivery services, reviewed contract terms of the service agreements with merchants and consumers on a sample basis, and assessed whether the accounting policy for revenue recognition adopted by the Group was in accordance with the applicable accounting standards. (ii) We understood, evaluated and validated management's key internal controls relating to the intra-city on-demand delivery service business process, including information technology general controls and application controls. (iii) We tested revenue amounts, on a sample basis by examining the supporting documents, including records of delivery and cash receipts. We requested confirmations of revenue amounts during the year and receivable balances at the year end from customers on a sample basis. Based on the procedures performed, we found that the Group's intra-city on-demand delivery service revenue recognition was supported by the evidence obtained.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Yeung Yee Mau.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 28, 2023

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Revenue	5	**10,265,191**	8,173,953
Cost of revenue	8	**(9,851,834)**	(8,079,144)
Gross profit		**413,357**	94,809
Selling and marketing expenses	8	**(201,928)**	(270,348)
Research and development expenses	8	**(96,557)**	(123,441)
Administrative expenses	8	**(509,150)**	(655,132)
Other income	6	**50,951**	44,847
Other gains, net	7	**14,046**	731
Net impairment losses of financial assets	11	**(1,969)**	(4,477)
Operating loss		**(331,250)**	(913,011)
Finance income	10	**45,009**	18,055
Finance costs	10	**(2,606)**	(7,630)
Finance income, net	10	**42,403**	10,425
Loss before income tax		**(288,847)**	(902,586)
Income tax credit	12	**1,944**	3,735
Loss for the year		**(286,903)**	(898,851)
Loss attributable to			
– Owners of the Company		**(286,903)**	(898,851)

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Losses per share (expressed in RMB per share)			
– Basis and diluted losses per share (in RMB)	13	**(0.31)**	(1.28)
Loss for the year		**(286,903)**	(898,851)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	27	**(5,414)**	–
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	27	**(589)**	–
Other comprehensive loss for the year, net of tax		**(6,003)**	–
Total comprehensive loss for the year		**(292,906)**	(898,851)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		**(292,906)**	(898,851)

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

		As at December 31,	
		2022	2021
	Note	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**14,799**	16,715
Intangible assets	15	**186,799**	173,939
Right-of-use assets	18	**40,103**	37,811
Investments accounted for using the equity method	16	**15,000**	–
Financial assets at fair value through other comprehensive income	20	**63,545**	3,000
Financial assets at fair value through profit or loss	21	**210,522**	–
Deferred income tax assets	17	**146,034**	144,090
Other non-current assets		**416**	–
Total non-current assets		**677,218**	375,555
Current assets			
Inventories	19	**15,576**	4,202
Trade receivables	23	**1,092,539**	764,299
Other receivables and prepayments	24	**255,751**	196,549
Financial assets at fair value through profit or loss	21	**601,565**	330,084
Cash and cash equivalents	25	**1,460,024**	2,538,226
Total current assets		**3,425,455**	3,833,360
Total assets		**4,102,673**	4,208,915
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	**933,458**	933,458
Share premium	26	**4,161,560**	4,161,560
Other reserves	27	**825,057**	831,060
Accumulated losses	28	**(2,903,538)**	(2,616,635)
Total equity		**3,016,537**	3,309,443

	Note	As at December 31, 2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	33	**17,311**	20,505
Total non-current liabilities		**17,311**	20,505
Current liabilities			
Trade payables	30	**616,886**	488,025
Other payables and accruals	31	**382,057**	339,795
Contract liabilities	32	**46,658**	34,494
Lease liabilities	33	**23,224**	16,653
Total current liabilities		**1,068,825**	878,967
Total liabilities		**1,086,136**	899,472
Total equity and liabilities		**4,102,673**	4,208,915

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

The consolidated financial statements on pages 125 to 214 were approved by the Board of Directors on March 28, 2023 and were signed on its behalf.

Sun Haijin

Director

Tsang Hoi Lam

Director

	Note	Share capital RMB'000 (Note 26)	Share premium RMB'000 (Note 26)	Other reserves RMB'000 (Note 27)	Accumulated losses RMB'000 (Note 28)	Total equity RMB'000
Balance at January 1, 2022		**933,458**	**4,161,560**	**831,060**	**(2,616,635)**	**3,309,443**
Comprehensive loss						
Loss for the year	28	–	–	–	(286,903)	(286,903)
Other comprehensive loss						
– Fair value change on financial assets at fair value through other comprehensive income	20	–	–	(589)	–	(589)
– Translation difference		–	–	(5,414)	–	(5,414)
Total comprehensive loss for the year		–	–	(6,003)	(286,903)	(292,906)
Balance at December 31, 2022		**933,458**	**4,161,560**	**825,057**	**(2,903,538)**	**3,016,537**

	Note	Share capital RMB'000 (Note 26)	Share premium RMB'000 (Note 26)	Shares held for employee share scheme RMB'000 (Note 29)	Other reserves RMB'000 (Note 27)	Accumulated losses RMB'000 (Note 28)	Total equity RMB'000
Balance at January 1, 2021		586,629	896,989	(4,426)	604,056	(1,717,784)	365,464
Comprehensive loss							
Loss for the year	28	–	–	–	–	(898,851)	(898,851)
Total comprehensive loss for the year		–	–	–	–	(898,851)	(898,851)
Transactions with owners in their capacity as owners							
Capital injections from shareholders	26, 29	215,648	1,695,723	(80,000)	–	–	1,831,371
Shares issued pursuant to the Initial Public Offering ("IPO")	26	131,181	1,626,496	–	–	–	1,757,677
Share issuance cost	26	–	(57,648)	–	–	–	(57,648)
Prepaid exercise price of restricted share scheme	29	–	–	–	80,000	–	80,000
Share-based compensation expenses	29	–	–	–	231,430	–	231,430
Vesting of restricted shares	29	–	–	84,426	(84,426)	–	–
Total transactions with owners in their capacity as owners		346,829	3,264,571	4,426	227,004	–	3,842,830
Balance at December 31, 2021		933,458	4,161,560	–	831,060	(2,616,635)	3,309,443

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

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash used in operations	35	**(459,701)**	(550,190)
Interest received		**45,009**	18,055
Net cash used in operating activities		**(414,692)**	(532,135)
Cash flows from investing activities			
Proceeds from settlement of loans advanced to related parties		**–**	400,000
Interests received from loans advanced to related parties		**–**	3,684
Proceeds from disposals of property, plant and equipment		**233**	1,332
Proceeds from disposal of financial assets at fair value through profit or loss		**1,980,000**	–
Proceeds from gains on financial assets at fair value through profit or loss		**11,382**	–
Loans advanced to related parties		**–**	(400,000)
Addition of financial assets at fair value through profit or loss		**(2,451,105)**	(330,000)
Addition of intangible assets		**(99,214)**	(72,987)
Purchases of property, plant and equipment		**(9,353)**	(17,107)
Addition of financial assets at fair value through other comprehensive income		**(61,134)**	–
Payment for investments accounted for using the equity method		**(15,000)**	–
Net cash used in investing activities		**(644,191)**	(415,078)
Cash flows from financing activities			
Capital injections from shareholders		**–**	1,831,371
Proceeds from issuance of new ordinary shares pursuant to the IPO		**–**	1,757,677
Share issuance cost		**–**	(57,648)
Proceeds of prepaid exercise price of restricted share scheme		**–**	80,000
Proceeds of borrowings from financial institution		**–**	41,920
Repayments of borrowings from financial institution		**–**	(409,000)
Payments of lease liabilities (including interests elements)		**(21,899)**	(19,071)
Interest paid on borrowings		**–**	(5,617)
Net cash (used in)/generated from financing activities		**(21,899)**	3,219,632
Net (decrease)/increase in cash and cash equivalents		**(1,080,782)**	2,272,419
Effects of exchange rate changes on cash and cash equivalents		**580**	2,339
Cash and cash equivalents at the beginning of the year		**2,538,226**	263,468
Cash and cash equivalents at the end of the year		**1,458,024**	2,538,226

1 General information

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

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

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

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

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

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance.

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

2 Summary of significant accounting policies (Continued)

2.2 New and amended standards adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2022:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contract – Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41	Annual Improvements to IFRSs 2018-2020

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

2.3 New standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
IFRS 17	Insurance Contracts	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to IFRS 16	Lease liability in a sale and leaseback	January 1, 2024

2 Summary of significant accounting policies (Continued)

2.4 Subsidiaries

2.4.1 Consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.5 Joint ventures

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

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

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.10.

2 Summary of significant accounting policies (Continued)

2.6 Segment reporting

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

2.7 Foreign currency translation

2.7.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the financial statements are presented in RMB, which is also the Company's functional and the Company's presentation currency.

2.7.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income within "other gains, net".

2.7.3 Group companies

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

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

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

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

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

2 Summary of significant accounting policies (Continued)

2.8 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the periods in which they are incurred.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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

2 Summary of significant accounting policies (Continued)

2.9 Intangible assets

2.9.1 Software

(a) Self-developed software

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

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

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

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

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

(b) Acquired software

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

2 Summary of significant accounting policies (Continued)

2.9 Intangible assets (Continued)

2.9.2 Research and development

Research expenditure and development expenditure that do not meet the criteria in 2.9.1 (a) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.10 Impairment of non-financial assets

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

2.11 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

– those to be measured at amortised cost.

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

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

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

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

2 Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(ii) Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group has two categories of debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other gains, net' in profit or loss as applicable.

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

2 Summary of significant accounting policies (Continued)

2.11 Financial assets (Continued)

(iii) Impairment of financial assets

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

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

– trade receivables;

– other receivables and amounts due from related parties;

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

(iv) Derecognition of financial instruments

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, canceled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

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

2 Summary of significant accounting policies (Continued)

2.12 Inventories

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

2.13 Contract assets and contract liabilities

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

2.14 Trade receivables and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Majority of other receivables are advances to employees, deposit from suppliers and value-added tax recoverable. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment. See note 23 and note 24 for further information about the Group's accounting for trade receivables and other receivables and note 2.11 for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

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

2 Summary of significant accounting policies (Continued)

2.16 Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases its equity instruments, for example as the result of an employee share scheme, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.17 Trade payables and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting. They are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.18 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2 Summary of significant accounting policies (Continued)

2.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

2.19.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2.19.2 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2.19.3 Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

2 Summary of significant accounting policies (Continued)

2.20 Employee benefits

2.20.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

2.20.2 Employment obligations

Social pension insurances, housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised social pension insurances, housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the social pension insurances, housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2 Summary of significant accounting policies (Continued)

2.21 Share-based payments

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

– Including any market performance conditions;

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

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

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

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 Summary of significant accounting policies (Continued)

2.23 Revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

2 Summary of significant accounting policies (Continued)

2.23 Revenue recognition (Continued)

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

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

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

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

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

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

(b) Revenue from other business

Online group catering platform and delivery services

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

2 Summary of significant accounting policies (Continued)

2.24 Losses per share

(i) Basic losses per share

Basic losses per share is calculated by dividing:

- the losses attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding shares held for employee share scheme.

(ii) Diluted losses per share

Diluted losses per share adjusts the figures used in the determination of basic losses per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.25 Leases

The Group as the lessee:

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

2 Summary of significant accounting policies (Continued)

2.25 Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

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

Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases with a remaining lease term of less than 12 months as short-term leases.

2 Summary of significant accounting policies (Continued)

2.25 Leases (Continued)

Practical expedients applied (Continued)

The Group as the lessor:

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

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

2.26 Dividend distribution

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

2.27 Interest income

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

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

2.28 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property and equipment, and other non-current assets are included in the current liabilities and are credited to the consolidated statement of comprehensive income on a straight – line basis over the expected lives of the related assets.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the directors and senior management of the Group.

3.1.1 Market risk

(i) Foreign exchange risk

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

As of December 31, 2022, the Group had HKD7 million cash in bank (as at December 31, 2021: HKD2,105 million cash in bank which was generated from the IPO) which is different from the functional currency of RMB and exposed to foreign exchange risk. If the RMB strengthened/weakened by 1% against the HKD with all other variables held constant, net loss before tax for the year would have been RMB69,000 higher/lower (as at December 31, 2021: if the RMB strengthened/weakened by 1% against the HKD with all other variables held constant, net loss before tax would have been RMB17.2 million higher/lower).

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

(ii) Price risk

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

(iii) Cash flow and fair value interest rate risk

As of December 31, 2022, the Group does not hold any long-term interest-bearing assets or borrowings, so there is no significant interest rate risk.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk

(i) Credit risk management

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

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

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

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

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

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Expected credit loss ("ECL")

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

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

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

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

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

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

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

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

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

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

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

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

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

The definition of credit-impaired assets

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

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

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

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

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

Forward-looking information

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

Credit risk exposure of financial assets

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

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

1) Trade receivables

Trade receivables from related parties

Trade receivables from related parties are granted with a credit period of 30 days. In respect of amounts due from related parties with gross carrying value of approximately RMB583,852,000 and RMB369,167,000 respectively as at December 31, 2022 and 2021, management of the Group does not consider there is a risk of default and does not expect any losses from non-performance by these related parties, and accordingly, impairment recognised in respect of the amounts due from related parties would be immaterial.

Trade receivables from third parties

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

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

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

1) *Trade receivables* (Continued)

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

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

As at December 31, 2021, the analysis of loss allowance provision was presented as follows:

	Not overdue	Past due	Total
Expected loss rate	0.55%	2.65%	0.65%
Trade receivables from third parties (RMB'000)	378,733	18,994	397,727
Loss allowance provision (RMB'000)	2,091	504	2,595

2) *Other receivables*

Amounts due from related parties

As at December 31, 2022, management considered the credit risk of amounts due from related parties to be low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Therefore, the impairment loss allowance required for these balances was minimal.

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

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

2) Other receivables (Continued)

Other receivables from third parties

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

As at December 31, 2022 and 2021, the analysis of loss allowance provision was presented as follows:

	As at December 31,	
	2022	2021
Expected loss rate	**0.87%**	0.97%
Other receivables from third parties excluding non-financial assets (RMB'000)	**59,698**	54,462
Loss allowance provision (RMB'000)	**518**	528

3.1.3 Liquidity risk

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

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

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk (Continued)

Group	On demand	Within 1 Year	Over 1 Year	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022					
Trade payables	**13,722**	**603,164**	**–**	**616,886**	**616,886**
Lease liabilities	**7,412**	**16,902**	**18,045**	**42,359**	**40,535**
Other payables and accruals (excluding receipts in advance, accrued payroll and other tax liabilities)	**168,739**	**18,344**	**–**	**187,083**	**187,083**
Total	**189,873**	**638,410**	**18,045**	**846,328**	**844,504**
As at December 31, 2021					
Trade payables	7,318	480,707	–	488,025	488,025
Lease liabilities	4,707	13,093	21,555	39,355	37,158
Other payables and accruals (excluding receipts in advance, accrued payroll and other tax liabilities)	119,759	54,502	–	174,261	174,261
Total	131,784	548,302	21,555	701,641	699,444

3 Financial risk management (Continued)

3.2 Capital management

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

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

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debts. As at December 31, 2022 and 2021, given that the cash and cash equivalents exceed the aggregation of total borrowings and lease liabilities, gearing ratio is no longer calculated.

3.3 Fair value estimation

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

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

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

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

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

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the years ended December 31, 2022 and 2021.

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

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

3.3.1.1 Fair value hierarchy

As at December 31, 2022 and 2021, 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, 2022.

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

Note: As at December 31, 2022, the Group invested in private fund, the investment scope of which is fixed income products.

The following table presents the Group's level 3 financial instruments as of December 31, 2021.

	Level 3 RMB'000
Financial assets at FVPL	
Structured deposit products	330,084
Financial assets at FVOCI	
Equity investments in unlisted entities	3,000

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

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

3.3.1.2 Valuation techniques used to determine fair values

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

Financial assets	Fair value As of December 31, 2022 RMB'000	Fair value As of December 31, 2021 RMB'000	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs As of December 31, 2022	Range of inputs As of December 31, 2021	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss	**812,087**	330,084	Discounted cash flow	Expected rate of return	**0.5%-3.5%**	2.6% – 3.4%	The higher the expected rate of return, the higher the fair value.
Financial assets at fair value through other comprehensive income	**63,545**	3,000	Market approach	Discount for lack of marketability; market multiples	**20%; 0.6x-5.8x**	20%; 0.6x	The higher the discount for lack of marketability, the lower the fair value. The higher the market multiples, the higher the fair value.

During the year ended 31 December 2022 and 2021, fair value changes arose from the financial assets measured at fair value classified within Level 3 as listed in the table above were immaterial. The directors of the Company consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

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

3.3.1.3 Reconciliation of Level 3 fair value measurements

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

	Financial assets at FVPL RMB'000	Financial assets at FVOCI RMB'000
As of January 1,2021	–	3,000
Additions	330,000	–
Changes in fair value	84	–
As of December 31, 2021	330,084	3,000

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

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

4 Critical accounting estimates and judgements

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

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

(a) Impairment of intangible assets

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable.

When assessing whether the above assets are impaired, management mainly evaluates and analyses: (1) whether events affecting asset impairment occurred; (2) whether the present value of expected cash flows arising from the continuing use or disposal of the asset is lower than its carrying amount; and (3) whether the significant assumptions used in the calculation of the present value of the estimated cash flows are appropriate.

Relevant assumptions adopted by the Group to determine impairment, e.g. changes in assumptions on discount rate and growth rate used to calculate the present value of future cash flows, may have material impact on the present value used in the impairment test, and cause impairment in the above-mentioned long-term assets of the Group.

(b) Recognition of deferred tax assets

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

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

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

4 Critical accounting estimates and judgements (Continued)

(c) Capitalization of development costs as intangible assets

Costs incurred in upgrading existing application and platform (primarily relating to upgrade of the existing features or additions of new features/modules) and developing new application and platform are capitalized as intangible assets when recognition criteria as detailed in Note 2.9 are fulfilled. Management has applied its professional judgement in determining whether these application and platform could generate probable future economic benefits to the Group based on the historical experience of the existing products and the prospects of the markets. Any severe change in market performance or technology advancement will have an impact on the development costs capitalized.

5 Segment information and Revenue

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

As a result of this evaluation, the CODM considers that the Group’s operations are operated and managed as two segments, which are intra-city on-demand delivery service business and other business including online group catering platform and delivery services, for the year ended December 31, 2022 and 2021.

For the year ended December 31, 2022, the CODM assessed the performance of the operating segments mainly based on segment revenues and segment gross profit. The revenues from external customers reported to the CODM are measured as segment revenues, which are the revenues derived from customers of each segment. The comparative segments information for the year ended December 31, 2021 has been presented in the same way as that for the year ended December 31, 2022.

5 Segment information and Revenue (Continued)

(a) Description of segments and principal activities

	Year ended December 31, 2022			
	Intra-city on-demand delivery service business	Other business	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	10,228,787	36,404	–	10,265,191
Cost of revenue	(9,818,060)	(33,774)	–	(9,851,834)
Segment gross profit	410,727	2,630	–	413,357
Selling and marketing expenses				(201,928)
Research and development expenses				(96,557)
Administrative expenses				(509,150)
Other income				50,951
Other gains, net				14,046
Net impairment losses of financial assets				(1,969)
Finance income – net				42,403
Loss before income tax				(288,847)
Other segment information				
Depreciation and Amortization – cost of sales	54,943	18,306	–	73,249
Additions of non-current assets except for financial instruments and deferred income tax assets	87,794	37,173	302	125,269

5 Segment information and Revenue (Continued)

(a) Description of segments and principal activities (Continued)

	Year ended December 31, 2021			
	Intra-city on-demand delivery service business	Other business	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	8,159,897	14,056	–	8,173,953
Cost of revenue	(8,051,377)	(27,767)	–	(8,079,144)
Segment gross profit/(loss)	108,520	(13,711)	–	94,809
Selling and marketing expenses				(270,348)
Research and development expenses				(123,441)
Administrative expenses				(655,132)
Other income				44,847
Other gains, net				731
Net impairment losses of financial assets				(4,477)
Finance income – net				10,425
Loss before income tax				(902,586)
Other segment information				
Depreciation and Amortization – cost of sales	36,899	10,459	–	47,358
Additions of non-current assets except for financial instruments and deferred income tax assets	74,323	44,476	–	118,799

5 Segment information and Revenue (Continued)

(a) Description of segments and principal activities (Continued)

	Intra-city on-demand delivery service business RMB'000	Other business RMB'000	Unallocated RMB'000	Total RMB'000
As at December 31, 2022				
Assets				
Segment assets	**1,570,637**	**130,938**	**2,255,064**	**3,956,639**
Deferred income tax assets				**146,034**
Total Assets				**4,102,673**
Liabilities				
Segment liabilities	**1,021,842**	**43,603**	**20,691**	**1,086,136**
Total Liabilities				**1,086,136**
As at December 31, 2021				
Assets				
Segment assets	1,099,402	121,955	2,843,468	4,064,825
Deferred income tax assets				144,090
Total Assets				4,208,915
Liabilities				
Segment liabilities	777,827	55,529	66,116	899,472
Total Liabilities				899,472

5 Segment information and Revenue (Continued)

(b) Revenue by business line and nature

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Intra-city on-demand delivery service (i)	**10,228,787**	8,159,897
Others (i)	**36,404**	14,056
	10,265,191	8,173,953

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

(c) Unsatisfied performance obligations

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

(d) Geographical information

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

(e) Information about major customers

For the year ended December 31, 2022, the Group's revenue derived from one major customer, which individually contributed 10% or more of the Group's total revenue, for approximately RMB3,698.1 million, accounting for approximately 36.0% of the Group's total revenue.

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Subsidiaries of SF Holding	**3,698,097**	3,056,047

6 Other income

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Tax preference (i)	**42,569**	31,450
Government grants (ii)	**7,901**	9,180
Interest income from loans to related parties	**–**	3,684
Others	**481**	533
	50,951	44,847

(i) The tax preference mainly generated from preferential tax policies which stated that since April 1, 2019, taxpayers in daily-life service industry were allowed to enjoy an additional 10% of input value added tax amount to deduct from value-added tax payable.

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

7 Other gains, net

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Fair value changes on financial assets at FVPL (Note 3.3)	**12,881**	84
(Losses)/Gains on disposal of property, plant and equipment	**(63)**	206
Gains on early termination of long-term leases	**1,421**	–
Exchange gains	**6,209**	8,718
Penalty and compensation	**(7,050)**	(9,325)
Others	**648**	1,048
	14,046	731

8 Expenses by nature

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Labour outsourcing costs	**9,739,192**	8,026,539
Employee benefit expenses (Note 9)	**513,100**	670,824
Amortization of intangible assets (Note 15)	**70,610**	47,885
Costs of materials	**63,494**	48,475
Information service expenses	**61,015**	49,496
Marketing and promotion expenses	**39,512**	133,978
Office and rental expenses	**35,679**	25,082
Call center service expenses	**28,538**	18,079
Professional service expenses	**24,183**	18,145
Depreciation of right-of-use assets (Note 18)	**21,799**	16,013
Travelling expenses	**9,296**	8,803
Depreciation of property, plant and equipment (Note 14)	**8,052**	7,535
Other taxes and surcharges	**2,369**	5,854
Auditor's remuneration		
– Audit and audit-related service	**2,950**	2,430
– Non-audit service	**220**	220
Transportation expenses	**1,563**	2,396
Insurance expenses	**630**	399
Listing expenses	**–**	20,756
Others	**37,267**	25,156
	10,659,469	9,128,065

9 Employee benefit expenses

(a) Employee benefit expenses are analysed as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Wages, salaries and bonuses	**496,668**	421,401
Pension costs – defined contribution plans (i)	**30,841**	27,240
Other employee benefits	**33,348**	31,381
Share-based compensation expenses (Note 29)	**–**	231,430
	560,857	711,452
Less: capitalised in intangible assets	**(47,757)**	(40,628)
	513,100	670,824

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2022 and 2021 include 3 and 3 directors respectively whose emoluments are reflected in the analysis shown in Note 43(a). The emoluments paid and payable to the remaining individuals during the years ended December 31, 2022 and 2021, respectively are as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Share-based compensation expenses	**–**	11,996
Wages, salaries and bonuses	**3,524**	3,650
Pension costs – defined contribution plans	**130**	119
Other employee benefits	**203**	172
	3,857	15,937

9 Employee benefit expenses (Continued)

(b) Five highest paid individuals (Continued)

The emoluments of these individuals are within the following bands:

Number of individuals

	Year ended December 31,	
	2022	2021
HKD		
Nil – 1,000,000	**–**	–
1,500,001 – 2,000,000	**1**	–
2,500,001 – 3,000,000	**1**	–
8,500,001 – 9,000,000	**–**	1
10,500,001 – 11,000,000	**–**	1
	2	2

10 Finance income, net

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Finance income:		
Interest income on deposits with financial institutions	**45,009**	18,055
Finance costs:		
Interest expenses on borrowings	**–**	(5,617)
Interest expenses on leasing liabilities	**(2,606)**	(2,013)
	(2,606)	(7,630)
Finance income – net:	**42,403**	10,425

11 Net impairment losses of financial assets

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Provision of/(reversal of) impairment allowance for:		
Trade receivables	**1,979**	4,061
Other receivables	**(10)**	416
	1,969	4,477

12 Income tax credit

(a) Income tax credit

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Mainland China corporate income tax		
Current income tax	**–**	–
Deferred income tax (Note 17)	**(1,944)**	(3,735)
Income tax credit	**(1,944)**	(3,735)

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

Mainland China corporate income tax ("CIT")

CIT was made on the taxable income of the entities within the Group incorporated in the Mainland China and was calculated in accordance with the relevant tax rules and regulations of the Mainland China after considering the available tax refunds and allowances. The general CIT rate is 25% for the years ended December 31, 2022 and 2021.

The Company's subsidiaries, Beijing Shunda Tongxing Technology Co., Ltd and Shanghai Fengzan Technology Co., Ltd are subject to "high and new technology enterprises" and, accordingly, were eligible for a preferential income tax rate of 15% for the years ended December 31, 2022 and 2021.

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 year ended December 31, 2022.

12 Income tax credit (Continued)

(b) Reconciliation of income tax credit

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Loss before income tax	**(288,847)**	(902,586)
Tax calculated at applicable statutory tax rate of 25%	**(72,212)**	(225,647)
Preferential income tax rates applicable to subsidiaries	**15,270**	–
Tax effect of unrecognised tax losses and temporary differences (i)	**72,975**	186,294
Expenses not deductible for tax purposes (ii)	**1,230**	60,596
Utilization of previously unrecognized tax temporary differences and tax losses	**(2,649)**	(8,947)
Super deduction of research and development expense	**(16,558)**	(15,985)
Others	**–**	(46)
	(1,944)	(3,735)

(i) Unrecognised tax losses and temporary differences

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Unused tax losses for which no deferred tax asset has been recognised	**1,666,991**	1,281,602
Unrecognised temporary differences	**75,385**	54,334
Potential tax impact	**404,310**	333,984

These tax losses will be expired from 2024 to 2032.

(ii) It mainly includes share-based compensation expenses during the years ended December 31, 2021.

13 Losses per share

(a) Basic losses per share

Basic losses per share is calculated by dividing the loss for the years attributable to ordinary shareholders by the weighted average number of outstanding shares in issue during the years ended December 31, 2022 (2021: Basic losses per share was calculated by dividing the loss for the years attributable to ordinary shareholders by the weighted average number of outstanding shares in issue excluding shares held for employee share scheme).

	Year ended December 31,	
	2022	2021
Loss attributable to equity holders of the Company (RMB'000)	**(286,903)**	(898,851)
Weighted average number of shares in issue	**933,457,707**	701,718,240
Basic losses per share (in RMB)	**(0.31)**	(1.28)

(b) Diluted losses per share

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

For the year ended December 31, 2021, the Company had one category of dilutive potential ordinary shares: restricted share granted to employees under Pre-IPO Restricted Share Scheme. The Group incurred losses for the year ended December 31 2021. As the potential ordinary shares would be anti-dilutive, they were not included in the calculation of dilutive losses per share. Accordingly, dilutive losses per share for the years ended December 31 2021, were the same as the basic losses per share for the year.

14 Property, plant and equipment

	Motor vehicles	Computers and electronic equipment	Machinery and equipment	Office equipment and other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2022					
Opening net book amount	99	9,360	590	6,666	16,715
Additions	152	3,148	156	3,987	7,443
Disposals	–	(229)	(2)	(1,076)	(1,307)
Depreciation	(94)	(4,640)	(83)	(3,235)	(8,052)
Closing net book amount	157	7,639	661	6,342	14,799
At December 31, 2022					
Cost	700	21,802	921	14,372	37,795
Accumulated depreciation	(543)	(14,163)	(260)	(8,030)	(22,996)
Closing net book amount	157	7,639	661	6,342	14,799

14 Property, plant and equipment (Continued)

	Motor vehicles	Computers and electronic equipment	Machinery and equipment	Office equipment and other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2021					
Opening net book amount	433	5,956	549	4,368	11,306
Additions	–	8,494	107	5,316	13,917
Disposals	–	(956)	–	(17)	(973)
Depreciation	(334)	(4,134)	(66)	(3,001)	(7,535)
Closing net book amount	99	9,360	590	6,666	16,715
At December 31, 2021					
Cost	548	18,883	767	11,461	31,659
Accumulated depreciation	(449)	(9,523)	(177)	(4,795)	(14,944)
Net book amount	99	9,360	590	6,666	16,715

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Cost of revenue	**1,892**	1,679
Selling and marketing expenses	**496**	264
Administrative expenses	**5,006**	5,130
Research and development expenses	**658**	462
	8,052	7,535

15 Intangible assets

	Software			
	Developed internally RMB'000	Acquired RMB'000	Development costs in progress RMB'000	Total RMB'000
Year ended December 31, 2022:				
Opening net book amount	**141,695**	**29,899**	**2,345**	**173,939**
Additions	**–**	**4,564**	**78,906**	**83,470**
Transfer	**39,695**	**–**	**(39,695)**	**–**
Amortization	**(58,526)**	**(12,084)**	**–**	**(70,610)**
Net book amount	**122,864**	**22,379**	**41,556**	**186,799**
At December 31, 2022:				
Cost	**275,916**	**49,372**	**41,556**	**366,844**
Accumulated amortization	**(153,052)**	**(26,993)**	**–**	**(180,045)**
Net book amount	**122,864**	**22,379**	**41,556**	**186,799**
Year ended December 31, 2021:				
Opening net book amount	74,786	23,703	37,308	135,797
Additions	–	16,107	69,920	86,027
Transfer	104,883	–	(104,883)	–
Amortization	(37,974)	(9,911)	–	(47,885)
Net book amount	141,695	29,899	2,345	173,939
At December 31, 2021:				
Cost	236,221	44,808	2,345	283,374
Accumulated amortization	(94,526)	(14,909)	–	(109,435)
Net book amount	141,695	29,899	2,345	173,939

15 Intangible assets (Continued)

(a) Amortization

Amortization of the Group's intangible assets has been recognised in the consolidated statements of comprehensive income as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Cost of revenue	**63,435**	43,022
Administrative expenses	**7,175**	4,863
	70,610	47,885

(b) Impairment

Included in intangible assets are capitalized development costs related to the CLS, that are in the development stage and not yet available for use, amounted to RMB41,556,000 as of December 31,2022.

The above development costs are incurred for function enhancement and optimization of the CLS, a self-used software of the Group, and are tested annually based on the recoverable amount of the intra-city on-demand delivery service business, which is the cash generating unit ("CGU") to which the CLS is related.

The key assumptions used in calculating recoverable amount of the CGU included estimated sales revenue with a terminal growth rate of 3%, estimated gross profit margin and the post-tax discount rate of 17.6%.

The recoverable amount is determined based on fair value less costs of disposal calculations, which use the discounted cash flow approach and include level 3 fair value hierarchy inputs.

15 Intangible assets (Continued)

(b) Impairment (Continued)

The fair value less costs of disposal calculations are based on 10-year period cash flow projections. A period longer than five years is being adopted in the projections, as the intra-city on-demand delivery service business is still at an early stage and required time building up its economic of scale. Therefore, from the viewpoint of market participants, the Group's intra-city on-demand delivery service business is expected to reach a steady and stable terminal growth state likely in ten years.

The recoverable amounts of the CGU are RMB13,903,862,000, and the amounts of headroom of the CGU are RMB10,635,921,000.

Had the estimated key assumptions during the forecast period been changed by reasonably possible changes as below, the headroom would change to below:

	As at December 31, 2022 RMB'000
Gross profit margin within the forecast period decreases 1%	**8,622,657**
Discount rate increases 1%	**9,290,101**
Terminal growth rate decreases 1%	**10,105,562**

Given the sufficient headroom, management believed that reasonably possible changes in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

No impairment for intangible assets not yet available for use as at December 31, 2022 is considered necessary based on the above impairment tests.

16 Investments accounted for using the equity method

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Investment in joint venture	**15,000**	–

As at 31 December 2022, the Group had interests in the following joint venture:

Name of entity	Place of incorporation	Registered capital	Ownership interest held by the Group		Principal activities
			2022	2021	
Indirectly held:					
Xiamen Xiaoyu Qingcheng Venture Investment Partnership (limited partnership) (廈門小雨青城創業投資合夥企業(有限合夥)) (The "Fund")	PRC	RMB121,250,000	**41.24%**	–	Strategic investment

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

The Group determined that it jointly controls the Fund with the general partner, as the decisions about the relevant activities of the Fund require the unanimous consent of the Group and the general partner. There is no contingent liabilities relating to the Group's interest in the Fund. The commitment related to the Group's interest in the Fund is set out in Note 37.

17 Deferred income tax assets

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Deferred tax assets		
– to be realised after more than 12 months	**146,034**	144,090

(i) Deferred income tax assets

	Employee benefits	Deductible losses	Provisions for assets impairment	Depreciation and amortization	Leases	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2022	**3,178**	**138,557**	**1,065**	**1,055**	**185**	**50**	**144,090**
Credit to profit or loss, net	**2,128**	**–**	**(240)**	**12**	**44**	**–**	**1,944**
As at December 31, 2022	**5,306**	**138,557**	**825**	**1,067**	**229**	**50**	**146,034**
As at January 1, 2021	1,241	138,557	460	–	97	–	140,355
Credit to profit or loss, net	1,937	–	605	1,055	88	50	3,735
As at December 31, 2021	3,178	138,557	1,065	1,055	185	50	144,090

18 Right-of-use assets

	Properties RMB'000
Year ended December 31, 2022	
Opening net book amount	**37,811**
Additions	**33,882**
Disposals	**(9,791)**
Depreciation	**(21,799)**
Closing net book amount	**40,103**
At December 31, 2022	
Cost	**89,285**
Accumulated depreciation	**(49,182)**
Net book amount	**40,103**
Year ended December 31, 2021	
Opening net book amount	36,031
Additions	18,855
Disposals	(1,062)
Depreciation	(16,013)
Closing net book amount	37,811
At December 31, 2021	
Cost	65,194
Accumulated depreciation	(27,383)
Net book amount	37,811

During the year ended December 31, 2022, Shenzhen Intra-city entered into the Tenancy Agreements with Shenzhen Shunfeng Supply Chain Co., Ltd. ("SF Supply Chain"), a wholly owned subsidiary of SF Holding, pursuant to which Shenzhen Intra-city (as the lessee) agreed to lease the Properties from SF Supply Chain (as the lessor) as office premises amounting to approximately RMB12.3 million of right-of-use assets. Incidental to the Tenancy Agreements, Shenzhen intra-city also entered into the Property Management Agreement with Shenzhen Chengfeng Comprehensive Facilities Operation Service Co., Ltd., which is controlled by SF Holding. Please refer to Note 36 for details of the property management fee.

18 Right-of-use assets (Continued)

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Administrative expenses	**9,744**	8,291
Cost of revenue	**7,922**	2,657
Research and development expenses	**4,133**	5,065
	21,799	16,013

19 Inventories

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Rider equipments, at cost	**15,576**	4,202

For the years ended December 31, 2022 and 2021, the cost of inventories recognised as expense amounted to RMB63,494,000 and RMB48,475,000 respectively.

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

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

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

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

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Non-current assets		
Unlisted securities		
Shenzhen Fushi Technology Co., Ltd (Note)	**61,134**	–
Beijing Zhanlan Infinite Technology Co., Ltd	**2,411**	3,000
	63,545	3,000

In February 2022, Beijing Shunda Tongxing Technology Co., Ltd., a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe for 2.9660% equity interest in Shenzhen Fushi Technology Co., Ltd at a consideration of RMB61,134,000.

(iii) Amounts recognised in other comprehensive income

During the year, the following losses were recognised in other comprehensive income.

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Loss recognised in other comprehensive income (Note 27)	**(589)**	–

No dividend has been paid or declared by Shenzhen Fushi Technology Co., Ltd and Beijing Zhanlan Infinite Technology Co., Ltd during the year ended 31 December 2021 and 2022.

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

(iv) Fair value, impairment and risk exposure

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

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

21 Financial assets at fair value through profit or loss

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**330,084**	–
Additions	**2,452,227**	330,000
Changes in fair value (Note 7)	**12,881**	84
Disposals	**(1,991,382)**	–
Exchange difference	**8,277**	–
At the end of the year	**812,087**	330,084

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

22 Financial instruments by category

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents (Note 25)	**1,460,024**	2,538,226
Trade receivables (Note 23)	**1,092,539**	764,299
Other receivables excluding non-financial assets (Note 24)	**126,119**	96,895
	2,678,682	3,399,420
Financial assets at fair value:		
Financial assets at fair value through profit or loss (Note 21)	**812,087**	330,084
Financial assets at fair value through other comprehensive income (Note 20)	**63,545**	3,000
	3,554,314	3,732,504
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables (Note 30)	**616,886**	488,025
Other payables excluding non-financial liabilities (Note 31)	**187,083**	174,261
Lease liabilities (Note 33)	**40,535**	37,158
	844,504	699,444

23 Trade receivables

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Trade receivables		
– related parties (Note 36 (d))	**583,852**	369,167
– third parties	**511,534**	397,727
	1,095,386	766,894
Impairment loss allowance	**(2,847)**	(2,595)
	1,092,539	764,299

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

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Within 30 days	**911,928**	588,513
30 to 180 days	**183,458**	178,381
	1,095,386	766,894

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**(2,595)**	(1,997)
Provision of impairment allowance (Note 11)	**(1,979)**	(4,061)
Written off as uncollectible	**1,727**	3,463
At the end of the year	**(2,847)**	(2,595)

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

24 Other receivables and prepayments

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Other receivables		
– Value-added tax recoverable	**114,464**	79,071
– Payments on behalf of platform users	**46,653**	43,448
– Amounts due from related parties (Note 36(d))	**66,940**	42,961
– Deposits paid	**10,310**	7,391
– Advances to employees	**1,044**	933
– Prepaid social insurance premium	**4,022**	2,103
– Others	**1,691**	2,690
	245,124	178,597
Prepayments to suppliers	**11,145**	18,480
– Less: impairment loss allowance	**(518)**	(528)
	255,751	196,549

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**(528)**	(112)
Reversal/(Provision) of impairment allowance (Note 11)	**10**	(416)
Written off as uncollectible	**–**	–
At the end of the year	**(518)**	(528)

25 Cash and cash equivalents

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Restricted cash (i)	**2,000**	–
Cash at banks	**1,366,205**	2,512,288
Cash held in other financial institutions (ii)	**91,819**	25,938
	1,460,024	2,538,226

(i) As of December 31, 2022, restricted cash amounting to RMB2 million were pledged to banks to secure fulfillment of contracts with certain customers.

(ii) As at December 31, 2022 and 2021, the Group had certain amounts of cash held in accounts managed by other financial institutions, which are third party payment platforms, in the amount of RMB18.7 million and RMB25.9 million, respectively, and which have been classified as cash and cash equivalents on the consolidated statement of financial position.

As at December 31, 2022, the Group had RMB73.1 million (December 31, 2021: Nil) held in accounts managed by SF Holding Group Finance Co., Ltd, a wholly-owned subsidiary of SF Holding and incorporated upon approval from China Banking and Insurance Regulatory Commission ("CBIRC") (Shen Yin Jian Fu [2016] No. 193) in 2016.

Cash and cash equivalents were denominated in the following currencies:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
RMB	**1,453,383**	818,153
HKD	**6,134**	1,720,073
USD	**507**	–
	1,460,024	2,538,226

26 Share capital and share premium

	Number of shares	Share capital	Share premium	Total
		RMB'000	RMB'000	RMB'000
Issued:				
As at January 1, 2021	586,629,208	586,629	896,989	1,483,618
Capital injections from series B investors (ii)	103,407,347	103,407	1,292,675	1,396,082
Capital injections from Taisen Holdings (iii)	30,294,501	30,295	378,705	409,000
Capital injections from Jiaxing Fengrong (iii)	1,945,851	1,946	24,325	26,271
Capital injections from share incentive scheme (i)	80,000,000	80,000	18	80,018
Shares issued pursuant to the IPO (iv)	131,180,800	131,181	1,626,496	1,757,677
Share issuance cost (iv)	–	–	(57,648)	(57,648)
As at December 31, 2021 and December 31 2022	**933,457,707**	**933,458**	**4,161,560**	**5,095,018**

(i) In December 2019, Ningbo Shunxiang Tongcheng Venture capital Investment Partnership (Limited Partnership) (the "Ningbo Shunxiang", 寧波順享同成創業投資合夥企業(有限合夥)) subscribed 90,000,000 registered shares of the Company. In April 2020, Ningbo Shunxiang injected RMB10 million as paid-in capital. In June 2021, Ningbo Shunxiang and Sharp Land Development Limited injected RMB60 million and RMB20 million as paid-in capital respectively.

(ii) In December 2020, the Company had entered into a set of arrangements in relation to Series B rounds of Pre-IPO investment (the "Series B"), and issued Series B shares at an issue price of RMB13.50 per share.

(iii) On March 16, 2021 and March 18, 2021, the Company had entered into subscription agreements with Jiaxing Fengrong Equity Investment Partnership (Limited Partnership) (the "Jiaxing Fengrong", 嘉興豐榮股權投資合夥企業(有限合夥)) and SF Taisen Holdings Group Co., Ltd ("Taisen Holdings") to issue 1,945,851 shares and 30,294,501 shares respectively, at an issue price of RMB13.50 per share. In March 2021, the Company received capital injection of approximately RMB409 million from Taisen Holdings in cash. In April 2021, the Company received capital injection of approximately RMB26 million from Jiaxing Fengrong in cash.

(iv) On December 14, 2021, 131,180,800 ordinary shares were issued at an offer price of HKD16.42 per share pursuant to the IPO. Gross proceeds from the issuance of these shares amounted to approximately HKD2,154 million (equivalent to approximately RMB1,758 million). After netting of share issuance cost of approximately RMB57.7 million, approximately RMB131.2 million and RMB1,568.8 million are credited to the share capital and share premium account of the Company respectively.

27 Other reserves

	Note	Share based compensation reserves RMB'000	Financial assets at FVOCI RMB'000	Foreign currency translation RMB'000	Deemed contribution reserves RMB'000	Total other reserves RMB'000
Balance at January 1, 2021		168,805	–	–	435,251	604,056
Prepaid exercise price of restricted share scheme	29	80,000	–	–	–	80,000
Share-based compensation expenses	29	231,430	–	–	–	231,430
Vesting of restricted shares	29	(84,426)	–	–	–	(84,426)
Balance at December 31, 2021		395,809	–	–	435,251	831,060
Balance at January 1, 2022		**395,809**	**–**	**–**	**435,251**	**831,060**
Revaluation of financial assets at FVOCI	20	**–**	**(589)**	**–**	**–**	**(589)**
Currency translation differences		**–**	**–**	**(5,414)**	**–**	**(5,414)**
Balance at December 31, 2022		**395,809**	**(589)**	**(5,414)**	**435,251**	**825,057**

28 Accumulated losses

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	**(2,616,635)**	(1,717,784)
Loss for the year	**(286,903)**	(898,851)
At the end of the year	**(2,903,538)**	(2,616,635)

29 Share-based payments

Pre-IPO Restricted Share Scheme

In September 2019 and January 2020, the Board of Directors of the Company approved the establishment of share incentive plans to grant restricted shares to the Group's employees ("Pre-IPO Restricted Share Scheme") for the purpose of attracting and retaining the best available personnel, and to provide additional incentive to employees and directors to promote the success of the Group's business. Accordingly, in December 2019, the relevant grantee became the limited partner of a newly established limited liability partnership, namely Ningbo Shunxiang Tongcheng Venture capital Investment Partnership (Limited Partnership) (the "Ningbo Shunxiang", 寧波順享同成創業投資合夥企業(有限合夥)), which became the shareholder of the Company with registered 90,000,000 shares. Ningbo Shunxiang transferred 20,000,000 shares of the Company to Sharp Land Development Limited in January 2020. As at December 31, 2020, Ningbo Shunxiang and Sharp Land Development Limited were the shareholders of the Company with 70,000,000 registered shares and 20,000,000 registered shares. On April 20, 2020, Ningbo Shunxiang had injected RMB10 million as paid-in capital. In June, 2021, Ningbo Shunxiang and Sharp Land Development Limited had injected RMB60 millions and RMB20 millions respectively as paid-in capital to the Company.

Pursuant to the Pre-IPO Restricted Share Scheme, the Group has discretion to invite any employee of the Group to participate in the above limited liability partnerships by subscribing for their partnership interest. The participating employees are entitled to all the economic benefits generated by the above limited liability partnerships with the requisition service period. As the Pre-IPO Restricted Share Scheme is designed by the Group for its benefit and the Group has discretion in determining the participating employees, the restricted shares of the Company held by Ningbo Shunxiang and Sharp Land Development Limited are controlled by the Group.

Certain employees obtained the partnership units, as limited partners, of aforesaid partnership at a price lower than their fair value. Such transactions were considered as equity-settled share-based payment to employees.

The restricted shares of the Company held by the above limited liability partnerships for the purpose of the Pre-IPO Restricted Share Scheme with the consideration paid but not vested are recorded as "shares held for employee share scheme" under the equity of the Group. Prepaid exercise price of restricted shares, for which the Group has no refund obligation, was recorded as "other reserve" under the equity of the Group.

For the Pre-IPO Restricted Share Scheme granted in September 2019, 20% of the restricted shares had been vested in the first year after the grant date. All the remaining restricted shares were vested upon the date of Listing, December 14, 2021. Upon the vesting of restricted shares, the related amount recorded in "shares held for employee share scheme" was offset against the "prepared exercise price of restricted share scheme" recorded in other reserve.

29 Share-based payments (Continued)

Pre-IPO Restricted Share Scheme (Continued)

The fair value of the shares granted to employees on the grant date, September 29, 2019 and January 22, 2020, as determined by a professional valuation firm was RMB163,690,800 and RMB333,638,100 respectively. The significant inputs into the income approach using discount cash flow model were listed as below:

	As at January 22, 2020	As at September 29, 2019
Weighted average cost of capital	**17.6%**	17.7%
Discount for lack of marketability ("DLOM")	**20%**	23%
Discount for lack of control ("DLOC")	**20%**	18%

The share-based compensation expenses recognised during the years were summarised in the following table:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Share-based compensation expenses for employees	**–**	231,430

30 Trade payables

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Trade payables to related parties (Note 36 (d))	**18,313**	18,897
Trade payables to third parties	**598,573**	469,128
	616,886	488,025

30 Trade payables (Continued)

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

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Within 3 months	**603,164**	480,707
3 months to 1 year	**8,543**	7,318
1 year to 2 years	**5,179**	–
	616,886	488,025

31 Other payables and accruals

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Salaries, wage and accrued bonus	**180,947**	154,817
Deposits received	**142,830**	105,569
Temporary receipts	**25,909**	14,190
Other tax payable	**14,027**	10,717
Amounts due to related parties (Note 36(d))	**4,480**	20,429
Payables for assets purchases	**1,948**	2,728
Accrued professional service expenses and listing expenses	**–**	23,977
Others	**11,916**	7,368
	382,057	339,795

32 Contract liabilities

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Contract liabilities – Intra-city on-demand delivery service		
– Related parties (Note 36 (d))	**180**	264
– Third parties	**46,478**	34,230
Total current contract liabilities	**46,658**	34,494

(a) Revenue recognised in relation to contract liabilities

For the years ended December 31, 2022 and 2021, revenue recognised that included in the contract liability balance at the beginning of the years were RMB34,494,000 and RMB21,847,000 respectively.

The Group receives payments from customers based on the billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly for providing intra-city on-demand delivery service. The increase in contract liabilities during the years ended December 31, 2022 was mainly attributable to the increase of the business scale.

33 Lease liabilities

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Minimum lease payments due		
– Within 1 year	**24,314**	17,800
– Between 1 and 2 years	**11,884**	14,220
– Between 2 and 5 years	**4,794**	5,733
– Later than 5 years	**1,367**	1,602
	42,359	39,355
Less: future finance charges	**(1,824)**	(2,197)
Present value of lease liabilities	**40,535**	37,158
At the end of the year		
– Within 1 year	**23,224**	16,653
– Between 1 and 2 years	**11,482**	13,748
– Between 2 and 5 years	**4,534**	5,288
– Later than 5 years	**1,295**	1,469
	40,535	37,158

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.

The total cash outflow for leases in 2022 was RMB36,352,000 (2021: RMB 26,394,000).

34 Dividends

No dividend has been paid or declared by the Group during each of the financial years ended December 31, 2022 and 2021.

35 Notes to consolidated statements of cash flows

Net cash used in operations

Reconciliation from loss before income tax to cash used in operations:

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Loss before income tax	**(288,847)**	(902,586)
Adjustments for:		
Share-based compensation expense (Note 27)	**–**	231,430
Amortization of intangible assets (Note 15)	**70,610**	47,885
Depreciation of right-of-use assets (Note 18)	**21,799**	16,013
Depreciation of property, plant and equipment (Note 14)	**8,052**	7,535
Impairment of financial assets measured at amortised cost (Note 11)	**1,969**	4,477
Finance income (Note 10)	**(42,403)**	(10,425)
Interest income from loans to related parties (Note 6)	**–**	(3,684)
Losses/(gains) on disposals of property, plant and equipment (Note 7)	**63**	(206)
Gains on early termination of long-term leases (Note 7)	**(1,421)**	-
Fair value changes on financial assets at FVPL (Note 7)	**(12,881)**	(84)
Operating cash flows before changes in working capital	**(243,059)**	(609,645)
Changes in working capital:		
(Increase)/decrease in inventories	**(11,374)**	2,617
Increase in trade receivables, other receivables and prepayments	**(405,682)**	(150,920)
Increase in trade and other payables and contract liabilities	**200,414**	207,758
Cash used in operations	**(459,701)**	(550,190)

35 Notes to consolidated statements of cash flows (Continued)

Analysis of liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in the liabilities arising from financing activities for each of the period presented.

	Borrowings	Lease liabilities
	RMB'000	RMB'000
Balance as at January 1, 2022	**–**	**37,158**
Cash flows	**–**	**(21,899)**
Interest expenses accrued	**–**	**2,606**
Addition	**–**	**33,882**
Disposal	**–**	**(11,212)**
Balance as at December 31, 2022	**–**	**40,535**
Balance as at January 1, 2021	367,080	36,423
Cash flows	(372,697)	(19,071)
Interest expenses accrued	5,617	–
Addition	–	19,806
Balance as at December 31, 2021	–	37,158

36 Related party transactions

(a) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Save as disclosed in note 26, 29 and 43 of this report, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the years ended December 31, 2022 and 2021:

Name of related parties	Relationship with the Group
Taisen Holdings	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
Shenzhen Shun Jie Feng Da Express Co., Ltd.	Associated company of SF Holding

36 Related party transactions (Continued)

(b) Key management compensation

Key management includes directors and supervisors and the senior management of the Group.

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

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Share-based compensation expenses	**–**	141,040
Wages, salaries and bonuses	**9,132**	9,341
Pension costs – defined contribution plans	**224**	203
Other employee benefits	**335**	240
Fees	**910**	61
	10,601	150,885

36 Related party transactions (Continued)

(c) Significant transactions with related parties

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Intra-city on-demand delivery business and other business revenue		
– Subsidiaries of SF Holding	**3,698,097**	3,056,047
– Others	**2,452**	1,939
	3,700,549	3,057,986
Comprehensive services and material purchasing fee (Note i)		
– Subsidiaries of SF Holding	**93,363**	97,294
– Others	**53**	352
	93,416	97,646
Rental expense		
– Subsidiaries of SF Holding	**6,858**	6,444
Interest income of deposits (Note ii)		
– Subsidiaries of SF Holding	**261**	7,233

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: During the year ended December 31, 2022, the Company entered into the Financial Service Agreement with SF Holding Group Finance Co., Ltd. ("SF Finance"), 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.

36 Related party transactions (Continued)

(c) Significant transactions with related parties (Continued)

	Year ended December 31,	
	2022	2021
	RMB'000	RMB'000
Interest expense		
– Subsidiaries of SF Holding	**–**	5,617
Outsourcing services and labor safety supplies purchasing fee		
– Subsidiaries of SF Holding	**857**	19,359
– Shenzhen Shun Jie Feng Da Express Co., Ltd.	**–**	19
– Others	**389**	864
	1,246	20,242
Borrowings		
– Subsidiaries of SF Holding	**–**	41,920
Repayments of borrowings		
– Subsidiaries of SF Holding	**–**	(409,000)
Loans advanced to related parties		
– Subsidiaries of SF Holding	**–**	400,000
Proceeds from settlement of loans to related parties		
– Subsidiaries of SF Holding	**–**	(400,000)

Transactions with related companies are determined based on terms mutually agreed between the relevant parties.

36 Related party transactions (Continued)

(d) Balances with related parties

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Cash deposited in related party (Note 25(ii))		
– Subsidiaries of SF Holding	**73,122**	–
Trade receivables from related parties		
– Subsidiaries of SF Holding	**582,401**	367,388
– Others	**1,451**	1,779
	583,852	369,167
Prepayments to related parties		
– Subsidiaries of SF Holding	**446**	261
	446	261
Trade payables to related parties (i)		
– Subsidiaries of SF Holding	**18,241**	18,750
– Others	**72**	147
	18,313	18,897
Lease liabilities to related parties		
– Subsidiaries of SF Holding	**14,251**	3,743
– Subsidiaries of Mingde Holding	**2,898**	3,439
	17,149	7,182
Contract liabilities from related parties		
– Subsidiaries of SF Holding	**180**	264
Amounts due from related parties (ii)		
– Subsidiaries of SF Holding	**66,733**	42,384
– Others	**207**	577
	66,940	42,961
Amounts due to related parties (iii)		
– Subsidiaries of SF Holding	**4,480**	20,249
– Others	**–**	180
	4,480	20,429

36 Related party transactions (Continued)

(d) Balances with related parties (Continued)

(i) Trade payables to related parties are granted with a credit period of 30 days.

(ii) The Company entered into the Fund Collection Service Framework Agreement with SF Holding on November 19, 2021, pursuant to which SF Holding and/or its subsidiaries will provide fund collection service to the Group. According to the agreement, SF Holding and/or its subsidiaries do not charge any commission fee for the transactions. As at December 31, 2022 and 2021, the balances were unsecured, interest-free, and collectible on demand.

(iii) As at December 31, 2022 and 2021, the balances were unsecured, interest-free, and repayable on demand.

37 Commitments

The table below lists the future minimum lease payments under non-cancellable leases according to their remaining term to maturity.

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
With 1 year	**2,765**	4,165
Between 1 to 2 year	**320**	39
	3,085	4,204

Significant capital expenditure contracted for at the end of the years but not recognised as liabilities are as follows:

	As at December 31,	
	2022	2021
	RMB'000	RMB'000
Investment accounted for using the equity method	**35,000**	–
Intangible assets	**–**	1,823
	35,000	1,823

38 Contingency

As at December 31, 2022 and 2021, the Group did not have any material contingent liabilities.

39 Subsequent events

Completion of the H Share Full Circulation

The Company received official approval from the China Securities Regulatory Commission in respect of the conversion of 78,947,684 unlisted domestic shares of the Company into H shares and the listing thereof on the Stock Exchange (the "Conversion and Listing") on 18 August 2022, and was granted of approval by the Stock Exchange for implementation of the Conversion and Listing on 9 September 2022.

On 6 February 2023, the conversion of 78,947,684 unlisted domestic shares of the Company into H shares had been completed, and the listing of the converted H Shares on the Stock Exchange commenced on February 7, 2023. Details of the Conversion and Listing can be referred to the Company's announcement dated May 5, 2022, August 18, 2022, September 9, 2022, February 2, 2023 and February 6, 2023, respectively.

Save as disclosed above, the Group had no other material events during the period from January 1, 2023 to the approval date of the consolidated financial statements by the Board of Directors on March 28, 2023.

40 Comparative figures

Certain comparative figures have been reclassified to conform the current period's presentation.

41 Subsidiaries

The Company's major subsidiaries during the year ended December 31, 2022 are set out below. All of these are limited liability companies and the country of incorporation or registration is also their principal place of business. The subsidiaries have share capital consisting solely of ordinary shares that are held directly or indirectly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of subsidiaries	Place and date of incorporation	Registered capital/ paid-in capital	Ownership interest held by the group		Principal activities
			2022	2021	
Directly held:					
Shenzhen SF Intra-city Logistics Co., Ltd. (深圳市順豐同城物流有限公司)	PRC, October 26, 2018	RMB 3,220,000,000/ RMB3,210,000,000	**100%**	100%	Third party on-demand delivery services
Shenzhen Zhongplus Internet Technology Co., Ltd. (深圳市眾普拉斯網絡科技有限公司)	PRC, December 25, 2018	RMB 20,000,000/ RMB2,000,000	**100%**	100%	Information technology services
Shanghai Fengpai Supply Chain Management Co., Ltd. (上海豐湃供應鏈管理有限公司)	PRC, January 16, 2019	RMB70,000,000/ RMB60,000,000	**100%**	100%	Third party on-demand delivery services
Beijing Shunda Tongxing Technology Co., Ltd. (北京順達同行科技有限公司)	PRC, September 20, 2019	RMB 400,000,000/ RMB 400,000,000	**100%**	100%	Software development and information technology services
Shanghai Fengzan Technology Co., Ltd. (上海豐贊科技有限公司)	PRC, May 26, 2020	RMB 410,000,000/ RMB 309,000,000	**100%**	100%	Information technology services
SF Intra-city Holding Limited	Hong Kong, January 12, 2022	USD30,000,000/ USD30,000,000	**100%**	-	Investment holding
Shenzhen Fengsuqihang Technology Co., Ltd (深圳市豐速啓航科技有限公司)	PRC, September 21, 2022	RMB1,000,000/ Nil	**100%**	-	Information technology services

41 Subsidiaries(Continued)

Name of subsidiaries	Place and date of incorporation	Registered capital/ paid-in capital	Ownership interest held by the group		Principal activities
			2022	2021	
Indirectly held:					
Beijing Fengzan Technology Co., Ltd. (北京豊贊科技有限公司)	PRC, January 25, 2021	RMB150,000,000/ RMB57,000,000	**100%**	100%	Software development and information technology services
Shenzhen Fengzan Technology Co., Ltd. (深圳豊贊科技有限公司)	PRC, January 29, 2021	RMB20,000,000/ RMB500,000	**100%**	100%	Information technology services
Shanghai Fengtiao Yushun Catering Management Co., Ltd. (上海豊調裕順餐飲管理有限公司)	PRC, July 26,2021	RMB100,000,000/ RMB1,000,000	**100%**	100%	Catering management services
Suzhou Fengpai Technology Co., Ltd (蘇州豊湃科技有限公司)	PRC, January 19, 2022	RMB5,000,000/ RMB700,000	**100%**	-	Third party on-demand delivery services
Tianjin Fengpai Technology Co., Ltd (天津豊湃科技有限公司)	PRC, February 15, 2022	RMB10,000,000/ RMB400,000	**100%**	-	Information technology services
SF Intra-city (Hong Kong) Limited	Hong Kong, January 24, 2022	HKD10,000/ Nil	**100%**	-	Third party on-demand delivery services

42 Statement of financial position and reserves movements of the Company

(a) Company statement of financial position

	Note	As at December 31, 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Financial assets at fair value through other comprehensive income		**2,411**	3,000
Investment in the subsidiaries		**4,489,475**	2,816,096
Total non-current assets		**4,491,886**	2,819,096
Current assets			
Other receivables and prepayments		**11,558**	4,784
Loans and amounts due from subsidiaries		**2,974**	18
Financial assets at fair value through profit or loss		**601,565**	330,084
Cash and cash equivalents		**1,429,536**	2,505,779
Total current assets		**2,045,633**	2,840,665
Total assets		**6,537,519**	5,659,761
EQUITY			
Equity attributable to owners of the Company			
Share capital		**933,458**	933,458
Share premium		**4,161,560**	4,161,560
Other reserves	42(b)	**395,220**	395,809
Accumulated losses	42(b)	**(160,814)**	(149,622)
Total equity		**5,329,424**	5,341,205

42 Statement of financial position and reserves movements of the Company (Continued)

(a) Company statement of financial position (Continued)

	Note	As at December 31, 2022 RMB'000	2021 RMB'000
LIABILITIES			
Current liabilities			
Trade payables		**33,503**	52,556
Other payables and accruals		**4,038**	23,113
Amounts due to subsidiaries		**1,170,554**	242,887
Total current liabilities		**1,208,095**	318,556
Total liabilities		**1,208,095**	318,556
Total equity and liabilities		**6,537,519**	5,659,761

The statement of financial position of the Company was approved by the Board of Directors on March 28, 2023 and was signed on its behalf:

Sun Haijin
Director

Tsang Hoi Lam
Director

42 Statement of financial position and reserves movements of the Company (Continued)

(b) Reserves movements of the Company

	Other reserves RMB'000	Accumulated losses RMB'000
Balance as at January 1, 2022	**395,809**	**(149,622)**
Change in fair value of financial assets at fair value through other comprehensive income	**(589)**	**–**
Loss for the year	**–**	**(11,192)**
Balance as at December 31, 2022	**395,220**	**(160,814)**
Balance as at January 1, 2021	164,379	(108,498)
Share-based compensation expenses (Note 29)	231,430	–
Loss for the year	–	(41,124)
Balance as at December 31, 2021	395,809	(149,622)

43 Benefits and interests of directors and supervisors

(a) Directors' and supervisors' emoluments

Remuneration of directors and supervisors during the years ended December 31, 2022 and 2021 were as follows:

	Fees	Salaries and wages	Share-based compensation expense	Allowances and benefits in kind	Employer's contribution to retirement benefit plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2022						
Executive directors (i)						
Mr. Sun Haijin (chief executive)	–	2,331	–	68	48	2,447
Mr. Tsang Hoi Lam	–	2,097	–	2	7	2,106
Mr. Chen Lin	–	2,214	–	142	92	2,448
Non-executive Directors (ii)						
Mr. Chan Fei (chairman)	–	–	–	–	–	–
Mr. Xu Zhijun	–	–	–	–	–	–
Mr. Li Qiuyu	–	–	–	–	–	–
Mr. Han Liu	–	–	–	–	–	–
Independent non-executive Directors (iii)						
Mr. Chan Kok Chung, Johnny	258	–	–	–	–	258
Mr. Wong Hak Kun	258	–	–	–	–	258
Mr. Zhou Xiang	258	–	–	–	–	258
Ms. Huang Jing	136	–	–	–	–	136
Supervisors						
Mr. Yang Zunmiao	–	–	–	–	–	–
Mr. Wu Guozhong	–	–	–	–	–	–
Ms. Su Xiaohui	–	1,080	–	62	38	1,180
Total	910	7,722	–	274	185	9,091

43 Benefits and interests of directors and supervisors (Continued)

(a) Directors' and supervisors' emoluments (Continued)

	Fees	Salaries and wages	Share-based compensation expense	Allowances and benefits in kind	Employer's contribution to retirement benefit plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2021						
Executive directors (i)						
Mr. Sun Haijin (chief executive)	–	2,371	58,789	19	38	61,217
Mr. Tsang Hoi Lam	–	1,050	34,960	1	4	36,015
Mr. Chen Lin	–	1,150	12,355	63	41	13,609
Non-executive Directors (ii)						
Mr. Chan Fei (chairman)	–	–	–	–	–	–
Mr. Xu Zhijun	–	–	–	–	–	–
Mr. Li Qiuyu	–	–	–	–	–	–
Independent non-executive Directors (iii)						
Mr. Chan Kok Chung, Johnny	20	–	–	–	–	20
Mr. Wong Hak Kun	20	–	–	–	–	20
Mr. Zhou Xiang	20	–	–	–	–	20
Supervisors						
Mr. Yang Zunmiao	–	–	–	–	–	–
Mr. Wu Guozhong	–	–	–	–	–	–
Ms. Su Xiaohui	–	1,120	5,785	47	38	6,990
Total	60	5,691	111,889	130	121	117,891

43 Benefits and interests of directors and supervisors (Continued)

(a) Directors' and supervisors' emoluments (Continued)

(i) Mr. Tsang Hoi Lam and Mr. Chen Lin were appointed as the directors of the Company in June 2021. The remuneration disclosed above of Mr. Tsang Hoi Lam and Mr. Chen Lin only included amounts related to their period of service after they were appointed as directors.

(ii) Mr. Han Liu was appointed as the director of the Company in June 2022.

(iii) Mr. Chan Kok Chung, Mr. Wong Hak Kun, and Mr. Zhou Xiang were appointed as the Company's independent non-executive directors in June 2021, Ms. Huang Jing was appointed as the Company's independent non-executive director in June 2022.

(iv) No emoluments have been paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office or no director waived or agreed to waive any emoluments during the years ended December 31, 2022 and 2021.

(b) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended December 31, 2022 and 2021.

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available directors' services during the years ended December 31, 2022 and 2021.

(d) Information about loans, quasi-loans or other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings were entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2022 and 2021.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2022 and 2021.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,				
	2018	2019	2020	2021	**2022**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenues	993,274	2,107,014	4,843,366	8,173,953	**10,265,191**
Gross (loss)/profit	(231,372)	(336,205)	(188,506)	94,809	**413,357**
Loss before income tax	(361,560)	(582,951)	(784,190)	(902,586)	**(288,847)**
Loss for the year	(328,397)	(469,795)	(757,677)	(898,851)	**(286,903)**
Loss attributable to owners of the Company	(328,397)	(469,795)	(757,677)	(898,851)	**(286,903)**
Total comprehensive loss for the year	(328,397)	(469,795)	(757,677)	(898,851)	**(292,906)**
Total comprehensive loss for the year attributable to owners of the Company	(328,397)	(469,795)	(757,677)	(898,851)	**(292,906)**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at December 31,				
	2018	2019	2020	2021	**2022**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS					
Non-current assets	61,001	246,883	326,489	375,555	**677,218**
Current assets	161,347	691,976	1,087,031	3,833,360	**3,425,455**
Total assets	222,348	938,859	1,413,520	4,208,915	**4,102,673**
LIABILITIES					
Non-current liabilities	–	18,467	25,714	20,505	**17,311**
Current liabilities	754,344	1,036,779	1,022,342	878,967	**1,068,825**
Total liabilities	754,344	1,055,246	1,048,056	899,472	**1,086,136**
EQUITY					
Equity attributable to owners of the Company	(531,996)	(116,387)	365,464	3,309,443	**3,016,537**
Total (deficits)/equity	(531,996)	(116,387)	365,464	3,309,443	**3,016,537**
Total (deficits)/equity and liabilities	222,348	938,859	1,413,520	4,208,915	**4,102,673**

"AI"	artificial intelligence
"active consumer(s)"	refers to the number of unique consumer accounts that purchase a particular service at least once during the prescribed period
"active merchant(s)"	refers to the number of unique merchant accounts that purchase a particular service at least once during the prescribed period.
"active rider(s)"	refers to the number of unique rider(s) who fulfil at least one order during the prescribed period.
"average delivery distance"	refers to the average delivery distance per order of intra-city delivery during the prescribed period, and last-mile delivery orders are not included
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which has become effective on the Listing Date
"Audit Committee"	the audit committee of our Company
"Board" or "Board of Directors"	the board of Directors of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only, except where the context requires, references in this annual report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"CLS"	City Logistics System. This system utilizes big data analytics and AI technologies, featuring core functions including business forecast and planning, integrated order recommendation and dispatching and real-time operation monitoring
"Company", "our Company" or "SF Intra-city"	Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司), a joint stock company with limited liability established under the laws of the PRC on June 21, 2019
"Company Law" or "PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wang Wei, Mingde Holding, SF Holding, SF Taisen, SF Holding Limited, SF Technology, Intra-city Tech and Ningbo Shunxiang, as the case may be
"Credit Customers"	certain existing customers who have entered into Master Service Agreements with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products SF Holding Group and/or its associates offers
"crowd-sourced riders"	the riders engaged by the outsourcing firms as contractors. As a form of flexible employment, crowdsourced riders do not have employment relationship with us or the outsourcing firms, can accept orders during random hours a day as a part-time job, and can choose to accept delivery tasks from other platforms
"Directors"	the directors of our Company

"Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Duckling Fund"	Duckling Fund, L.P., a limited partnership incorporated in Cayman Islands, one of our Shareholders
"fulfillment in-time rate"	a ratio calculated by the number of orders that are delivered to the right recipients in time over the total number of orders placed
"Global Offering"	the offer of Shares for subscription as described in the prospectus
"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
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Stock Exchange
"Idea Flow Limited"	a limited company incorporated in Hong Kong, one of our Shareholders
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"intra-city on-demand delivery"	on-demand delivery within a particular city region
"Intra-city On-demand Delivery Service Cooperation Framework Agreement"	the framework agreement entered into between the Company and SF Holding on November 19, 2021, pursuant to which the Group will provide intra-city on demand delivery services to SF Holding and/or its associates
"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
"Latest Practicable Date"	April 21, 2023, being the latest practicable date for ascertaining certain information in this annual report before its publication
"Listing"	listing of our H Shares on the Main Board of the Stock Exchange
"Listing Date"	December 14, 2021
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"local e-commerce"	generally cover delivery of 3C Electronics, apparel, jewelry and cosmetics etc.
"local retail"	generally cover delivery of fresh produce, flowers, cakes and desserts and other groceries

"local services"	generally cover personal errands service and task-based government and enterprise services etc
"lower-tier cities"	refers to cities, counties and towns that are in the third tier or below
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from, and operated in parallel with, GEM of the Stock Exchange
"Mandatory Provisions"	the "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" (到境外上市公司章程必備條款), as amended, supplemented or otherwise modified from time to time, for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas (including Hong Kong), which were promulgated by the former Securities Commission of the State Council (國務院證券委員會) and the former State Commission for Restructuring them Economic Systems (威家經濟體制改革委員會) on August 27,1994
"Master Service Agreements"	refers to 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 the 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 10 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
"Nomination Committee"	the nomination committee of our Company
"non-food delivery scenarios"	refers to local consumption scenarios that are unrelated to food delivery scenarios, mainly comprising local retail, local e-commerce and local services.
"Pre-IPO Restricted Share Scheme"	The share incentive plans established to grant restricted shares to the Group's employees as detailed in the sub-section headed "Pre-IPO Restricted Share Scheme" of Report of Directors
"Prospectus"	the prospectus of the Company being issued in connection with the Hong Kong Public Offering
"Reporting Period"	the period from January 1, 2022 to December 31, 2022
"Remuneration Committee"	the remuneration committee of our Company
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SF Finance"	SF Holding Group Finance Co., Ltd. (順豐控股集團財務有限公司), a limited company incorporated in the PRC, a wholly owned subsidiary of SF Taisen
"SF Holding"	S.F. Holding Co., Ltd. (順豐控股股份有限公司), a joint stock company established in the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ), one of our Controlling Shareholders
"SF Holding Group"	SF Holding and its subsidiaries
"SF Holding Limited"	SF Holding 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 established in the PRC, one of our Controlling Shareholders
"Shanghai Fengpai"	Shanghai Fengpai Supply Chain Co., Ltd. (上海豐湃供應鏈有限公司), a limited company incorporated in the PRC, one of our subsidiaries
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Share(s), Unlisted Foreign Share(s) and H Share(s)
"Shareholders(s)"	holder(s) of our Share(s)
"Sharp Land"	Sharp Land Development Limited, a limited company established in Hong Kong, one of our Shareholders
"Shenzhen Intra-city"	Shenzhen SF Intra-city Logistics Co., Ltd. (深圳市順豐同城物流有限公司), a limited company incorporated in the PRC, one of our subsidiaries
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)
"Shining Star"	Shining Star Fund, L.P., a partnership incorporated in Cayman Islands, one of our Shareholders
"Shunda Tongxing"	Beijing Shunda Tongxing Technology Co., Ltd. (北京順達同行科技有限公司), a limited company incorporated in the PRC, one of our subsidiaries
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	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 centralized 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
"two-wheels + four-wheels"	intra-city delivery achieved through combined efforts of "four-wheels" vehicles and our riders on their "two-wheels" motorcycles
"Unlisted Foreign Share(s)"	unlisted ordinary share(s) of RMB1.00 each in the share capital of our Company
"Voting Power Entrustment Agreement"	the voting power entrustment agreement entered into between Ningbo Shunxiang and SF Taisen, pursuant to which Ningbo Shunxiang entrusted SF Taisen to exercise the voting rights attached to the entire 66,891,800 Shares held by Ningbo Shunxiang
"Yinghe Fengrui"	Ningbo Yinghe Fengrui Venture Capital Investment Partnership (Limited Partnership) (寧波盈和豐瑞創業投資合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Shareholders

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