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本公告所述證券及擔保未曾亦不會根據經修訂的1933年《美國證券法》（「證券法」）或美國任何州或其他司法權區的證券法登記，除非獲豁免遵守或交易毋須遵守證券法及適用州或地方證券法的登記規定，否則證券不得向或在美國境內提呈發售、出售或交付。

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香港投資者須知：發行人及擔保人（定義見下文）確認債券（定義見下文）擬僅供專業投資者（定義見上市規則第37章）購買，並已按此基準於香港聯交所上市。因此，發行人及擔保人各自確認，債券不適合作為香港散戶投資者的投資。投資者應審慎考慮所涉及的風險。

## 刊發發售通函

### SF HOLDING INVESTMENT 2023 LIMITED

（於英屬維爾京群島註冊成立之有限公司）

（「發行人」）

於2026年到期的2,950,000,000港元零息有擔保可換股債券

（「債券」）

（債券代號：5724）



S.F. HOLDING CO., LTD.

順豐控股股份有限公司

（於中華人民共和國註冊成立的股份有限公司）

（股份代號：6936）

（「擔保人」）

提供無條件及不可撤回地擔保

聯席全球協調人、聯席牽頭經辦人及聯席賬簿管理人

高盛（亞洲）有限責任公司

華泰國際

本公告乃根據上市規則第37.39A條刊發。

請參閱本公告隨附的日期為2025年7月7日的與債券發行相關的發售通函（「**發售通函**」）。誠如發售通函所披露，債券僅供專業投資者（定義見上市規則第37章）購買，並按該基準於香港聯交所上市。

發售通函並不構成向任何司法權區的公眾提呈出售任何證券的招股章程、通告、通函、宣傳冊或廣告，且並非向公眾發出邀請以就認購或購買任何證券作出要約，亦非供傳閱以邀請公眾就認購或購買任何證券作出要約。

本發售通函不得被視為認購或購買發行人或擔保人任何證券的勸誘，且並無意進行有關勸誘。

中國深圳，2025年7月11日

於本公告日期，*SF Holding Investment 2023 Limited*的董事為何捷先生及Ooi Bee Ti女士。

於本公告日期，順豐控股股份有限公司的董事會成員包括董事長及執行董事王衛先生，執行董事何捷先生、王欣女士及徐本松先生；及獨立非執行董事陳尚偉先生、李嘉士先生及丁益博士。

## 附錄1－發售通函

# IMPORTANT NOTICE

## NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular (the “**Offering Circular**”). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Guarantor (each as defined in the attached Offering Circular) or from Goldman Sachs (Asia) L.L.C. and Huatai Financial Holdings (Hong Kong) Limited (each a “**Manager**” and together, the “**Managers**”) as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

**Confirmation of Your Representation:** The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor and the Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”); (2) the e-mail address that you gave the Issuer and/or the Guarantor and to which this e-mail has been delivered is not located in the United States, its territories or possessions; (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission; (4) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are not a “connected person” (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Guarantor, which includes but is not limited to any director, chief executive or substantial shareholder of the Guarantor or any of its subsidiaries or any associate of any of them within the meaning of the Listing Rules; and (5) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are, and will immediately after completion of the offering of such securities be, independent of and not acting in concert with, any of such connected persons in relation to the control of the Guarantor.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Managers, the Trustee (as defined in the attached Offering Circular) and the Agents (as defined in the attached Offering Circular) or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Managers will provide a hard copy version to you upon request.

**Restrictions:** The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

**THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.**

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.**

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any respective affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**You are responsible for protecting against viruses and other destructive items.** If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

# SF HOLDING INVESTMENT 2023 LIMITED

(incorporated in the British Virgin Islands with limited liability)

(as “Issuer”)



S.F. HOLDING CO., LTD.

(順豐控股股份有限公司)

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

(Stock Code: 6936)

(as “Guarantor”)

**HK\$2,950,000,000 Zero Coupon Guaranteed Convertible Bonds due 2026**

**Issue Price: 100 per cent.**

HK\$2,950,000,000 Zero Coupon Guaranteed Convertible Bonds due 2026 (the “**Bonds**”) will be issued by SF Holding Investment 2023 Limited (the “**Issuer**”), and unconditionally and irrevocably guaranteed (the “**Guarantee**”) by S.F. Holding Co., Ltd. (順豐控股股份有限公司) (the “**Guarantor**”, or the “**Company**”).

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1 (*Negative Pledge*) of the terms and conditions of the Bonds (the “**Terms and Conditions**” or the “**Conditions**”)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3.1 (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) at any time on and after the 41st day after 10 July 2025 (the “**Issue Date**”) up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (as defined below) (both days inclusive) into fully paid ordinary foreign shares with a par value of RMB1.00 each issued by the Guarantor which are traded in HK dollars on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**H Shares**”) at an initial conversion price of HK\$48.47 per H Share. The conversion price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds – Conversion*”. The Closing Price (as defined in the Terms and Conditions) of the H Shares on the Hong Kong Stock Exchange on 25 June 2025 was HK\$46.20 per H Share.

The Bonds will be zero coupon and will not bear interest unless, upon due presentation thereof, payment of principal and premium (if any) is improperly withheld or refused. Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at 100.5 per cent. of its principal amount on 8 July 2026 (the “**Maturity Date**”). On giving not less than 30 nor more than 60 days’ notice, the Issuer may redeem all but not some only of the Bonds at their Early Redemption Amount (as defined in the Terms and Conditions), if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (which shall for this purpose include any further Bonds issued in accordance with Condition 15 (*Further Issues*) of the Terms and Conditions and consolidated and forming a single series therewith). On giving not less than 30 nor more than 60 days’ notice, the Issuer may also redeem all but not some only of the Bonds at their Early Redemption Amount in the event of certain changes or amendments relating to the taxation laws or regulations of the People’s Republic of China (the “**PRC**”) or British Virgin Islands (“**BVI**”), as further described in the Terms and Conditions, subject to the non-redemption option of each holder after the exercise by the Issuer of such tax redemption option as described in the Terms and Conditions. The holder of each Bond will also have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds at their Early Redemption Amount on the Relevant Event Put Date (as defined in the Terms and Conditions) following the occurrence of a Relevant Event (as defined in the Terms and Conditions). See “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation*”.

The denomination of the Bonds shall be HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof.

The Guarantor will enter into a deed of guarantee (the “**Deed of Guarantee**”) with China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”) on the Issue Date. The Guarantor will undertake that it will (i) register or cause to be registered with the State Administration of Foreign Exchange of the PRC or its local branch (“**SAFE**”) the Deed of Guarantee in accordance with, and within the time period prescribed by, the Provisions on the Foreign Exchange Administration Rules on Cross-border Security (《跨境擔保外匯管理規定》) promulgated by SAFE on 12 May 2014 and became effective from 1 June 2014 (the “**Cross-border Security Registration**”) and any implementation rules as issued by SAFE from time to time, (ii) use its best endeavours to complete the Cross-border Security Registration and obtain a registration record from SAFE on or before the Registration Deadline (as defined in the Terms and Conditions), and (iii) comply with all applicable PRC laws and regulations in relation to the Deed of Guarantee.

The Guarantor will undertake to file or cause to be filed with the China Securities Regulatory Commission (the “**CSRC**”) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined in the Terms and Conditions) (the “**CSRC Post-Issuance Filings**”), which for the avoidance of doubt, includes the Initial CSRC Post-Issuance Filing (as defined in the Terms and Conditions) and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.

Application will be made to the Hong Kong Stock Exchange for (i) the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) (“**Professional Investors**”) only; and (ii) the listing of, and permission to deal in, the H Shares issuable on conversion, and such permissions are expected to become effective on 11 July 2025 and when such H Shares are issued, respectively. This document is for distribution to Professional Investors only.

**Notice to Hong Kong investors:** The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Guarantor or the Guarantor and its subsidiaries (the “**Group**”), or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Investing in the Bonds and the Shares involves certain risks. Investors should be aware that there are risks relating to the exercise of the Conversion Right attached to the Bonds, and there are various other risks relating to the Bonds, the Issuer, the Guarantor, their respective businesses and their respective jurisdiction of operations which investors should familiarise themselves with before making an investment in the Bonds. See “*Risk Factors*”.

The Bonds, the Guarantee and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or other securities laws and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds will initially be represented by a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate. See “*Summary of Provisions relating to the Bonds while in Global Form*”.

The Bonds are expected to be assigned a rating of “A-” by Standard & Poor’s Ratings Services, a rating of “A3” by Moody’s Investor Service, Inc. and a rating of “A-” by Fitch Ratings Inc.. A rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

**Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**

**Goldman Sachs (Asia) L.L.C.**

**Huatai International**

The date of this Offering Circular is 7 July 2025.



## IMPORTANT NOTICE

**PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and the Group, the Guarantee and to the Bonds and the Shares, which is material in the context of the issue and offering of the Bonds (the “**Offering**”) (including the information required by applicable laws and which, according to the particular nature of the Issuer, the Guarantor, the Group, the Guarantee, the Bonds and the Shares, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group and of the rights attaching to the Bonds), (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading, (iii) all statements of opinion, intention, belief or expectation contained in this Offering Circular are honestly held and were or have been made after due and careful consideration of all relevant circumstances and were based on reasonable assumptions and all reasonable enquiries have been made by the Guarantor and the Issuer to ascertain such facts and to verify the accuracy of all such statements. The Issuer and the Guarantor accept full responsibility for the information contained in this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular and may not be reproduced, redistributed or made available in whole or in part to any other person for any purpose. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Goldman Sachs (Asia) L.L.C. and Huatai Financial Holdings (Hong Kong) Limited (each a “**Manager**” and together, the “**Managers**”), the Issuer or the Guarantor to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the UK, the European Economic Area (the “**EEA**”), the PRC, Hong Kong, Singapore, BVI and Japan, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

Each prospective investor acknowledges that it is purchasing the Bonds for its own account and not with a view to distribution thereof, and it is, or at the time of its purchase will be, the beneficial owner of the Bonds purchased and (i) outside the United States; and (ii) not an affiliate of the Issuer, the Guarantor or a person acting on behalf of such an affiliate. Each prospective investor acknowledges that its purchase of the Bonds is lawful under the securities laws of the jurisdiction in which such prospective investor accepts the offer to purchase the Bonds.

The completion of the Offering is subject to the satisfaction and/or waiver of customary conditions precedent and the Managers may exercise their discretion to terminate the transaction for reasons set forth in the Subscription Agreement (as defined below). Each person receiving this Offering Circular represents and acknowledges that the Managers will not be held liable for any damages as a result of non-completion of the Offering or for the exercise of such rights or discretion.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Guarantee or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Managers, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as the trustee (the “**Trustee**”) or the Agents (as defined in the Terms and Conditions) or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer, the Guarantor, in connection with the offering of the Bonds and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them has separately verified the information contained in this Offering Circular and none of them can give any assurance that such information is accurate, truthful or complete. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or of any such information or for any other statement, made or purported to be made by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them or on their behalf in connection with the Issuer, the Guarantor, the Group or the issue and offering of the Bonds or the giving of the Guarantee or the Shares. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, recommendation, representation or warranty, express or implied, by the Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Issuer, the Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds.

Each prospective investor agrees not to hold the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them responsible for any misstatements in or omissions from this Offering Circular. Each person receiving this Offering Circular acknowledges that such person has not relied on any investigation or due diligence conducted by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor and the Group and the merits and risks involved in investing in the Bonds.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group and the terms of the offering of the Bonds, including the merits and risks involved. Each prospective investor acknowledges that it has such knowledge and experience in financial, business and international investment matters such that it is capable of evaluating the merits and risks of investing in the Bonds, and understands that entering into the Offering involves a high degree of risk and that the Bonds are a speculative investment. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. Each prospective investor acknowledges that the Shares are listed on the Hong Kong Stock Exchange and the Guarantor is therefore required to publish certain business and financial information in accordance with the rules and practices of the Hong Kong Stock Exchange, which includes, among other things, descriptions of the Group’s principal activities, and the



balance sheets, income statements and cash flow statements and other information relating to the Group which is necessary to enable holders of the Shares and the public to appraise the position of the Issuer, the Guarantor and the Group, and each prospective investor is able to obtain or access such information without undue difficulty. Nothing herein shall be construed as a recommendation to each such person to purchase the Bonds. To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular.

Each of the Managers, the Trustee and the Agents and each of their respective directors, officers, employees, agents, representatives, affiliates and advisers and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them undertakes to review the Issuer's, the Guarantor's or the Group's business, financial condition, results of operations, prospects or affairs after the date of this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them.

The Trustee shall not be responsible or have any liability for the recitals, statements, warranties or representations of any other party contained in the Trust Deed (as defined in the Terms and Conditions), the Agency Agreement (as defined in the Terms and Conditions), the Deed of Guarantee or any other document entered into in connection with the Bonds and/or the Guarantee, and the Trustee shall be entitled to assume the accuracy and correctness thereof for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence in the Trust Deed, the Agency Agreement, the Deed of Guarantees or any such other agreement or document referred to above.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates, or affiliates of the Issuer and/or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer and/or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Bonds are expected to be assigned a rating of "A-" by Standard & Poor's Ratings Services, a rating of "A3" by Moody's Investor Service, Inc. and a rating of "A-" by Fitch Ratings Inc.. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating agency. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

**Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors:** Prospective investors should be aware that in the context of this offering of the Bonds, certain Managers are “capital market intermediaries” (“CMI”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on the CMIs, which require the attention and cooperation of prospective investors.

Certain CMIs may also be acting as “overall coordinator” (“OC”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an “Association”) with the Issuer, the Guarantor, the CMIs or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or the CMIs (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders. If a prospective investor is an asset management arm affiliated with any of the Managers, such prospective investor should indicate when placing an order if it is for a fund or portfolio where such Manager or its group company has more than a 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by the CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any of the Managers, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to such Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by the CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, the OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

## **Industry and Market Data**

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes such information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them and none of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the Group and the terms of this offering and the Bonds, including the merits and risks involved. Where information has been sourced from a third party, the Issuer and the Guarantor confirm that this information has been accurately reproduced and that, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

## FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Issuer’s, the Guarantor’s and the Group’s future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Issuer, the Guarantor or the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “aim”, “intend”, “will”, “may”, “anticipate”, “seek”, “should”, “estimate” or similar expressions or the negatives thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Issuer’s, the Guarantor’s or the Group’s control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer’s, the Guarantor’s and the Group’s present and future business strategies and the environment in which the Issuer, the Guarantor or the Group will operate in the future. Important factors that could cause the Issuer’s, the Guarantor’s or the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to the Group’s operations;
- the Group’s ability to successfully implement its business plans, strategies, objectives and goals;
- the Group’s ability to obtain adequate capital resources to fund future development plans;
- the Group’s ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in the Group’s customers’ demands and expectations;
- changes in the competitive landscape of the industries where the Group operates;
- the Group’s ability to protect its reputation and brand image, as well as trademarks, technologies, knowhow, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where the Group operates;
- developments in technology and the Group’s ability to successfully keep up with technological advancement;
- the Group’s ability to attract and retain experienced professionals and other qualified employees and key personnel;
- changes in currency exchange rates; and
- the other risk factors discussed in this Offering Circular as well as other factors beyond the Group’s control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” and elsewhere in this Offering Circular. The Issuer and the Guarantor caution investors not to place undue reliance on these forward-looking statements which reflect their managements’ view only as at the date on which it is made. None of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference in this Offering Circular: (i) audited consolidated financial statements of the Guarantor for the years ended 31 December 2021, 2022 and 2023 (as extracted from the accountant's report of the Guarantor for the years ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2023 and 2024) (the “**2023 Financial Statements**”), and (ii) the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2024 (the “**2024 Financial Statements**”). The 2023 Financial Statements and the 2024 Financial Statements are prepared in accordance with IFRS Accounting Standards.

Copies of these documents can be downloaded from the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the website of the Guarantor at [www.sf-express.com](http://www.sf-express.com) (the other contents of these websites do not form part of this Offering Circular).

The financial information of the Guarantor as of and for the years ended 31 December 2022 and 2023 have been audited by PricewaterhouseCoopers in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” (“**HKSIR 200**”) issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the consolidated financial statements as of and for the year ended 31 December 2024 has been audited by PricewaterhouseCoopers in accordance with International Standards on Auditing (“**ISAs**”) issued by the International Auditing and Assurance Standards Board (“**IAASB**”).

Certain amounts and percentages included in this Offering Circular have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not exactly equal the total figure for that column. You should not construe any exchange rate translations as representations that the relevant exchange and amounts could actually be converted into the amounts expressed.

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## SUMMARY




*The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.*

### OVERVIEW

The Group is a leading global integrated logistics service provider (i.e. logistics service provider that offers a full spectrum of domestic and international logistics services, including but not limited to, express delivery services, freight delivery services, cold chain logistics services, intra-city on-demand delivery services, supply chain services and international logistics services, and provides one-stop solutions to multinationals, large corporations, small and medium enterprises and retail customers), and was the largest player in China and Asia and the fourth largest player globally, in terms of revenue in 2024. The Group is a Fortune Global 500 company with market leadership in five logistics sub-segments in China and four in Asia, offering a complete range of logistics services including express, freight, cold chain, intra-city on-demand, supply chain solutions and international logistics services.

The Group has a premium brand that is widely recognised for its services, and was the only logistics company recognised as one of the Top Five Most Admired Chinese Companies by Fortune Magazine in 2024. As of 31 December 2024, the Group had an extensive global delivery network covering 206 countries and regions, supported by 110 aircraft and over 200,000 vehicles. The Group is also a technology-driven company with 4,180 patents and patent applications as of 31 December 2024, and continuously leverages on proprietary technologies to deliver innovative solutions and execution excellence. The Group had over 2.3 million customers with active credit accounts and over 730 million retail customers as of 31 December 2024.

The Group's business model has three key attributes: direct operations, integrated capabilities, and third-party independence. First, the Group directly operates the entire end-to-end delivery process from first-mile pickup to last-mile delivery. This enables strong operational control, high network visibility and agile resource allocation to support industry-leading speed, cost and reliability. Second, the Group's integrated capabilities enable it to offer a full-spectrum of services, standardised or customised, to address a full range of customers' logistics needs. Third, the Group is the only integrated logistics service provider of scale in China that is independent of major e-commerce platforms, allowing it to serve its customer base impartially, capture new opportunities, and build long-term sustainable relationships.

	China Express Logistics	Invest in the Future	Global Integrated Logistics
Time Period	1993 - 2012	2012 - 2023	2023 - Future
Geography	China	China and Asia	China, Asia and Global
Strategic Focus	 <ul style="list-style-type: none"> <li>Build a strong foundation</li> <li>Establish market leadership</li> <li>Build our brand</li> </ul>	 <ul style="list-style-type: none"> <li>Incubate new products</li> <li>Invest in infrastructure</li> <li>Gain market share</li> </ul>	 <ul style="list-style-type: none"> <li>Harvest prior investment</li> <li>Enhance profitability</li> <li>Strengthen cost discipline</li> </ul>

For the years ended 31 December 2022, 2023 and 2024, the Group's revenue was RMB267.5 billion, RMB258.4 billion and RMB284.4 billion, respectively, and its gross profit, which equals revenue less cost of revenue was RMB33.0 billion, RMB32.6 billion and RMB38.9 billion, respectively.

## **STRENGTHS**

The Group believes that the following competitive strengths contribute to its success and differentiates it from its competitors:

- Asia's Largest Integrated Logistics Service Provider
- Winning Business Model – Directly Operated, Integrated and Independent
- Global Gateway Connecting Asia and the World
- Go-to Brand for Differentiated and Premium Services
- Technology and Innovation Driven Operations
- Visionary Management Promoting a People-centric Culture

## **STRATEGIES**

To achieve the Group's vision and mission, it intends to pursue the following strategies:

- Further Strengthen and Optimise the Group's Network and Service Offerings
- Continue to Enhance Efficiency and Productivity
- Continue to Invest in Technology to Build a Smart Logistics Network and Offer Pioneering Solutions
- Expand its International and Cross-Border Capabilities
- Grow Business and Consumer Mindshare as "*the One in Asia*"

## **RECENT DEVELOPMENTS**

### **Financial information for the three months ended 31 March 2025**

For the three months ended 31 March 2025, the Group recorded an increase in operating profit when compared to the corresponding period in 2024 primarily due to an increase in operating revenue from its (i) express and freight delivery and (ii) supply chain and international segments. The Group also recorded an increase in total operating costs for the three months ended 31 March 2025 when compared to the corresponding period in 2024, primarily due to an increase in (i) operating costs and (ii) sales expenses, as a result of increased market promotion and recruitment of its sales team for business development opportunities. In addition, the Group recorded a decrease in other income, primarily due to a reduction in tax incentives, and a decrease in investment income, primarily due to disposal of the Group's subsidiaries.

As at 31 March 2025, as compared to their respective balances as at 31 December 2024, the Group recorded (i) a decrease in total assets, primarily due to a decrease in cash and cash equivalents and accounts receivables, and (ii) a decrease in total liabilities, primarily due to a decrease in short-term borrowings, accounts payables and employee wages payables.

The financial information of the Group as at and for the three months ended 31 March 2025 is prepared in accordance with generally accepted accounting principles of the PRC and has not been subject to an audit or review by the Group's independent auditors and should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. Such financial information as at and for the three months ended 31 March 2025 should not be taken as an indication of the Group's expected financial condition or results of operations as at and for the full financial year ended 31 December 2025.

#### **Issue of RMB500 million ultra-short-term financing bills by Taisen Holdings**

The Group's wholly owned subsidiary S.F. Taisen Holding (Group) Co., Ltd.\* (深圳順豐泰森控股(集團)有限公司) completed the issuance of RMB500 million ultra-short-term financing bills on 3 January 2025.

#### **Partial Repurchase of U.S. Dollar Denominated Guaranteed Notes by Wholly-Owned Subsidiaries**

SF Holding Investment Limited (“**SFHI**”), a wholly-owned subsidiary of the Company, issued guaranteed notes with a 2.875% coupon rate due 2030 in principal amount of US\$700,000,000 in February 2020 (the “**2030 Notes**”). SF Holding Investment 2021 Limited (“**SFHI 2021**”), a wholly-owned subsidiary of the Company, issued guaranteed notes with a 3.125% coupon rate due 2031 in principal amount of US\$500,000,000 in November 2021 and additional notes in principal amount of US\$300,000,000 in January 2022 (together, the “**2031 Notes**”), respectively. Both the 2030 Notes and the 2031 Notes are unconditionally and irrevocably guaranteed by the Company.

On 22 May 2025, SFHI and SFHI 2021 respectively announced the launch of cash tender offers for the 2030 Notes and the 2031 Notes (collectively, the “**Offers**”), with a maximum aggregate acceptance amount up to US\$350,000,000 in principal amount of the 2030 Notes and the 2031 Notes.

Upon the settlement of the Offers on 4 June 2025, (i) U.S.\$101,371,000 in aggregate principal amount of the 2030 Notes were purchased and redeemed by SFHI, (ii) U.S.\$78,306,000 in aggregate principal amount of the 2031 Notes were purchased and redeemed by SFHI 2021 and cancelled pursuant to the terms and conditions of the respective Notes, and (iii) U.S.\$552,838,000 in aggregate principal amount of the 2030 Notes and U.S.\$641,694,000 in aggregate principal amount of the 2031 Notes remain outstanding, respectively.

#### **Repurchase of A Shares**

The Company held the 13th meeting of the sixth Board of Directors on 29 April 2024, and launched its 2024 Phase 2 A Shares repurchase plan (the “**2024 A Shares Repurchase Plan**”), whereby the Company would repurchase its A Shares from the secondary market with its own funds for the purpose of “employee share ownership plan or equity incentives”. The Company thereafter repurchased 23,270,358 A Shares (the “**Repurchased Shares**”) pursuant to the 2024 A Shares Repurchase Plan.

Pursuant to the 19th meeting of the sixth Board of Directors held on 28 March 2025 and the 2024 annual general meeting held on 13 June 2025, the purpose of the 2024 A Shares Repurchase Plan was amended to “cancellation and reduction of share capital”. As of the date of this Offering Circular, the Company is in the process of cancelling the Repurchased Shares.

#### **Placing of New H Shares under General Mandate**

Concurrent with the Offering, there is an equity placement (the “**Equity Placement**”) comprising of the issuance of 70,000,000 H Shares at a placing price of HK\$42.15 per H Share, for a total offer size of approximately HK\$2,950.5 million by way of new share issuance (the “**Follow-on Offering**”). The Guarantor has entered into a conditional placing agreement (the “**Placing Agreement**”) with Goldman Sachs (Asia) L.L.C. and Huatai Financial Holdings (Hong Kong) Limited as placing agents. The Equity Placement is conducted concurrently with the offering of the Bonds but the completion of the issuance of the Bonds and the Equity Placement are not inter-conditional. The closing for the Follow-on Offering took place on 4 July 2025.



## THE OFFERING

*The following summary contains basic information about the Bonds and is not intended to be complete. It does not contain all the information that is important to investors. For a more complete description of the Bonds, please refer to the section of this Offering Circular entitled “Terms and Conditions of the Bonds”. Phrases used in this summary and not otherwise defined shall have the meaning given to them in the section entitled “Terms and Conditions of the Bonds”.*

<b>Issuer</b>	SF Holding Investment 2023 Limited.
<b>Guarantor</b>	S.F. Holding Co., Ltd. (順豐控股股份有限公司).
<b>Bonds</b>	<p>HK\$2,950,000,000 zero coupon guaranteed convertible bonds due 2026 convertible at the option of the holder thereof into fully paid ordinary H Shares of the Guarantor of a par value of RMB1.00 each at the initial conversion price of HK\$48.47 per H Share.</p> <p>The issue of the Bonds was authorised by resolutions passed in a meeting of the Issuer held on 25 June 2025 and the guarantee of the Bonds and the right of conversion into H Shares were authorised by the resolutions of the Board passed on 25 June 2025.</p>
<b>Guarantee</b>	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor’s obligations in respect of the Bonds and the Trust Deed (the “ <b>Guarantee</b> ”) will be contained in the Deed of Guarantee. The Guarantee will constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1 ( <i>Negative Pledge</i> ) of the Terms and Conditions) unsecured obligations of the Guarantor.
<b>Issue Price</b>	100 per cent. of the principal amount of the Bonds.
<b>Form and Denomination of Bonds</b>	The Bonds will be issued in registered form in the specified denomination of HK\$2,000,000 each and integral multiples of HK\$1,000,000 in excess thereof.
<b>Interest</b>	The Bonds will be zero coupon and will not bear interest.
<b>Issue Date</b>	10 July 2025.
<b>Maturity Date</b>	8 July 2026.

**Negative Pledge**

So long as any of the Bond remains outstanding, (a) the Issuer itself will not create or have outstanding any Security Interest upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer to secure any Relevant Indebtedness, unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that: (i) all amounts payable by it under the Bonds and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders; and (b) the Guarantor will not, and the Guarantor will procure that none of its Principal Subsidiaries (other than the Guarantor's Listed Subsidiaries and Subsidiaries of a Listed Subsidiary of the Guarantor) will create or have outstanding any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Guarantor and/or any of its Principal Subsidiaries to secure any Relevant Indebtedness unless the Guarantor, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that: (i) all amounts payable by it under the Deed of Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution of the Bondholders, except in circumstances specified in Condition 3.1 (*Negative Pledge*) of the Terms and Conditions. See "*Terms and Conditions of the Bonds – Covenants – Negative Pledge*".

**Status**

The Bonds will constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1 (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

## **Taxation**

All payments made by or on behalf of the Issuer (or, as the case may be, the Guarantor) in respect of the Bonds (or, in the case of the Guarantor, the Guarantee) will be made free from any set-off, counterclaim, restriction or condition and will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or the BVI or, in each case, any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. If the Issuer or the Guarantor (as the case may be) is required to make a deduction or withholding in respect of PRC tax in excess of the aggregate rate applicable on 25 June 2025, or any BVI deduction or withholding is required, the Issuer or the Guarantor (as the case may be) shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except in circumstances specified in Condition 8 (*Taxation*) of the Terms and Conditions. See “*Terms and Conditions of the Bonds – Taxation*”.

## **Conversion Right and Period**

Subject as provided in the Terms and Conditions, each Bond shall entitle the holder to convert such Bond into H Shares (the “**Conversion Right**”). Subject to and upon compliance with the Terms and Conditions (including without limitation Condition 5.1.4 (*Revival and/or survival after Default*) of the Terms and Conditions), the Conversion Right attaching to any Bond may be exercised, at the option of the Bondholder, at any time on or after the 41st day after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (both days inclusive) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (at the place aforesaid) prior to the date fixed for redemption thereof; provided that (i) no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Issuer to redeem or repurchase such Bond pursuant to Condition 7.4 (*Redemption for Relevant Events*) of the Terms and Conditions or during a Restricted Conversion Period (both dates inclusive) and (ii) the Conversion Right is exercised subject to any applicable fiscal or other laws or regulations or as otherwise provided in the Terms and Conditions (the “**Conversion Period**”). See “*Terms and Conditions of the Bonds – Conversion – Conversion Right*”.

**Conversion Price**

The price at which H Shares will be issued upon conversion will initially be HK\$48.47 per H Share but will be subject to adjustment in the manner provided in Condition 5.3 (*Adjustments to Conversion Price*) of the Terms and Conditions and/or Condition 5.6 (*Adjustment upon Change of Control*) of the Terms and Conditions, as applicable. See “*Terms and Conditions of the Bonds – Conversion*”.

**Redemption at Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at 100.5 per cent. of its principal amount on the Maturity Date. See “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Maturity*”.

**Redemption for Taxation Reasons**

The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Agent and the Bondholders (which notice shall be irrevocable), at their Early Redemption Amount on the relevant redemption date, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or the BVI or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 25 June 2025, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. If the Issuer exercises its tax redemption right, each Bondholder shall have the right to elect that his Bonds shall not be redeemed. Upon a Bondholder electing not to have its Bonds redeemed in such circumstances, then subject as provided in the Terms and Conditions any payments due after the relevant date of redemption shall be made subject to any deduction or withholding of any taxation required to be deducted or withheld. See “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Taxation Reasons*”.

**Redemption at the Option of the Issuer**

On giving not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), the Issuer may redeem all but not some only of the Bonds on the date specified in the Optional Redemption Notice at their Early Redemption Amount if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 15 (*Further Issues*) of the Terms and Conditions and consolidated and forming a single series therewith). See "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer*".

**Redemption for Relevant Events**

Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at the Early Redemption Amount as at the Relevant Event Put Date.

A "**Relevant Event**" means the occurrence of either:

- (i) a Change of Control;
- (ii) the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be);
- (iii) the suspension in trading of the H Shares for a period of 30 consecutive H Share Stock Exchange Business Days; or
- (iv) a No Registration Event.

See "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Events*".



**Issuer and Guarantor Lock-up**

Each of the Issuer and the Guarantor, on a joint and several basis, has agreed in the Subscription Agreement that neither the Issuer, the Guarantor nor any person acting on its or their behalf will (a) effect or arrange or procure placement of, allot or issue or transfer out of treasury or offer to allot or issue or transfer out of treasury or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Guarantor or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Guarantor, (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Ordinary Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise, or (c) publicly announce an intention to effect any such transaction, in any such case without the prior written consent of the Managers between the date hereof and the date which is 90 days after the Issue Date (both dates inclusive); except for (i) the Bonds and the New Shares issued on conversion of the Bonds, (ii) any Ordinary Shares or other securities (including rights or options) which are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of employees (including directors) of the Guarantor or any of its subsidiaries pursuant to the Share Schemes or (iii) the issuance of the 70,000,000 new H Shares to be placed pursuant to the Placing Agreement dated 25 June 2025 between the Guarantor, Goldman Sachs (Asia) L.L.C. and Huatai Financial Holdings (Hong Kong) Limited as the placing agents.

**Cross Default**

The Bonds may be accelerated if (i) any indebtedness for borrowed money of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any indebtedness for borrowed money upon the expiry of any originally applicable grace period after the due date for payment; or (iii) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any amount payable under any guarantee and/or indemnity given by it in relation to any indebtedness for borrowed money of any other person upon the expiry of any originally applicable grace period after the due date for payment; provided that no event described in this subparagraph shall constitute an Event of Default unless the indebtedness for borrowed money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of indebtedness for borrowed money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) through (iii) inclusive above which have occurred and are continuing, amounts to the greater of U.S.\$200,000,000 (or the equivalent thereof in any other currency) and two per cent. of the Total Equity of the Guarantor. See "*Terms and Conditions of the Bonds – Events of Default*".

<b>Events of Default</b>	The Bonds will contain events of default as further described in Condition 9 ( <i>Events of Default</i> ) of the Terms and Conditions. See “ <i>Terms and Conditions of the Bonds – Events of Default</i> ”.
<b>Further Issues</b>	The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for complying with the requirements set out in the Terms and Conditions in relation to the Initial CSRC Post-Issuance Filing and the Cross-border Security Registration and the timing of any subsequent notices relating thereto to the Trustee and the Bondholders) and so that such further issue shall be consolidated and form a single series with the Bonds. See “ <i>Terms and Conditions of the Bonds – Further Issues</i> ”.
<b>Clearing Systems</b>	The Bonds will be cleared through Euroclear and Clearstream. Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book entry transfer between their respective account holders.
<b>Governing Law</b>	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and construed in accordance with, English law.
<b>Legal Entity Identifier of the Issuer</b>	836800YIDYE5HS47RZ68.
<b>Listing and Trading of the Bonds</b>	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and such permission is expected to become effective on 11 July 2025.
<b>Listing of Shares</b>	The Shares are listed on the Hong Kong Stock Exchange. Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares issuable upon conversion of the Bonds (the “ <b>New Shares</b> ”).
<b>Trustee</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
<b>Registrar</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
<b>Principal Paying Agent, Principal Conversion Agent and Principal Transfer Agent (collectively, the “Principal Agent”)</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).

**Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Bonds in, among others, the United States, the United Kingdom, the EEA, the PRC, Hong Kong, Singapore, the BVI and Japan. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “*Subscription and Sale*”.

**Global Certificate**

For as long as the Bonds are represented by the Global Certificate and the Global Certificate is deposited with a common depositary for Euroclear and Clearstream, payments of principal and premium (if any) in respect of the Bonds represented by the Global Certificate will be made without presentation or if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to Bondholders for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.

**Use of Proceeds**

See “*Use of Proceeds*”.

**Risk Factors**

For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “*Risk Factors*”.

**ISIN**

XS3108363030.

**Common Code**

310836303.

**Ratings**

The Bonds are expected to be assigned a rating of “A-” by Standard & Poor’s Ratings Services, a rating of “A3” by Moody’s Investor Service, Inc. and a rating of “A-” by Fitch Ratings Inc.. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The consolidated financial information of the Guarantor as at and for the years ended 31 December 2022, 2023 and 2024 included in this Offering Circular has been extracted from the 2023 Financial Statements and the 2024 Financial Statements. The financial information of the Guarantor as of and for the years ended 31 December 2022 and 2023 have been audited by PricewaterhouseCoopers in accordance with HKSIR 200 issued by HKICPA, and the consolidated financial statements as of and for the year ended 31 December 2024 has been audited by PricewaterhouseCoopers in accordance with ISAs issued by the IAASB.

The summary financial information set out below and in this Offering Circular should be read in conjunction with, and is qualified in its entirety by reference to, the 2023 Financial Statements and the 2024 Financial Statements (including the notes thereto), both of which are incorporated by reference in this Offering Circular. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. Historical results are not necessarily indicative of results that may be achieved in any future period.

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
Revenue . . . . .	267,490,414	258,409,403	284,420,059
Cost of revenue . . . . .	(234,478,008)	(225,775,678)	(245,524,112)
<b>Gross profit</b> . . . . .	<b>33,012,406</b>	<b>32,633,725</b>	<b>38,895,947</b>
Selling and marketing expenses . . . . .	(2,784,114)	(2,991,589)	(3,096,242)
General and administrative expenses . . . . .	(17,694,719)	(17,766,049)	(18,732,335)
Research and development expenses . . . . .	(2,222,865)	(2,285,314)	(2,533,607)
Net (impairment losses)/reversal of impairment losses on financial assets and contract assets . . . . .	(825,170)	33,480	(271,693)
Other income . . . . .	2,494,659	2,281,202	989,740
Other gains, net . . . . .	831,262	408,474	368,873
<b>Operating profit</b> . . . . .	<b>12,811,459</b>	<b>12,313,929</b>	<b>15,620,683</b>
Finance income . . . . .	345,662	633,373	617,713
Finance costs . . . . .	(2,054,360)	(2,269,700)	(2,373,319)
Finance costs, net . . . . .	(1,708,698)	(1,636,327)	(1,755,606)
Share of gain/(loss) of associates and joint ventures, net . . . . .	7,549	(67,190)	(70,020)
Impairment provision for investments in associates and joint ventures . . . . .	(72,474)	(123,907)	(187,796)
<b>Profit before income tax</b> . . . . .	<b>11,037,836</b>	<b>10,486,505</b>	<b>13,607,261</b>
Income tax expense . . . . .	(3,980,922)	(2,574,896)	(3,388,416)
<b>Profit for the year</b> . . . . .	<b>7,056,914</b>	<b>7,911,609</b>	<b>10,218,845</b>
Attributable to:			
– Owners of the Company . . . . .	6,227,058	8,234,493	10,170,427
– Non-controlling interests . . . . .	829,856	(322,884)	48,418
	<u>7,056,914</u>	<u>7,911,609</u>	<u>10,218,845</u>
Earnings per share for profit attributable to the owners of the Company:			
– Basic (RMB) . . . . .	1.28	1.70	2.11
– Diluted (RMB) . . . . .	1.28	1.70	2.11

# **CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME**

	Year ended 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
<b>Profit for the year</b> . . . . .	7,056,914	7,911,609	10,218,845
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss</i>			
– Effective portion of changes in fair value of hedging instruments arising during the year . . . . .	15,392	12,002	8,644
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method . . . . .	(18,740)	(5,254)	(1,077)
– Currency translation differences of foreign operations . . . . .	1,336,071	334,708	110,885
<i>Items that will not be reclassified to profit or loss</i>			
– Fair value changes of equity investments designated at fair value through other comprehensive income . .	(57,876)	484,100	(1,553,885)
– Share of other comprehensive income of associates and joint ventures accounted for using the equity method . . . . .	(1,486)	(329)	–
– Income tax effect . . . . .	(307)	2,749	3,899
<b>Other comprehensive (loss)/income for the year net of tax</b> . . . . .	1,273,054	827,976	(1,431,534)
<b>Total comprehensive income for the year</b> . . . . .	<u>8,329,968</u>	<u>8,739,585</u>	<u>8,787,311</u>
Attributable to:			
– Owners of the Company . . . . .	8,109,083	9,107,526	9,136,451
– Non-controlling interests . . . . .	220,885	(367,941)	(349,140)
	<u>8,329,968</u>	<u>8,739,585</u>	<u>8,787,311</u>



# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment . . . . .	56,903,667	60,104,416	59,174,305
Right-of-use assets . . . . .	22,179,348	20,890,047	19,625,629
Investment properties . . . . .	4,875,366	6,418,720	7,241,199
Intangible assets . . . . .	22,084,612	21,030,998	20,036,193
Deferred tax assets . . . . .	1,632,964	2,263,870	2,291,994
Prepayments, other receivables and other assets . . . . .	2,257,364	2,333,562	1,855,035
Investments in associates and joint ventures . . . . .	7,858,000	7,378,831	6,203,642
Financial assets at fair value through other comprehensive income . . . . .	7,365,684	9,489,535	8,231,994
Financial assets at fair value through profit or loss . . . . .	1,012,209	589,996	477,416
<b>Total non-current assets</b> . . . . .	<b>126,169,214</b>	<b>130,499,975</b>	<b>125,137,407</b>
<b>Current assets:</b>			
Inventories . . . . .	1,948,354	2,440,425	2,432,383
Contract assets . . . . .	1,522,996	1,632,592	2,740,820
Trade and note receivables . . . . .	25,796,677	25,360,433	27,981,633
Prepayments, other receivables and other assets . . . . .	12,801,911	12,622,706	10,114,543
Financial assets at fair value through other comprehensive income . . . . .	63,310	99,978	170,913
Financial assets at fair value through profit or loss . . . . .	7,385,379	6,809,742	11,246,156
Restricted cash . . . . .	874,919	1,576,496	1,354,303
Cash and cash equivalents . . . . .	40,279,947	40,448,308	32,646,055
<b>Total current assets</b> . . . . .	<b>90,673,493</b>	<b>90,990,680</b>	<b>88,686,806</b>
<b>Total assets</b> . . . . .	<b>216,842,707</b>	<b>221,490,655</b>	<b>213,824,213</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities:</b>			
Borrowings . . . . .	26,586,761	30,396,912	26,319,260
Lease liabilities . . . . .	8,582,372	8,038,495	7,094,483
Deferred tax liabilities . . . . .	4,657,954	4,550,974	4,414,485
Other payables and accruals . . . . .	191,871	140,329	201,037
Deferred income . . . . .	860,791	1,090,644	1,266,359
<b>Total non-current liabilities</b> . . . . .	<b>40,879,749</b>	<b>44,217,354</b>	<b>39,295,624</b>
<b>Current liabilities:</b>			
Trade and note payables . . . . .	24,748,051	24,914,300	27,395,524
Contract liabilities . . . . .	1,244,418	1,832,018	2,039,198
Borrowings . . . . .	23,281,547	22,309,103	18,365,122
Lease liabilities . . . . .	6,596,956	5,769,965	5,501,314
Financial liabilities at fair value through profit or loss . . . . .	96,647	92,120	105,464
Income tax payable . . . . .	1,630,863	1,394,250	1,679,132
Other payables and accruals . . . . .	20,029,392	17,637,171	17,061,331
Advances from customers . . . . .	49,035	40,714	46,283
<b>Total current liabilities</b> . . . . .	<b>77,676,909</b>	<b>73,989,641</b>	<b>72,193,368</b>
<b>Total liabilities</b> . . . . .	<b>118,556,658</b>	<b>118,206,995</b>	<b>111,488,992</b>
<b>Net assets:</b> . . . . .	<b>98,286,049</b>	<b>103,283,660</b>	<b>102,335,221</b>
<b>EQUITY</b>			
Share capital . . . . .	4,895,202	4,895,202	4,986,187
Less: treasury shares . . . . .	(2,040,377)	(2,575,532)	(758,081)
Reserves . . . . .	50,037,565	51,634,675	48,624,934
Retained earnings . . . . .	33,371,351	38,835,999	39,140,246
Equity attributable to owners of the Company . . . . .	86,263,741	92,790,344	91,993,286
Non-controlling interests . . . . .	12,022,308	10,493,316	10,341,935
<b>Total equity</b> . . . . .	<b>98,286,049</b>	<b>103,283,660</b>	<b>102,335,221</b>

# **CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
<b>Cash flows from operating activities</b>			
Cash generated from operations . . . . .	37,781,002	29,796,205	35,364,389
Income tax paid . . . . .	(5,078,055)	(3,226,386)	(3,178,016)
<b>Net cash generated from operating activities . . . . .</b>	<b>32,702,947</b>	<b>26,569,819</b>	<b>32,186,373</b>
<b>Cash flows from investing activities</b>			
Redemption of financial assets at fair value through profit or loss . . . . .	154,858,457	93,433,282	86,145,328
Disposal of financial assets at fair value through other comprehensive income . . . . .	698,674	162,780	8,451
Proceeds from sales of associates and joint ventures . . . . .	841,595	468,039	620,980
Repayment from former subsidiaries . . . . .	–	–	316,655
Investment gains or dividend income from financial assets at fair value through profit or loss . . . . .	738,296	604,161	650,582
Dividends received from associates and joint ventures . . . . .	171,633	192,475	183,401
Investment gains or dividend income from financial assets at fair value through other comprehensive income . . . . .	3,170	1,998	20,168
Proceeds from disposal of property, plant and equipment and other non-current assets . . . . .	176,331	335,828	309,784
Disposal of subsidiaries, net of cash and cash equivalents held by subsidiaries at the disposal dates . . . . .	313,719	384,332	261,058
Purchase of property, plant and equipment and other non-current assets . . . . .	(14,183,777)	(12,471,899)	(9,344,770)
Acquisition of financial assets at fair value through other comprehensive income . . . . .	(499,939)	(275,165)	(49,750)
Acquisition of financial assets at fair value through profit or loss . . . . .	(151,870,104)	(93,974,775)	(90,451,596)
Acquisition of associates and joint ventures . . . . .	(1,122,032)	(169,265)	(28,381)
Acquisition of subsidiaries, net of cash and cash equivalents held by subsidiaries at the acquisition dates . . . . .	(2,217,481)	(2,197,408)	(696,654)
<b>Net cash used in investing activities . . . . .</b>	<b>(12,091,458)</b>	<b>(13,505,617)</b>	<b>(12,054,744)</b>

	Year ended 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares . . . . .	–	–	5,323,198
Capital injection from non-controlling interests . . . . .	162,673	157,080	30,226
Exercise of share options . . . . .	–	355,189	–
Drawdown of bank borrowings . . . . .	27,676,978	32,543,231	31,847,545
Drawdown of loans from non-controlling interests . . .	10,814	44,287	–
Proceeds from corporate bonds and short-term debentures . . . . .	11,880,297	1,499,553	4,296,638
Net cash consideration received from non-controlling interests without change of control . . . . .	–	–	1,193
Deposits received from lessors after the expiry of lease contracts . . . . .	5,187	6,703	12,023
Repayment of bank borrowings . . . . .	(31,204,435)	(22,365,788)	(42,276,973)
Repayment of corporate bonds and short-term debentures . . . . .	(6,660,000)	(10,110,178)	(2,785,271)
Repayment of loans from holders of asset-backed securities scheme . . . . .	(391,000)	(899,360)	–
Repayment of loans from non-controlling interests . . .	(34,115)	(31,478)	(2,624)
Dividend paid to non-controlling interests . . . . .	(1,361,769)	(599,379)	(324,348)
Dividend paid . . . . .	(874,518)	(1,213,616)	(9,602,792)
Interests paid . . . . .	(1,451,895)	(1,820,066)	(1,818,720)
Net cash consideration paid to non-controlling interests without change of control . . . . .	(3,914,671)	(1,833,285)	(3,451,076)
Payments for repurchase of shares . . . . .	(2,040,377)	(959,956)	(1,758,094)
Payments of lease liabilities . . . . .	(7,813,330)	(7,765,246)	(7,438,385)
Payment of transaction costs related to financing activities . . . . .	–	(2,376)	(31,653)
Payment for deposits of lease contracts . . . . .	(6,789)	–	–
<b>Net cash used in financing activities . . . . .</b>	<b>(16,016,950)</b>	<b>(12,994,685)</b>	<b>(27,979,113)</b>
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>	<b>4,594,539</b>	<b>69,517</b>	<b>(7,847,484)</b>
Cash and cash equivalents at beginning of the year . .	34,813,768	40,279,947	40,448,308
Exchange gains on cash and cash equivalents . . . . .	871,640	98,844	45,231
<b>Cash and cash equivalents at end of the year . . . . .</b>	<b>40,279,947</b>	<b>40,448,308</b>	<b>32,646,055</b>

## ADJUSTED NON-IFRS MEASURES

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

The Company believes that these non-IFRS measures facilitate evaluation of its operating performance by eliminating potential impacts of certain items listed below. The Company also believes that such non-IFRS measures present useful information to investors in understanding and evaluating its consolidated results of operations in the same manner as they presented to its management. However, its presentation of such non-IFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider it on an isolated basis, or as substitute for analysis of, the results of operations or financial condition of the Company as reported under IFRS Accounting Standards.

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

	Year ended 31 December		
	2022	2023	2024
	(RMB'000)	(RMB'000)	(RMB'000)
<b>Profit for the year</b> . . . . .	7,056,914	7,911,609	10,218,845
<i>Add:</i>			
Depreciation and amortisation . . . . .	16,241,432	17,319,107	17,332,257
– Depreciation of right-of-use assets. . . . .	7,291,360	7,213,063	6,798,783
– Depreciation and amortisation (excluding right-of-use assets). . . . .	8,950,072	10,106,044	10,533,474
Finance costs, net . . . . .	1,708,698	1,636,327	1,755,606
Income tax expense . . . . .	3,980,922	2,574,896	3,388,416
<b>EBITDA</b> . . . . .	28,987,966	29,441,939	32,695,124
<b>EBITDA margin</b> . . . . .	10.8%	11.4%	11.5%

## DEFINITIONS

In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.

<b>“2022 Stock Option Incentive Plan”</b>	the stock option incentive plan approved and adopted by the Company on 28 April 2022, selected participants including Directors and members of senior management team, key management members and key staff
<b>“A Share(s)”</b>	ordinary domestic shares of RMB1.00 each issued by the Guarantor which are traded in Renminbi on the Shenzhen Stock Exchange (Stock Code: 002352.SZ)
<b>“Agency Agreement”</b>	the paying, conversion and transfer agency agreement to be dated 10 July 2025 and to be entered into between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent, principal conversion agent and principal transfer agent (collectively in such capacities, the <b>“Principal Agent”</b> ) and as registrar (the <b>“Registrar”</b> ) and the other paying agents, transfer agents and conversion agents appointed under it relating to the Bonds
<b>“Articles of Association”</b>	the articles of association of the Guarantor
<b>“Board of Directors” or “Board”</b>	board of Directors of the Guarantor
<b>“Board of Supervisors”</b>	board of Supervisors of the Guarantor
<b>“Bondholder” or “Holder”</b>	a holder of the Bonds
<b>“BVI”</b>	the British Virgin Islands
<b>“CFETS”</b>	China Foreign Exchange Trade System
<b>“Clearing Systems”</b>	Euroclear and Clearstream
<b>“Controlling Shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang, Mingde Holding and Shenzhen Weishun
<b>“CSRC”</b>	China Securities Regulatory Commission (中國證券監督管理委員會)
<b>“Deed of Guarantee”</b>	the deed of guarantee to be dated 10 July 2025 and to be entered into between the Guarantor and the Trustee relating to the Bonds

<b>“DHL”</b>	DHL International GmbH., a division of the German logistics company Deutsche Post DHL, which is Europe’s leading postal and parcel service provider
<b>“Dingtai New Materials”</b>	Ma’anshan Dingtai Rare Earth & New Materials Co., Ltd.* (馬鞍山鼎泰稀土新材料股份有限公司), the predecessor of the Company
<b>“Director(s)”</b>	director(s) of the Guarantor
<b>“EIT Law”</b>	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
<b>“ESG”</b>	Environmental, Social and Corporate Governance
<b>“FVOCI”</b>	fair value through other comprehensive income
<b>“FVTPL”</b>	fair value through profit or loss
<b>“Group”</b>	the Guarantor and its subsidiaries (or the Guarantor and any one or more of its subsidiaries, as the context may require)
<b>“Guarantor” or the “Company”</b>	S.F. Holding Co., Ltd. (順豐控股股份有限公司), formerly registered under the name Maanshan Dingtai Rare Earth & New Materials Co., Ltd.* (馬鞍山鼎泰稀土新材料股份有限公司), a joint stock company with limited liability established in the PRC on 22 May 2003, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 002352.SZ) and the H Shares of which have been listed on the Hong Kong Stock Exchange (stock code: 6936)
<b>“H Share(s)” or “Shares”</b>	ordinary foreign shares with a par value of RMB1.00 each issued by the Guarantor which are traded in HK dollars on the Hong Kong Stock Exchange (Stock Code: 6936)
<b>“HAVI Group”</b>	HAVI Group, LP, a global supply chain management and marketing service provider
<b>“HK\$” or “HK dollars”</b>	Hong Kong dollars, the official currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“IFRS Accounting Standards”</b>	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

<b>“IIT Law”</b>	the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法)
<b>“Issuer”</b>	SF Holding Investment 2023 Limited, a company incorporated in the BVI on 31 March 2022 with registration number 2095421. It is an indirect wholly-owned subsidiary of the Guarantor
<b>“KLN”</b>	KLN Logistics Group Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0636), an indirect non-wholly-owned subsidiary of the Company
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
<b>“Main Board”</b>	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Hong Kong Stock Exchange
<b>“Mingde Holding”</b>	Shenzhen Mingde Holding Development Co., Ltd.* (深圳明德控股發展有限公司), a limited liability company established under the laws of the PRC on 5 November 1997, one of the Controlling Shareholders
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“Mr. Wang”</b>	Mr. WANG Wei, chairman of the Board, an executive Director, general manager of the Company and one of the Controlling Shareholders
<b>“NAFR”</b>	National Administration of Financial Regulation of the PRC (中華人民共和國國家金融監督管理總局) (which was established on the basis of the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會))
<b>“Ordinary Shares”</b>	the H Shares, the A Shares and any fully-paid and non-assessable shares of any class or classes of the ordinary shares of the Guarantor authorised after the date of the issue of the Bonds which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor
<b>“PBOC”</b>	People’s Bank of China
<b>“PRC” or “China”</b>	for the purposes of this Offering Circular, the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan



<b>“Regulation S”</b>	Regulation S under the Securities Act
<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of the PRC
<b>“SAFE”</b>	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局) or its local branch
<b>“SF Holding (HK)”</b>	SF Holding (HK) Limited (順豐控股(香港)有限公司), an indirect wholly-owned subsidiary of the Company, formerly known as SF Holding Limited (順豐控股有限公司)
<b>“SF Intra-city”</b>	Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司), a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 9699), an indirect non-wholly owned subsidiary of the Company
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“SF Holding (Group)”</b>	SF Holding (Group) Co., Limited* (順豐控股(集團)股份有限公司), the predecessor of SF Taisen
<b>“SF REIT”</b>	SF Real Estate Investment Trust, listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2191), is an associate of the Company
<b>“SF Taisen”</b>	Shenzhen S.F. Taisen Holding (Group) Co., Ltd.* (深圳順豐泰森控股(集團)有限公司), previously known as SF Holding (Group) Co., Limited* (順豐控股(集團)股份有限公司), a direct wholly-owned subsidiary of the Company
<b>“SF Technology”</b>	SF Technology Co., Ltd.* (順豐科技有限公司), an indirect wholly-owned subsidiary of the Company
<b>“Shenzhen Stock Exchange”</b>	the Shenzhen Stock Exchange
<b>“Shenzhen Weishun”</b>	Shenzhen Weishun Enterprise Management Co., Ltd.* (深圳市瑋順企業管理有限公司), a limited liability company established under the laws of the PRC on 31 January 2023, one of the Controlling Shareholders and owned as to 100% by Mingde Holding as of the date of this Offering Circular
<b>“State Council”</b>	the State Council of the PRC (中華人民共和國國務院)
<b>“State Post Bureau”</b>	the State Post Bureau of the PRC (中華人民共和國國家郵政局)
<b>“Subscription Agreement”</b>	the subscription agreement dated 25 June 2025 entered into between the Issuer, the Guarantor and Managers

<b>“Supervisor(s)”</b>	supervisor(s) of the Guarantor
<b>“Trust Deed”</b>	the trust deed to be dated 10 July 2025 and to be entered into between the Issuer, the Guarantor and the Trustee
<b>“UK”</b>	the United Kingdom
<b>“UPS”</b>	United Parcel Service, a global leading logistics service provider
<b>“U.S.” or “United States”</b>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<b>“U.S.\$”, “US\$”, “USD”, “U.S. dollars” or “US dollars”</b>	United States dollars, the official currency of the United States of America
<b>“%”</b>	per cent.

\* *For identification purpose only*

In this Offering Circular, the terms “associate”, “subsidiaries” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this Offering Circular have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this Offering Circular in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

## GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this Offering Circular in connection with the Company and its business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

<b>“1-to-n growth strategy”</b>	the growth and expansion strategy that leverages the Group’s time-definite express delivery service as the bedrock to incubate new service offerings, enter adjacent logistics segments, and further complement the Group’s integrated capabilities
<b>“3C electronics”</b>	computer, communication, and consumer electronics
<b>“App”</b>	application software designed to run on smartphones and other mobile devices
<b>“B2B”</b>	business to business
<b>“B2C”</b>	business to customer
<b>“C2C”</b>	customer to customer
<b>“CAGR”</b>	compound annual growth rate
<b>“consolidated air freight services”</b>	grouping together of smaller consignments of goods into a large consignment for carriage as a larger unit in order to obtain a favourable rate through various airlines to various destinations
<b>“customers with active credit accounts”</b>	customers that have a credit account with the Group and transacted with it within the most recent one-month period, among which substantially all are business accounts
<b>“customs brokerage”</b>	the services of handling customs clearance and other customs-related services for importers and exporters by customs brokers
<b>“customs clearance”</b>	the process of clearing imports and exports through customs
<b>“Ezhou cargo hub”</b>	the cargo hub located in Ezhou, Hubei Province, which mainly comprises of Ezhou Huahu International Airport and the Group’s logistics complex
<b>“Ezhou Huahu International Airport”</b>	a cargo-focused airport located in Ezhou, Hubei Province, in which the Group holds a minority interest
<b>“first-mile pickup”</b>	initial collection of a parcel and transport to the local pickup outlet

<b>“freight forwarding”</b>	professional intermediary services for enterprises to ensure efficient connection along the logistics chain and smooth international transportation, which mainly include goods transportation, logistics related documentation and customs clearance
<b>“FTL”</b>	full truckload, the transportation of goods that requires a full truckload
<b>“global top four integrated logistics service providers”</b>	top four integrated logistics service providers globally in terms of revenue in 2024
<b>“handheld terminal”</b>	a portable electronic device used by couriers to collect and transmit data relating to delivery and tracking, which is often equipped with barcode scanners and wireless communication capabilities to facilitate real-time information flow
<b>“integrated logistics service providers”</b>	logistics service providers that offer a full spectrum of domestic and international logistics services, including but not limited to, express delivery services, freight delivery services, cold chain logistics services, intra-city on-demand delivery services, supply chain services and international logistics services, and provide one-stop solutions to multinationals, large corporations, small and medium enterprises and retail customers
<b>“IoT”</b>	Internet of things, the collective network of connected devices and the technology that facilitates communication between devices and the cloud, as well as between devices themselves
<b>“last-mile delivery”</b>	transportation of a parcel from the local pickup outlet to the final delivery destination
<b>“logistics”</b>	a comprehensive, system-wide view of the entire supply chain as a single process, from raw materials supply through finished goods distribution. All functions that make up the supply chain are managed as a single entity, rather than managing individual functions separately
<b>“logistics complex”</b>	ultra-large warehouse, sorting and transit hub, integrating diverse logistics operations
<b>“LTL”</b>	less-than-truckload, the transportation of goods that do not require a full truckload
<b>“parcel volume”</b>	the number of parcels processed in a given period
<b>“registered merchants”</b>	the accumulated merchant accounts on SF Intra-City platform

<b>“retail customer(s)”</b>	registered user(s) on the Group’s mobile application and WeChat Mini-Program, among which substantially all are individual accounts
<b>“SaaS”</b>	abbreviation for Software as a Service, a business delivery model in which software is licensed on a subscription basis and is centrally hosted
<b>“sorting centre”</b>	transshipping and operating centres that connect transportation resources including that for centralised parcel sorting, distribution and transshipment
<b>“Southeast Asia”</b>	a subregion of Asia that consists of 11 countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste, and Vietnam
<b>“supply chain”</b>	a complex logistics system that consists of facilities that convert raw materials into finished products and distribute them to end consumers
<b>“TEU”</b>	twenty-foot equivalent unit, a standard unit of measurement of the volume of a container with a length of 20 feet, height of eight feet six inches and width of eight feet

## RISK FACTORS

*Prospective investors of the Bonds should carefully consider the risk factors set forth below, as well as the other information contained elsewhere in this Offering Circular. The risks described below are not the only ones that may affect the Issuer, the Guarantor, the Group or the Bonds. Additional risks and uncertainties which the Issuer and the Guarantor are not aware of or that the Issuer and the Guarantor currently believe are immaterial may also adversely affect the Group's financial condition or results of operations. If any of the possible events described below occur, the Group's financial condition or results of operations could be materially and adversely affected. In such case, the Issuer and the Guarantor may not be able to satisfy their respective obligations under the Bonds, the Guarantee and investors could lose all or part of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors.*

### **RISKS RELATING TO THE GROUP'S BUSINESS AND INDUSTRY**

**The Group's business and growth are materially affected by macroeconomic and other factors that affect demand for logistics services in the countries and regions where it operates.**

The Group offers integrated logistics services to meet its customers' needs globally. As such, the Group's business depends on the continued development of commercial activities in the countries and regions where it operates. Prospects of commercial activities in the countries and regions where the Group operates are subject to the influence of a number of macroeconomic and other factors that are beyond its control, such as economic conditions, consumption power and disposable income of consumers, urbanisation, inflation, currency and interest rate fluctuations, labour supply, development and deployment of technology, government policies as well as political issues, including potential military conflicts, political turmoil and social instability. If commercial activities in the countries and regions where the Group operates do not develop as it expects, the Group's business and prospects could be adversely impacted.

Further, the logistics industry is highly sensitive to changes in macroeconomic conditions. During economic downturns in the countries and regions where the Group operates, reduced overall demand for logistics services will likely exert downward pressures on its service prices and margins. On the other hand, in periods of strong economic growth, demand for limited transportation resources can also lead to increased network congestion and operating inefficiency. In addition, as the logistics industry is labour-intensive, it could be difficult for the Group to match its staffing levels to its evolving business needs, in particular during labour shortages resulting from changes in macroeconomic conditions. Moreover, as the Group's directly operated model is capital intensive and it has significant investments in assets, the Group may not be able to nimbly adjust its logistics infrastructure and networks in response to fluctuations in demand. If any of the foregoing risks were to occur or persist, the Group's business, financial condition and results of operations could be materially and adversely affected.

**Any service disruption of the Group's ground fleet, air cargo fleet, sorting centres, warehouses or service outlets may adversely affect its business operations.**

The Group's daily operations heavily rely on the orderly performance of its ground fleet, air cargo fleet, sorting centres, warehouses and service outlets. Any service disruption due to weather conditions, a failure in the Group's automated facilities, under-capacity during peak parcel volume periods, force majeure events, third-party sabotage, employee delinquency or strike, governmental inspections of properties or governmental orders that mandate any service halt or temporary or permanent shutdown could adversely impact its business operations. In case of any service disruption to the Group's ground fleet and air cargo fleet, parcels will need to be redirected to other flights or transported by other methods, and such

re-routing of parcels will likely increase transportation costs, risks of delay and errors in delivery. In case of any service disruptions at the Group's sorting centres, warehouses or service outlets, parcel sorting or parcel pickup and delivery at the affected sites may be delayed, suspended or stopped. Parcels will need to be redirected to other nearby sorting centres, warehouses or service outlets, and such re-routing of parcels will likely increase risks of delay and errors in delivery. At the same time, increased parcel sorting or pickup and delivery pressure on nearby sorting centres, warehouses or service outlets may negatively affect the Group's performance, incur additional costs and spread adverse effects further across its network. Any of the foregoing events may result in operational interruptions and slowdowns, customer complaints and reputational damage.

**The Group may encounter challenges in managing the expansion of its logistics infrastructure and networks, which, if not dealt with effectively, could materially and adversely affect its business, results of operations, financial condition and growth prospects.**

Deeply rooted in the logistics services industry for 32 years, the Group has established an efficient, reliable and synergistic logistics infrastructure network with extensive geographical coverage globally, integrating aviation, ground and information networks into one unified service network. As the Group continues to add logistics and warehouse capability, its logistics network becomes increasingly complex and challenging to operate. There is no assurance that the Group will be able to set up logistics infrastructure or lease suitable facilities on commercially acceptable terms, or at all. Moreover, any new additions to the Group's logistics infrastructure and networks might not create additional revenue streams as expected, or operate in a cost-efficient manner. The Group may not be able to recruit a sufficient number of qualified employees in connection with the expansion of its logistics infrastructure. In addition, the expansion of the Group's logistics infrastructure may strain its managerial, financial, operational and other resources. The foregoing and other challenges, if not dealt with effectively, could materially and adversely affect the Group's growth potential, business, financial condition and results of operations. Even if the Group manages the expansion of its logistics infrastructure successfully, it may not give it the competitive advantage that it expects.

**The Group's historical results of operations and financial performance may not be indicative of its future growth.**

The Group has achieved high-quality and sustainable growth during 2022 to 2024. The Group's revenue increased from RMB267.5 billion in 2022 to RMB284.4 billion in 2024, representing a CAGR of 3.1%. The Group's profit for the year attributable to owners of the Company was RMB6.2 billion, RMB8.2 billion and RMB10.2 billion in 2022, 2023 and 2024, respectively, representing a CAGR of 28.3% from 2022. The Group's EBITDA (non-IFRS measure) increased from RMB29.0 billion in 2022 to RMB32.7 billion in 2024, representing a CAGR of 6.2%. However, the Group's historical results of operations and financial performance may not be indicative of future growth. As the market and the Group's business evolve, the Group may modify its operations, data and technology, sales and marketing, solutions and services. These changes may not achieve expected results and may have a material and adverse impact on the Group's results of operations and financial condition. The Group's expenses may grow faster than its revenue, and the Group's expenses may increase or may be greater than it expected. There is no assurance that the Group will be able to achieve similar results or grow at the same speed as it did in the past or at all. Rather than relying on the Group's historical operating and financial results to evaluate the Group, potential investors should consider the Group's business prospects in light of the risks and difficulties it may encounter as a company operating in emerging markets and dynamic industries, including, among other factors, (i) macroeconomic and other factors that affect logistics markets in the countries and regions where it operates, (ii) its ability to expand its customer base, and to retain and grow the wallet share of its existing customers, (iii) its ability to maintain and expand its logistics infrastructure and networks, (iv) its ability to management and further improve operational efficiency, and (v) its ability to execute acquisitions and investments, as well as successful integration. The Group may not be able to successfully address these or other challenges, which could adversely impact its business, results of operations and financial condition.



**The Group's continuing success depends in significant part on its ability to meet evolving customer demands and expectations, as well as its ability to attract and retain customers.**

The Group's continuing success depends in significant part on its ability to continually innovate in response to intense market competition and evolving customer demands and expectations. The Group may not be able to successfully address evolving customer demands, and its existing logistics infrastructure and network may not be adaptable enough to accommodate new demands and expectations. The Group may not be able to respond to challenges swiftly and effectively due to numerous factors, some of which are beyond its control. In addition, innovations may not succeed or integrate well with the Group's existing systems and infrastructure, and even if integrated, may not function as expected or may not be able to enhance its operational efficiency and competitiveness, or reduce its operational costs. Any failure on its part to respond swiftly and effectively to changes in market competition or customer demands may materially and adversely affect its business, financial condition and results of operations.

The Group's success also depends in part on its ability to attract and retain new customers and enhance engagement with existing customers by providing distinctive and premium services in a cost-effective manner. Over the years, the Group was successful in increasing its cooperation with existing customers. The Group believes that its effective marketing strategies, distinctive and premium services, and nimble responses to evolving customer demands have been critical in promoting its services and brand recognition, which in turn drive customer growth and engagement. While the Group currently believes it can achieve further growth through, among other things, further penetration and expansion of its customer base, the Group may not be able to effectively and successfully implement its plans and realise its goals. If the Group's marketing strategies do not work efficiently, it may not be able to maintain its selling and marketing expenses at a reasonable level. In addition, if customers do not perceive the Group's services and solutions to be distinctive and premium, it may not be able to attract and retain customers and increase their use of its services and solutions. In addition, the Group may fail to further diversify its service offerings, pursue new business opportunities, or otherwise achieve further business growth. Any of the aforementioned failures could materially and adversely affect the Group's business, financial condition and results of operations.

**Competition in the industries where the Group operates is intense, and any failure to compete effectively could adversely affect its customer base, profitability and market share.**

The industries where the Group operates are highly fragmented and competitive. The Group's integrated logistics services encompass a wide range of services, and as a result it primarily competes with (i) other global integrated logistics service providers; (ii) other China-based integrated logistics service providers; and (iii) single product logistics service providers. In addition to multiple existing market players, there may be new entrants emerging in each of the industries where the Group operates. The Group competes with them based on a number of factors, such as services quality, service price, business model, operational capabilities and cost control. If the Group cannot adjust its operating strategies and take effective countermeasures in a timely manner in response to market changes, its business growth rate may slow down, and its market share and profitability may decline.

Any significant increase in competition may have a material adverse effect on the Group's revenue and profitability as well as on its business and prospects. There is no assurance that the Group will be able to continuously distinguish its services from those of its competitors, to preserve and improve its relationships with various participants in the logistics industry, or to increase or even maintain its existing market share. The Group may lose market share, and its financial condition and results of operations may deteriorate if it fails to compete effectively.

Furthermore, as the Group diversifies its service offerings and further expand its customer base in the logistics markets in China, Asia and globally, it may face competition from existing or new players in those markets. Similarly, existing players in an adjacent or sub-market may choose to enter into alliances with other transportation or logistics service providers, leverage their existing infrastructure and expand their services to penetrate into the Group's business or serve its existing or potential customers. If these players succeed in doing so, the Group's business could be adversely affected.

Certain of the Group's current and potential competitors may have greater resources, longer operating histories, larger customer bases and greater brand recognition than the Group. They may be acquired by, receive investment from or enter into strategic relationships with, established and well-financed companies or investors that could help enhance such competitors' competitiveness. Some of the Group's competitors in China, across Asia or globally may adopt more aggressive pricing policies than it does. Accordingly, if the Group cannot effectively control its costs to remain competitive, its market share and revenue may decline. Further, the Group's competitors may make more sizable investment or capital expenditure or devote greater resources to marketing and promotional campaigns than it does. The Group may not be able to compete successfully against current or future competitors, and competitive pressures may have a material and adverse effect on the Group's business, financial condition and results of operations.

**The Group may face challenges associated with expanding or diversifying its service offerings and exploring new business.**

Over the years, the Group has further diversified its service offerings, such as through the expansion of its time-definite express service offerings. New service offerings or new lines of business may involve risks and challenges the Group does not currently face. Such new initiatives may require the Group to devote significant financial and managerial resources and may not perform as well as expected. The Group's existing logistics infrastructure and network may not be adaptable to new service offerings or new business. For example, the Group's different service offerings may require different deployment of logistics infrastructure and network, different services standards, which in turn may require significant time and costs to implement. The Group may also be inexperienced with the operating models and cost structures associated with new service offerings or new lines of business. In addition, the Group may not be able to assure adequate service quality, and accordingly may receive complaints or costly liability claims, which would harm its overall reputation and financial performance. Further, the Group may not be able to achieve profitability or recoup its investments with respect to any new service offerings or new lines of business in time, or at all.

**If the Group's customers reduce their expenditure in third-party logistics services, its business, financial condition and results of operations may be adversely affected.**

As an integrated logistics service provider, the Group's business strategies are partially based on the assumption that the trend toward outsourcing of logistics and supply chain activities will continue. Third-party service providers like the Group are generally able to provide logistics services more efficiently than otherwise could be provided "in-house," primarily as a result of its expertise, technology and cost efficiency. However, many factors could cause a trend reversal. For example, the Group's customers may see risks in relying on third-party service providers, or they may begin to define logistics and supply chain activities as within their own core competencies and decide to perform logistics and supply chain operations themselves. If the Group's customers are able to improve the capabilities and cost structure of their in-house logistics and supply chain activities, the Group's logistics services may not be deemed as an attractive alternative meeting its customers' demands. If the Group's customers in-source significant aspects of its logistics and supply chain operations, or if potential new customers decide to continue to perform their own logistics and supply chain activities, the Group's business, financial condition and results of operations may be materially and adversely affected.

**The Group's business model involves substantial capital expenditures, which may not generate returns or achieve intended economic benefits in the short term, or at all.**

The Group's business model involves substantial capital expenditures, including expenditures on purchases of aircraft and equipment, as well as construction of warehouses, sorting centres and industrial parks in connection with the growth of its business. As the leading Asia-based integrated logistics service provider with a directly operated model, the Group enjoys greater control over and stability from its network. However, the directly operated model requires the Group to incur higher capital expenditures than its competitors who rely more on a franchising model.

Substantial capital expenditures are associated with certain inherent risks. The amount and timing of capital expenditures depend on various factors, including, among other things, the projected growth in the Group's parcel volume. The Group must estimate its parcel volume and the corresponding requirements for logistics infrastructure and network, and make capital commitments for aircraft and other assets based on these projections years before they are actually needed. Missing its projections could result in too much or too little capacity relative to the Group's parcel volume. Over-capacity could lead to asset dispositions, as well as a negatively impact on the Group's operating margins, while under-capacity could negatively impact service levels. In addition, as a result of the high capital intensity and uncertainties inherent to the Group's projections of future capital investment requirements under its directly operated model, the Group may be slower in expanding its logistics infrastructure and network in response to changing market demand than its competitors who rely more on a franchising model. As a result, the Group may lose market share or business opportunities to its competitors, and the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group has historically funded its capital expenditures primarily with cash generated from its operating activities, and proceeds from external debts and other fundraising activities. There is no assurance that these sources of financing will be sufficient to fund its expansion plans. The Group's access to external funding is subject to various factors that are beyond its control, including market conditions, government approval, credit supply and interest rates. If the Group is unable to secure sufficient external funds to finance its capital investments, the Group's business, financial condition and results of operations could be materially and adversely affected.

Even if the Group has sufficient funding, assets that best suit its needs may not be available at reasonable prices, or at all. For example, due to local zoning plans or other regulatory requirements, land resources may be scarce in an area that best fits the Group's network expansion plan. In addition, the Group is likely to incur capital expenditures earlier than the realisation of any of the anticipated benefits, and the return on these investments may be lower, or may be realised more slowly, than it is expected. Although the Group's capital investments may not generate any return in the short term, it will still incur financing and other costs on the capital investments, which may materially and adversely affect the Group's business, operation results, financial condition and growth prospects. Moreover, actual costs of the Group's capital projects may exceed its original budgets. Due to project delays, cost overruns, market fluctuations or other unexpected circumstances, the Group may not be able to achieve the intended economic benefits or maintain commercial viability of these projects, which in turn may materially and adversely affect the Group's business, results of operations, financial condition and growth prospects. In addition, carrying value of the related assets may be subject to impairment, which may adversely affect the Group's financial conditions and results of operations. Furthermore, the Group's continued investment in land, construction and delivery infrastructure may put it at a competitive disadvantage against competitors who spend less on these assets but focus more on improving other aspects of their business that are less capital intensive.

**There is no assurance that the Group could successfully enter into necessary or desirable strategic alliances, acquisitions or minority investments, and it may not be able to achieve the anticipated benefits from the strategic alliances, acquisitions or minority investments that it makes.**

The Group may evaluate and consider strategic investments and acquisitions or enter into strategic alliances to implement its development strategies, such as expanding the breadth and depth of its service matrix, and enhance its competitive advantages. Investments or acquisitions involve numerous risks, including but not limited to: (i) potential failure to achieve the expected results of the integration or acquisition; (ii) difficulties in, and the cost of, integrating operations, technologies, services and personnel; and (iii) potential write-offs of acquired assets or investments. These transactions will also divert the management's time and resources from the Group's normal course of operations, and it may have to incur unexpected liabilities or expenses. Strategic alliances with third parties, on the other hand, could subject the Group to a number of risks, including risks associated with non-performance by the counterparty and an increase in expenses in establishing new strategic alliances, any of which could materially and adversely affect the Group's business.

The Group has historically expanded its businesses in part through acquisitions, and the Group may continue to pursue suitable acquisition opportunities to implement its strategies. For instance, the Group acquired a 51.5% equity interest in KLN in September 2021 to further enhance the strategic layout of its freight forwarding and international business. However, the integration of newly acquired businesses may be costly and time-consuming, and each acquisition could present the Group with risks and challenges in various respects, including but not limited to:

- integrating the operations and personnel of the acquired businesses and information systems, procedures and policies;
- retaining relationships with key employees, customers, business partners and suppliers of the acquired businesses;
- successfully entering a business segment or geographic market in which the Group has limited prior experience;
- achieving the anticipated synergies and strategic or financial benefits from the acquisitions; and
- addressing the economic, political, regulatory and foreign exchange risks associated with the relevant jurisdictions where the acquired businesses are located.

The Group's business, financial condition and results of operations could be materially and adversely affected if it is unable to integrate, or benefit from, the acquired businesses.

In addition, the Group has acquired, and may continue to acquire, non-controlling interests in companies operating as its associates. As the Group do not control their operational and financial policies, it is uncertain whether it will be able to achieve the intended objectives or benefits of those minority investments. As a result, there is no assurance that any of the Group's historical or future acquisitions or investments will be successful.

**The Group's business, financial condition and results of operations could be adversely affected if it experiences any negative publicity that results in severe damage to its brand image or reputation.**

The Group believes that its brand image and corporate reputation plays an increasingly important role in enhancing its competitiveness and maintaining its business growth. The Group's ability to manage its brand image depends on whether it could successfully provide distinctive and premium services to its customers, conduct marketing activities, and manage complaints and events of negative publicity, including those associated with or from its franchisees, and maintain positive perception of the Group. Furthermore, many other factors, some of which are beyond the Group's control, may negatively impact its brand image and corporate reputation if not properly managed. Service quality issues, actual or perceived, even when false or unfounded, could tarnish the image of its brand and may cause customers to use other companies. Also, adverse publicity surrounding labour relations, environmental concerns, security matters and the like, or attempts to connect the Group to these sorts of issues, in the countries and regions where it operates, could negatively affect the Group's overall reputation and acceptance of its services by customers. Damage to the Group's reputation and loss of brand equity could reduce demand for its services and thus have an adverse effect on the Group's business, financial condition and results of operations, and could require additional resources to rebuild its reputation and restore the value of its brand.

In addition, the Group's brand image or reputation may be materially and adversely affected by adverse news, scandals or other incidents associated with the logistics industry. Incidents that cast doubt on the safety of cargo and parcels or the safety of delivery personnel in the logistics industry, including incidents involving its competitors, have been, and may continue to be, subject to media attention and widespread coverage. Such incidents may damage the reputation of not only the parties involved, but also the logistics industry in general and the Group, even if such parties or incidents have no relation to the Group, its management, employees, suppliers or other business partners.

**Changes or slowdown in the e-commerce industry in China and globally could negatively affect the Group's business and growth prospects.**

The Group also serves customers in the e-commerce industry in China and globally. As such, the Group's business and growth are affected by the viability and prospects of the e-commerce industry in China and globally. Development of the e-commerce industry in China and globally is affected by a number of factors, most of which are beyond the Group's control. These factors include:

- the consumption power and disposable income of e-commerce consumers in China and globally, as well as changes in demographics and consumer tastes and preferences;
- the availability, penetration, reliability and security of e-commerce platforms;
- the selection, price and popularity of products offered on e-commerce platforms;
- the emergence of alternative channels or business models that better suit the needs of consumers in China and globally;
- the development of fulfilment, payment and other ancillary services associated with e-commerce; and
- changes in laws and regulations, as well as government policies that govern the e-commerce industry.

Changes or slowdown in the e-commerce industry in China and globally could materially and adversely affect the Group's growth and profitability.

**The Group faces risks associated with its international operations.**

As of 31 December 2024, the Group had an extensive global delivery network covering 206 countries and regions. Risks associated with the Group's international operations may include, among other things: (i) changes in economic and political conditions in those markets; (ii) increasing costs and efforts in relation to compliance with international laws and regulations, restrictions or requirements relating to foreign investment; (iii) increasing expenses relating to trade agreements and taxations; (iv) difficulties in managing or overseeing its international operations; and (v) complexities relating to compliance with applicable anti-bribery laws and regulations, and export control restrictions and sanctions (economic or otherwise) imposed by certain countries or self-regulated organisations against dealings with other countries, individuals or entities which may limit the Group's ability to conduct its business with such countries, individuals or entities, or to obtain funding for certain overseas businesses. The occurrence, persistence or consequences of any of these risks may restrict the Group's ability to operate in the affected market, or reduce the profitability of its operations in that market, which in turn would negatively affect future prospects of the Group's international operations.

The Group's international operations are also susceptible to uncertainties in the international financial environment and increased foreign exchange risks stemming from the volatility of foreign exchange rates and changes of foreign exchange controls. The Group may not be able to adjust its business practices in time to avoid or mitigate adverse effects from any of the foregoing risks, and accordingly, the Group's business, financial condition and results of operations could be materially and adversely affected.

**The Group's long-term growth and competitiveness are highly dependent on its ability to control costs.**

Compared with its competitors who rely more on the franchising model, the Group bears more costs due to its directly operated business model, and therefore its ability to ensure effective cost-control measures could have a more direct impact on its business. As such, in order to maintain competitive pricing and enhance its profit margins, the Group must continually exert greater control over its costs than its competitors who rely more on the franchising model. The Group has adopted various cost-control measures, and will continue to add new ones as necessary and appropriate. However, the measures the Group has adopted or will adopt in the future may not be as effective as expected. For the years ended 31 December 2022, 2023 and 2024, the Group's gross profit amounted to RMB33.0 billion, RMB32.6 billion and RMB38.9 billion, respectively, representing a gross profit margin of 12.3%, 12.6% and 13.7% for the same periods, respectively. If the Group is not able to effectively control its costs, its profitability and cash flow may be adversely affected.

**Overall tightening of the labour market, increases in labour costs or any possible labour unrest may adversely affect the Group's business, financial condition and results of operations as the Group operates in a labour-intensive industry.**

The Group operates in a labour-intensive industry. The Group's business requires a substantial number of staff, and it competes with other companies in the same industry and other labour-intensive industries for labour. Any failure to retain stable, competent and dedicated labour may lead to disruption to, or delay in, the Group's services provided to customers. In addition, the Group often needs to hire additional or temporary workers to handle the significant increase in parcel volume following special promotional events or during peak seasons of e-commerce. Although the Group has not experienced any labour shortage to date, it has observed an overall tightening and increasingly competitive labour market. The Group has experienced, and expects to continue to experience, increases in labour costs due to increases in market salary, benefit level and/or its headcount.



**Significant fluctuations in transportation costs may materially and adversely affect the Group's business, financial condition and results of operations.**

Transportation costs are a major component of the Group's cost of revenue. For the years ended 31 December 2022, 2023 and 2024, the Group's transportation costs amounted to RMB106.8 billion, RMB82.9 billion and RMB93.3 billion, respectively, representing 45.6%, 36.7% and 38.0% of the Group's total cost of revenue, respectively.

The Group's transportation costs are subject to a variety of factors, such as fluctuations in the price and availability of fuel, air and sea freight fee rates, the imposition of, or increases in, import or export taxes, vehicle taxes and duties. The price and availability of fuel are subject to political, economic, and market factors that are beyond the Group's control. In the event of significant increases in fuel prices, the Group's transportation costs may increase and gross profits may decrease, if it is unable to adopt any effective cost control measures or pass on the incremental costs to its customers in the form of service surcharges. In addition, the air and sea freight industries are highly cyclical, with prices for and supply of cargo space affected by many factors such as the level of international trade activities, global and regional economic and political conditions, economic sanctions, outbreak of war, changes in regulatory regimes and extreme weather conditions. These factors are beyond the Group's control and the nature, timing and degree of changes in industry conditions are largely unpredictable. The inability to pass on to its customers any significant increases in transportation costs could therefore materially and adversely affect the Group's business, financial condition and results of operations.

**The Group's results of operations are subject to seasonal fluctuations.**

The Group experiences seasonality in its business. The Group typically experiences a seasonal surge in volume of orders during the second and fourth quarters of each year when major online retail and e-commerce platforms launch special promotional campaigns, for example, around June 18 of each year. The Group may experience capacity and resource shortages in fulfilling orders during the period of such seasonal surge in its business. Conversely, activity levels across the Group's business lines are typically lower around Chinese national holidays, including Chinese New Year in the first quarter of each year, primarily due to weaker consumer spending, lower user activity levels and decreased availability of delivery personnel and warehouse staff during these holiday seasons. This pattern may result in fluctuations in the Group's operating results, and therefore, comparing the Group's results of operations across the different periods of a given year as an indicator of its performance may not be meaningful and should not be relied upon as indicators of future performance.

**Information technology is critical to the Group's business operations and growth prospects. Any failure in maintaining, protecting and making timely enhancements and upgrades to its information technology system or introducing innovative additions could adversely affect its business, results of operations, financial condition and growth prospects.**

The satisfactory performance, reliability and availability of the Group's technology system are critical to its ability to provide high-quality services. The Group relies on its advanced technology systems, such as its end-to-end DataOps one-stop data development platform, SF Smart Brain, as well as its smart tools and applications. See "*Business – Technology and Research and Development*" in this Offering Circular. The Group's technology systems support the smooth performance of certain key functions of its business, such as order tracking, fleet dispatching and management, route planning as well as smart supply chain services. In addition, the maintenance and processing of various operational and financial data is essential to the Group's day-to-day operations and formulation of its business strategies. Therefore, the Group's results of operations and growth prospects depend, in part, on its ability to maintain and make timely and



cost-effective enhancements and upgrades to its technology systems and to integrate technological innovations that can meet its evolving operational needs. Failure to do so could cause economic losses and put the Group at a disadvantage to its competitors. There is no assurance that the Group will be able to keep up with technological developments, or that technologies developed by others will not render its services less competitive.

Moreover, any interruptions that result in the unavailability or slowdown of the Group's centralised system could materially and adversely affect a significant portion, if not all, of its logistics infrastructure and network. If the Group cannot successfully execute system maintenance and repair, its business operations could be adversely affected and the Group could be subject to liability claims. Any such occurrences could disrupt the Group's services, damage its reputation and harm its results of operations.

**Research and development in new technologies for logistics services are costly and time-consuming, and the outcome is uncertain.**

The Group's success and long-term competitiveness depend in part on its ability to develop or adopt new technologies to enhance its operational efficiency and reduce operational costs. Areas of focus of the Group's technological developments include data analyses, SF Smart Brain (which focuses on the upgrade of the digitalised and intelligent logistics network), and smart supply chain services, as well as its smart tools and applications. See "*Business – Technology and Research and Development*" in this Offering Circular. For the years ended 31 December 2022, 2023 and 2024, the Group's research and development expenditures, comprising its research and development expenses and additions of development expenditures, amounted to RMB3.5 billion, RMB3.4 billion and RMB3.1 billion, respectively, of which 35.9%, 32.1%, and 18.1% had been capitalised in the same periods, respectively.

The development and commercial application of new technologies is complex, time consuming and costly, and the results are unpredictable. There is no assurance that the Group's research and development activities will enable it to successfully develop new technologies, or otherwise integrate technological developments into its systems. Even if the Group successfully develops or adopts a new technology, there is no assurance that it will be successfully implemented to enhance its operational efficiency and reduce operational costs. Competition in the logistics industry is intense, and the Group's competitors may constantly launch new services and implement new technologies. Accordingly, competitive landscape of the logistics industry may differ significantly from what the Group had projected, and technologies the Group develops or adopts may no longer hold the competitive advantages in enhancing operational efficiency or reducing operational costs. If any of the new technologies developed, adopted or implemented by the Group fails to perform as anticipated, the Group may not be able to recoup its significant investment in research and development, and the Group's business, financial condition and results of operations may be materially and adversely affected.

**Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect the Group's business, financial condition and results of operations.**

Laws and regulations governing cybersecurity, information security, privacy and data protection, and the use of the internet as a commercial medium are rapidly evolving, extensive, and complex. The important PRC laws and regulations on data protection, data privacy, and/or information security currently in effect that the Group is subject to include, among others, the Cybersecurity Law (《中華人民共和國網絡安全法》), which took effect on 1 June 2017, the Personal Information Protection Law (《中華人民共和國個人信息保護法》), or the PIPL, which took effect on 1 November 2021; and the Data Security Law (《中華人民共和國數據安全法》), which took effect on 1 September 2021. When providing logistics services, the Group may need to process various operational and other data of its customers, business partners, employees and other individuals or businesses.

The interpretation and implementation of these laws and regulations keep evolving. Any potential or perceived non-compliance with data-related laws and regulations may prevent the Group from using or providing certain products and services, and may result in fines or other penalties such as making certain required changes to the Group's business, suspending its relevant lines of business, taking down its website or shutting down its operations, reputational damages or proceedings or actions against the Group by regulatory authorities, customers or others, which may have a material adverse effect on the Group's business, operation or financial conditions. Furthermore, on 24 February 2023, the CSRC released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which came into effect on March 31, 2023. However, there were no further explanations or detailed rules or regulations with respect to such opinions or provisions, and the interpretation and implementation of these opinions and provisions may keep evolving.

These and other similar legal and regulatory developments could affect how the Group designs its information systems, how it operates its business, and how it processes and uses data. As the Group's customers may also be required to comply with relevant laws and regulations, in the event that the Group's services are perceived to be exposing its customers to potential compliance risks, demand for its services might be affected. The Group may incur additional costs to comply with such laws and regulations, to meet the demands of its customers relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies.

**The Group may not be able to obtain adequate financing when desired or on favourable terms.**

The Group needs to make continued investments in equipment, land, facilities and technological systems to remain competitive. However, there is no assurance that the Group will be able to obtain adequate financing on commercially reasonable terms, or at all, if and when required, especially if the Group experiences unsatisfactory results of operations. If adequate financing is not available to the Group as required, the Group's ability to fund its operations, take advantage of potential business opportunities, develop or enhance its logistics infrastructure and network or respond to competitive pressures could be limited. If the Group fails to obtain necessary funding in a timely manner or on favourable terms, it may be unable to meet the demands of existing and prospective customers, which in turn could adversely affect the Group's business, financial condition and results of operations.

**The Group faces risks associated with the handling and transportation of parcels and other risks inherent in the logistics industry, such as property damage, personal injury and delivery of prohibited or restricted items.**

The Group handles a large volume of parcels across its logistics network, and have adopted various internal control policies and measures to manage risks inherent in the handling and transportation of parcels. The Group faces challenges with respect to the protection and examination of these parcels. Parcels in the Group's network may be stolen, damaged or lost for various reasons, and it may be perceived or found liable for such incidents. In addition, the Group may fail to screen parcels and detect unsafe, prohibited or restricted items. Unsafe items, such as flammables and explosives, toxic or corrosive items and radioactive materials, may injure recipients or its staff, or damage the Group's assets or other parcels in its network. Furthermore, if the Group fails to prevent prohibited or restricted items from entering into its network, or if the Group participates in the transport and delivery of such items, it may be subject to administrative or even criminal penalties, and if there is any resulting any personal injury or property damage, the Group may be further liable for civil compensation.

Delivery of parcels also involves inherent risks. The Group constantly have a large number of aircraft, vehicles and staff in transit, and therefore need to face numerous transportation safety issues, which may not be fully covered by the insurances that the Group routinely maintains. From time to time, the Group's vehicles and staff may be involved in transportation incidents or accidents, and the parcels carried by them may be lost or damaged. The Group's staff may also get injured during delivery of parcels. In addition, frictions or disputes may occasionally arise from the direct interactions between its pickup and delivery staff with parcel senders and recipients. Personal injuries or property damages may arise if such frictions or disputes escalate.

Any of the foregoing could disrupt the Group's services, cause it to incur substantial expenses and divert the time and attention of its management. The Group may face claims and incur significant liabilities if found liable or partially liable for any personal injuries, property damages or economic losses. Claims against the Group may exceed the amount of its insurance coverage, or may not be covered by insurance at all. Governmental authorities may also impose significant fines on the Group or require it to adopt costly pre-emptive measures. Furthermore, if the Group's services are perceived to be insecure or unsafe by its customers, its parcel volume may significantly decline, and the Group's business, financial condition and results of operations may be materially and adversely affected.

**The Group has a limited history of operating cargo airline and civil aviation infrastructure, and it faces risks inherent to the aviation industry, such as extensive regulations, high fixed costs, aircraft incidents or accidents, and the threat of terrorist attacks.**

The Group established its SF Airlines in 2009, and have a limited history of operating cargo airlines and civil aviation infrastructure. The Group is exposed to risks inherent to the aviation industry, including: (i) extensive regulations and substantial regulatory influence over the aviation industry, rendering the Group under significant constraints on its flexibility and ability to further develop its air cargo fleet and air routes; (ii) competition over flight schedules and air routes; (iii) high fixed costs, including depreciation expenses, interest expenses, pilot training costs and operating lease payments, which do not vary proportionately with cargo volumes actually carried; (iv) terrorist attacks, aircraft accidents or incidents, which could result in significant property damages and claims relating to personal injuries or deaths; and (v) difficulties in obtaining airline insurance with reasonable coverage at commercially feasible prices.

Moreover, the Group is currently responsible for operating the sorting centre in the Ezhou cargo hub. The Group is exposed to risks inherent to the operation of civil aviation infrastructure, including: (i) extensive and evolving regulations over civil aviation infrastructure, and the potential unfavourable changes in such regulations, such as an increase in aeronautical fees; and (ii) aircraft incidents or accidents, the threat of terrorist attacks, or natural disasters that could cause material damage to the civil aviation infrastructure.

The occurrence, persistence or consequences of any of the foregoing risks may restrict the Group's ability to operate its air cargo fleet or civil aviation infrastructure, or reduce the profitability of its operations, which in turn could materially and adversely affect the Group's business, financial condition and results of operations.

**The regulatory environment for global aviation or other transportation rights may impact the Group's operations and increase its operating costs.**

The Group's right to provide logistics services involving overseas destinations is subject to government approvals. In addition, the Group must obtain the permission of the relevant overseas jurisdictions to provide specific flights and services. The Group's international operations are also subject to current and potential regulations, including certain postal regulations and licensing requirements, that restrict, make

difficult, and sometimes prohibit, the ability of foreign-owned companies to compete effectively in parts of the global logistics market. Regulatory or executive actions affecting global aviation or transportation rights or a failure to obtain or maintain aviation or other transportation rights in important international markets could impair the Group's ability to operate its network. Further, the Group's ability to obtain or maintain aviation or other transportation rights internationally may be adversely affected by changes in international trade policies and relations.

The Group's operation of SF Airlines is subject to other extensive regulatory and legal compliance requirements that may result in significant costs. High-profile accidents, catastrophes, or incidents involving aircraft may trigger increased regulatory and legal compliance requirements. Requirements can be issued, amended or restated from time to time, or can otherwise impact the Group's ability to efficiently or fully utilise its aircraft, and in some instances could result in the temporary grounding of aircraft types altogether if the Group fails to comply with the applicable laws and regulations.

**The Group's business and reputation may be harmed by unlawful, unethical or anticompetitive conducts within or in connection with its logistics network, operations and other activities.**

The Group has adopted various policies, operational manuals and disciplinary measures regarding the conduct of its employees, consultant, agents and other third parties. Nonetheless, there is no assurance that such measures would be sufficient to prevent and deter its employees, consultant, agents or other third parties from acting unlawfully or unethically.

Such misconduct may include non-compliance with applicable laws and regulations pertinent to parcel collection and delivery processes, mishandling of funds or unlawful kickbacks during the Group's procurement of raw material or equipment. The Group also has little control over third parties involved in unlawful, unethical or anti-competitive conducts targeted at or in connection with its logistics network, operations and other activities, such as non-compliance with laws, or third-party sabotage or allegations intended to harm the Group. The Group may incur substantial monetary losses, suffer reputational damage, be subject to administrative penalties and fines, have its licenses and permits revoked, or even be ordered by regulatory authorities to suspend its operations due to misconduct. The Group may also be required by regulatory authorities in the relevant jurisdictions to allocate significant resources and incur additional costs to prevent any unlawful, unethical or anti-competitive conducts by its employees or third parties.

The Group endeavours to comply with the anti-monopoly and anti-unfair competition laws and regulations of the jurisdictions where it operates, such as the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) and the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》). Nonetheless, the Group may be required by competent regulatory authorities to adjust its business practices, or may be subject to penalties, such as confiscation of incomes or potential fines, if any of its past or future acquisitions or investments, or any other business practices involving the Group, is deemed to be non-compliant with any anti-monopoly and anti-unfair competition laws and regulations. The Group may also be subject to claims from its competitors or users, which could affect its business and operations. The competent regulatory authorities may keep supervising the competition compliance issues, and the Group may receive greater attention from regulators, which may increase its compliance costs and subject the Group to heightened risks and challenges. The Group may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with its products and services as well as its investments in its ordinary business course to avoid any failure to comply with these laws and regulations. Any failure or perceived failure by the Group to comply with the anti-monopoly and anti-unfair competition laws and regulations may result in governmental investigations or enforcement actions, litigations or claims against it and could affect the Group's business, financial condition and results of operations.

**The Group faces potential risks associated with outsourcing in its business operations.**

The Group engages service providers that provide pick-up and delivery services to it, as well as outsourced transportation service providers. The Group only enters into agreements with the service providers, and therefore do not have any direct contractual relationship with the personnel from these service providers. Since such personnel are not directly employed by the Group, its control over them is more limited as compared to its own employees. The Group cannot fully rule out the possibility of any personnel from these service providers failing to operate or perform their duties in accordance with the Group's policies and guidelines, in which event its market reputation, brand image and results of operations could be adversely affected.

If the service providers violate any relevant requirements under the applicable laws and regulations, including labour laws, or their employment agreements with the personnel placed with the Group by these service providers, such personnel may claim compensation from the Group as they provide their services at the Group's logistics facilities. As a result, the Group may incur legal or financial liabilities, and the group's reputation, brand image as well as its business, financial condition and results of operations could be adversely affected.

**Trade restrictions and changes in international trade policies and relations could reduce the volume of goods transported globally and adversely affect the Group's international operations.**

The Group's international operations may be affected by trade restrictions implemented by countries or regions where its customers are located or where its customers' products are manufactured or sold. For example, the Group is subject to risks relating to changes in trade policies, tariff regulations, embargoes or other trade restrictions adverse to its customers' business. Actions by governments that result in restrictions on movement of cargo or otherwise could also impede the Group's ability to carry out its international operations. In addition, international trade and political issues, tensions and conflicts may cause delays and interruptions to cross-border transportation and result in limitations on the Group's insurance coverage. If the Group is unable to transport cargo to and from countries with trade restrictions in a timely manner or at all, its business, financial condition and results of operations could be materially and adversely affected.

**Fluctuations in exchange rates may adversely affect the Group's results of operations.**

A substantial portion of the Group's revenues and cost of sales is denominated in RMB. However, as the Group also operates a part of its business in certain geographic markets outside of mainland China, the Group is subject to risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could affect the results of the Group's overseas operations (namely, operations outside of mainland China). The Group's overseas operations recorded revenue denominated in foreign currencies of RMB58.9 billion, RMB34.9 billion and RMB41.6 billion in 2022, 2023 and 2024, respectively, accounting for 22.0%, 13.5% and 14.6% of the Group's total revenue for the same years, respectively. Foreign currency denominated income from the principal businesses of the Group's overseas operations primarily consisted of freight charges. Such income is denominated primarily in USD. In managing the foreign exchange risks, the Group preferentially deploys natural hedges, and may also deploy a netting pool to net-off the foreign exchange risk exposures of account receivables and account payables in the same currencies. Moreover, foreign exchange risks also arise from foreign currency-denominated debts undertaken by the Group in light of overseas expansion. These debts are mainly denominated in USD. Based on the foregoing, and considering that USD is pegged against HKD that fluctuates within the band of 7.75 to 7.85, the Group believes its foreign exchange risk exposure is manageable. In addition, where necessary, the Group may deploy hedging instruments depending on the nature of transaction and financial market conditions after conducting a detailed assessment.



It is difficult to predict how external factors may impact the exchange rate of RMB to HKD, USD or other foreign currencies in the future. Further appreciation of RMB against foreign currencies may affect the Group's overseas operations.

Over the years, the Group has maintained certain hedging policies in an effort to reduce its exposure to foreign exchange risks, and the Group may maintain, or further enhance, its hedging policies in the future. However, the availability and effectiveness of these hedging measures may be limited, and the Group may not be able to adequately cover its exposure or at all.

**Security breaches and attacks against the Group's system and network, and any failure to protect confidential and proprietary information, could damage its reputation and adversely affect its business, financial condition and results of operations.**

The Group relies on technologies to provide high-quality logistics services. However, the Group's technology operations are vulnerable to potential disruptions arising from human errors, natural disasters, power failures, computer viruses, spam attacks, unauthorised access and other similar events. Disruptions to, or instability of, the Group's technology or external technology that supports the offering of its services and solutions could materially harm its business and reputation.

The Group's cybersecurity measures may not detect or prevent all attempts to compromise its systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardise the security of information stored in and transmitted by the Group's systems or that it otherwise maintains. Breaches of the Group's cybersecurity measures could result in unauthorised access to its systems, misappropriation of information or data, deletion or modification of customer information, or a denial-of-service or other interruption to its business operations. As techniques used to obtain unauthorised access to or sabotage systems change frequently and may not be known until launched against the Group, it may be unable to anticipate, or implement adequate measures to protect against, these attacks. For the years ended 31 December 2022, 2023 and 2024, the Group had not been subject to these types of attacks that had materially and adversely affected its business operations. However, there can be no assurance that the Group would not in the future be subject to such attacks that may result in material damages or remediation costs. If the Group is unable to avert these attacks and security breaches, it could be subject to significant legal and financial liability, the Group's reputation would be harmed and it could sustain substantial revenue loss from lost sales and customer dissatisfaction.

In addition, although the Group has adopted various measures and technologies that allow it to instantly detect potential cyber-attacks and protect its data and information networks, it remains possible that the Group cannot anticipate or prevent rapidly evolving types of cyber-attacks.

Cyber-attacks may target the Group, its customers, or the information infrastructure on which it depends. Actual or anticipated attacks and risks may cause the Group to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants. Cybersecurity breaches may harm the Group's reputation and business, and materially and adversely affect its financial condition and results of operations.

The Group's business generates and processes a large quantity of personal and transactional data. The Group faces inherent risks when handling and protecting such large volumes of data, including protecting the data stored in its system, detecting and prohibiting unauthorised data share and transfer, preventing attacks on its system by outside parties or fraudulent behaviour or improper use by its employees, and maintaining and updating its database. Any system failure, security breach or third-party attacks or attempts to illegally obtain the data that results in any actual or perceived release of user data could damage the Group's reputation and brand, deter current and potential customers from using its services, damage its business, and expose the Group to potential legal liability.

The Group is subject to various PRC laws and regulations relating to the collection, use, storage, processing and security of personally information with respect to its customers and employees, including regulatory requirements by competent authorities relating to such data. Further, PRC regulators have been increasingly focused on regulation in the areas of data security and data protection. For details, see “– *Risks Relating to The Group’s Business and Industry – Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect the Group’s business, financial condition and results of operations*”.

**Any deficiencies in the telecommunications and Internet infrastructure in the jurisdictions where the Group’s operate could impair the functioning of its technology system and its business operations.**

The Group’s business depends on the performance and reliability of the telecommunications and Internet infrastructure in the jurisdictions where it operates. The availability and reliability of its website, mobile application, customer service hotline and technology system depend on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If the Group is unable to enter into and renew agreements with these providers on acceptable terms, or if any of the Group’s existing agreements with such providers are terminated as a result of its breach or otherwise, the Group’s ability to provide its services to its customers could be adversely affected. In addition, any service interruptions at the underlying external telecommunications service providers, such as the Internet data centres and broadband carriers, could result in interruptions to the Group’s services. Frequent service interruptions could frustrate customers and discourage them from using its services, which could cause the Group to lose customers and could harm its operating results.

**Some of the Group’s services utilise third-party applications and services that it does not control. In addition, the Group faces risks related to regulatory and public scrutiny on its third-party service providers. If such parties, their associates and/or network members are subject to regulatory or public scrutiny, such as investigations and negative publicity, the Group’s reputation, business and results of operations may be adversely affected.**

The Group utilises third-party applications and services to ensure the smooth performance of certain functions of its business. For example, the Group collaborates with social media access portal providers for embedding its mini-programs and payment processing providers. The Group also depend in part on mobile operating systems, such as Android and iOS, and their respective application marketplaces to make its applications available to merchants, consumers, the Group’s employees and couriers. Any interruption or delay, most of which are beyond the Group’s control, in the functionality of these third-party applications and services may lead to interruptions to the Group’s system, website or mobile application slowdown or unavailability, delays or errors in transaction processing, loss of data, or the inability to accept and fulfil orders. In addition, if any third-party application and service providers withdraw their authorisation to use from the Group, or if their services become limited, restricted, curtailed or less effective in any way, or otherwise become unavailable to the Group for any other reasons, the Group’s customer base and customer engagement may be harmed. The Group may not be able to promptly find alternative ways to offer services in a timely, reliable and cost-effective manner, or at all, which in turn may materially and adversely affect the Group’s business, financial condition and results of operations.

In addition, the Group relies on major third-party payment channels to facilitate and collect customers’ payment for its services. The Group is subject to various risks and uncertainties associated with these third-party online payment channels. Any disruption to their payment services could materially and adversely affect the Group’s payment collection, and, in turn, its results of operations. Further, when it comes to online payment transactions through third-party payment channels, secured transmission of



customers' confidential information is essential for maintaining customer confidence. The Group do not have control over the data security measures of the third-party payment channels, and their security measures may not be adequate at present, or may not remain adequate in light of the expected increased use of online payment systems. Furthermore, these payment channels are subject to various laws and regulations regulating electronic funds transfers and virtual currencies, which could change or be reinterpreted in a way that will materially and adversely affect their compliance. If these payment channels experience any non-compliance incidents, they may be subject to fines or penalties, charge higher transaction fees due to regulatory or commercial reasons, or even suspend or terminate their operations, with or without prior notice to the Group, which in turn would materially and adversely affect the Group's performance and results of operations.

Furthermore, the Group engages third-party service providers for certain professional services, such as audit and legal services. The Group's third-party service providers and/or their associates may, from time to time, be subject to regulatory and public scrutiny, which includes complaints to regulatory agencies, investigations, negative media coverage and malicious allegations.

**The Group may not have effective or sufficient control over its franchisees. Any breach of the franchise agreements or any violation of relevant laws and regulations by its franchisees may have a negative impact on the Group's business operations and reputation.**

The Group maintains direct control of its operations, with minimal reliance on franchisees. The Group identifies and selects the franchisees in compliance with the requirements under relevant laws and regulations as well as its internal guidelines. The Group also enters into franchise agreements with its franchisees which require them to, among other things, maintain all required permits, licenses and certificates, recruit qualified staff and implement its pricing policies. In addition, while the Group's franchise agreements stipulate a franchisee's obligations, there is no assurance that the franchisees will fully fulfil their contractual obligations, or strictly follow its guidelines. Moreover, the Group may not be able to ensure the franchisees' full compliance with relevant laws and regulations. If the Group's franchisees fail to operate in accordance with its franchise agreements, or violate any relevant laws and regulations in the relevant jurisdictions, the Group's reputation, business, financial condition and results of operations may be adversely affected.

**The Group faces risks associated with force majeure events, severe weather conditions and other natural disasters, health epidemics and other outbreaks, which could significantly disrupt the Group's business operations.**

The Group's business could be adversely affected by severe weather conditions and natural disasters or the outbreak of avian influenza, severe acute respiratory syndrome, H1N1, H7N9, the COVID-19 pandemic or any other epidemics. Any of such occurrences could cause the Group to incur additional costs and cause severe disruption to its daily operations, and may even require a temporary closure of the Group's business or facilities. Such closures may disrupt the Group's business operations and adversely affect its results of operations. In particular, the Group's couriers are generally exposed to public environments and are relatively susceptible towards outbreak of public health threats. The Group's business operations could be disrupted if its couriers or employees are suspected of having contagious disease or condition, since the Group could require such couriers or other employees to be quarantined. Infection prevention and control measures could adversely affect the Group's operations and the operations of its customers, and in turn affect the Group's financial condition and results of operations. The Group's operations could also be disrupted if its suppliers, customers or business partners were affected by such natural disasters or health epidemics.

**The Group's success depends in significant part on the continuing efforts of its senior management and other key personnel, and the Group's business operations would be adversely affected if it fails to retain them.**

The Group depends to a significant degree on the continued services of its experienced senior management and other key personnel. In particular, the Group relies on the expertise and experience of its general manager and other members of its senior management team. The Group has adopted various talent retention measures. Nonetheless, there is no assurance that the Group's senior management and other key personnel will always be able to, or willing to, continue their employment with the Group. In that case, the Group may not be able to replace them in a timely manner, or at all. The Group may incur additional costs to recruit and retain qualified replacements. The Group's business may be severely disrupted and the Group's financial condition and results of operations may be materially and adversely affected. The Group enters into confidentiality and non-compete agreements with its key personnel. However, in the event that any of the Group's senior management or other key personnel joins a competitor or forms a competing business, the Group may lose customers, know-how, key professionals or other staff members. The Group provides no assurance that it will be able to successfully enforce its contractual rights included in the employment agreements it has entered into with its senior management and other key personnel. As a result, the Group's business may be severely disrupted.

**There is no assurance that the Group will continue attracting, training, motivating and retaining qualified personnel.**

The Group intends to hire and retain additional qualified employees to support its business operations and drive future expansion. The Group's future success depends, to a significant extent, on its ability to attract, train and retain qualified staff, particularly management and operational staff with expertise in the logistics industry or other areas it expands into. The Group's experienced mid-level managers are instrumental in executing its business plans, implementing its business strategies and supporting its business operations and growth, and there is no assurance that it will be able to attract or retain these qualified staff.

**There is no assurance that the Group could continue maintaining its corporate culture.**

Since the Group's inception, its corporate culture has been defined by its mission, vision and values, and the Group believes that its culture has been critical to its success. In particular, the Group's corporate culture has helped it to serve its customers, attract, retain and motivate employees, and create value for its shareholders. The Group faces a number of challenges that may affect its ability to maintain its corporate culture, such as:

- competitive pressures to move in directions that may divert the Group from its mission and values;
- the continued challenges of an ever-changing business environment;
- potential pressure from the public markets to focus on short-term results instead of long-term value creation; and
- the increasing need to develop expertise in new areas of business that affect the Group.

If the Group is not able to maintain its corporate culture or if its culture fails to deliver the long-term results the Group expects to achieve, its business, results of operations, financial condition and prospects may be materially and adversely affected.

**The Group may not be able to prevent unauthorised use of, or other forms of infringement on, its intellectual property, which could harm the Group's business and competitive position.**

The Group regards its trademarks, domain names, trade secrets, proprietary technologies and other intellectual property as critical to its business. The Group relies on a combination of intellectual property laws and contractual arrangements to protect its proprietary rights. However, the Group may not be able to register, maintain and enforce its intellectual property rights in a timely manner, or at all, under the laws and regulations in the countries and regions where it operates. Confidentiality agreements and license agreements may be breached by counterparties, and there may not be adequate remedies available to the Group for any such breach. Policing any unauthorised use of, or other forms of infringement on, the Group's intellectual property is difficult and costly, and the steps it has taken may be inadequate to prevent the misappropriation of the Group's intellectual property. In the event that the Group resorts to litigation to enforce its intellectual property rights, such litigation could result in substantial costs and a diversion of its managerial and financial resources. The Group cannot provide any assurance that it will prevail in such litigation. In addition, the Group's trade secrets may be leaked or otherwise become available to, or be independently discovered by, its competitors. Any failure in protecting or enforcing its intellectual property rights could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt its business operations.**

There is no assurance that the Group's operations or any aspects of its business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. The Group may be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other third-party intellectual property that is infringed by the Group's services or solutions, the services or solutions provided by third-party merchants through its logistics infrastructure and network, or other aspects of the Group's business. There could also be existing patents of which the Group is not aware that its services or solutions may inadvertently infringe. There is no assurance that holders of patents purportedly relating to some aspects of its technology platform or business, if any such holders exist, would not seek to enforce such patents against the Group. Further, the application and interpretation of patent laws and the procedures and standards for granting patents in the countries and regions where the Group operates may keep evolving, and there is no assurance that relevant courts or regulatory authorities would agree with its analysis. If the Group is found to have violated the intellectual property rights of others, it may be subject to liability for its infringement activities or may be prohibited from using such intellectual property, and the Group may incur licensing fees or be forced to develop alternatives of its own. In addition, the Group may incur significant expenses, and may be forced to divert management's time and other resources from its business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against the Group may result in significant monetary liabilities and may materially disrupt its business and operations by restricting or prohibiting its use of the intellectual property in question. Finally, the Group uses open-source software in connection with its services and solutions. Companies that incorporate open-source software into their services and solutions have, from time to time, faced claims challenging the ownership of open-source software and compliance with open-source license terms. As a result, the Group could be subject to suits by parties claiming ownership of what it believes to be open-source software or noncompliance with open-source licensing terms. Some open-source software licenses may require users who distribute open-source software as part of their software to publicly disclose all or part of the source code to such software and make available any derivative works of the open-source code on unfavourable terms or at no cost. Any requirement to disclose the Group's source code or pay damages for breach of contract could be harmful to its business, financial condition and results of operations.

**Economic sanctions, anti-corruption and anti-money laundering laws may expose the Group to potential compliance risks.**

The Group is subject to economic sanctions, anti-corruption, anti-bribery, anti-money laundering and other relevant laws and regulations in the countries and regions where it has business operations. The Group faces significant risks if it fails to comply with the applicable laws. Any violation of applicable economic sanctions, anti-corruption, anti-bribery, anti-money laundering or other laws or regulations could result in governmental or regulatory investigations, civil or criminal fines or other sanctions, whistleblower complaints and adverse publicity, which could have an adverse effect on its reputation, business, operating results and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and significant defence costs and other professional fees.

The United States and other jurisdictions or organisations, including the European Union and the United Nations, have, through executive orders, passing of legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or jurisdictions, or against targeted industry sectors, groups of companies or persons, and/or organisations within these countries or jurisdictions. There can be no assurance that the Group will be able to prevent or detect all inadvertent business dealings with sanctioned parties or the dispatch of freight to higher-risk or prohibited end-uses. The Group cannot predict the interpretation or implementation of government policies in the United States at the federal, state or local levels or any policy of the European Union, the United Nations and other applicable jurisdictions with respect to any current or future activities by the Group or its third-party business partners in countries subject to international sanctions and with sanctioned persons. As a result, there is no assurance that the Group's future business will be free of risk under sanctions implemented in these jurisdictions or that the Group will conform its business to the expectations and requirements of the authorities of the United States or any other government or organisation that, with or without jurisdiction over its business, assert the right to impose sanctions on an extraterritorial basis. The Group's business and reputation could be adversely affected if the authorities of the United States, the European Union, the United Nations or any other government or organisation were to determine that any of the Group's activities constitutes a violation of the sanctions they impose or provide a basis for a sanctions designation of the Group. In addition, as many sanction programs are constantly evolving, new requirements or restrictions could come into effect, which might increase scrutiny of the Group's business or result in additional compliance risks.

**Any litigation, legal and contractual disputes, claims or administrative proceedings against the Group could be costly and time-consuming to defend or settle, and could result in negative publicity.**

The Group's business is subject to the risk of disputes, claims or legal proceedings brought by customers, suppliers, employees, government agencies and others in the forms of private actions, administrative proceedings, regulatory actions or other litigation. The outcome of such proceedings can be difficult to assess or quantify.

Claimants in such proceedings may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such disputes may remain unknown for a substantial period of time. The cost of defending future disputes or proceedings may be significant and could negatively affect the Group's results of operations if changes to its business operations are required. There could also be negative publicity associated with such disputes or proceedings, regardless of whether the allegations are valid or whether the Group is ultimately found liable. As a result, any significant dispute or proceeding could adversely affect the Group's business, results of operations, financial condition or reputation.

**The Group's insurance coverage may not be sufficient to cover all losses associated with its business operations.**

The Group maintains various insurance policies to safeguard against risks and unexpected events. The Group maintains various insurance policies to safeguard against risks and unexpected events in relation to its business operations, such as motor vehicle and non-motor vehicle liability insurance, cargo insurance, parcel-related insurance and warehouse insurance. The Group do not maintain business interruption insurance, key-man insurance or terrorist attack insurance, which is generally in line with industry practices. There is no assurance that the Group's insurance coverage is sufficient to prevent it from any loss, or that the Group will be able to successfully claim its losses under its current insurance policies on a timely basis, or at all. If the Group incurs any loss that is not covered by its insurance policies, or the compensated amount is significantly less than its actual loss, the Group's business, financial condition and results of operations could be materially and adversely affected.

**The Group's business operations could be interrupted by any failures to renew the current leases or locate desirable alternatives for its facilities, or challenges to its use of certain leased properties by governmental authorities or other third parties.**

The Group may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate from the affected properties. This could disrupt its operations and result in significant relocation expenses, which could adversely affect the Group's business, financial condition and results of operations. The Group may not be able to locate desirable alternative sites for its facilities as the Group's business continues to grow, and failure in relocating its operations when required could adversely affect the Group's business and operations. In addition, the Group competes with other businesses for premises at certain locations or of comparable sizes. As a result, even if the Group could extend or renew the respective leases, rental payments may significantly increase as a result of the high demand for the leased properties.

In general, the Group conducts customary due diligence on relevant real estate properties before entering into lease agreements in accordance with market practice. Nevertheless, there is no assurance that the Group's reviews, surveys or inspections would have revealed all defects or deficiencies affecting its leased properties, including the titles thereof. The lessors of certain of the Group's leased properties have not provided it with their property ownership certificates or any other documentation proving their right to lease those properties to the Group. If these lessors are not the owners of the properties and they have not obtained consents, or approval for sub-lease from the owners or their lessors, or permits from the relevant governmental authorities, the Group's leases could be invalidated. Neither is there assurance that the lessors have taken all necessary actions to ensure mandatory fire-control and explosion insurance, file fire-control registration or satisfy relevant requirements under applicable laws and regulations. Also, in the event that the actual use of the Group's leased properties is inconsistent with the designated use of premises as stated in the relevant ownership certificate, the relevant lease agreements may be deemed to be in breach of the law and therefore void. If any of the foregoing occurs, the Group may have to renegotiate the leases with the owners or other parties who have the right to lease the properties, or to find alternative sites that are as commercially viable, and the terms of the new leases may be less favourable to the Group. The Group provides no assurance that it will be able to find suitable replacement sites on terms acceptable to it on a timely basis, or at all, or that the Group will not be subject to material liability resulting from third parties' challenges on its use of such properties. In addition, a portion of the Group's leasehold interests have not been registered with the relevant PRC governmental authorities as required by relevant PRC laws. The failure to register leasehold interests may expose the Group to potential fines.

**Title defects with respect to or encumbrances on certain land and buildings may cause interruptions to the Group's business operations.**

As of the date of this Offering Circular, the Group had entered into contracts for the assignment of two parcels of state-owned construction land use right and had fully settled the payment for the grant of the right to these two parcels of land. The Group is in the process of obtaining land use right certificates for these two parcels of land, where no construction activities had been carried out yet on these two parcels of land. However, time required for obtaining these certificates is subject to uncertainties. In addition, as of the date of this Offering Circular, the Group has certain properties with each having a GFA exceeding 1,000 sq.m. that had not obtained ownership certificates in the PRC. The Group has not received any material adverse decisions from relevant government authorities relating to those defects as of the date of this Offering Circular. However, until the Group obtains use or ownership rights to such land and buildings, it could be compelled to return the land to the relevant government authority while the buildings located on such land could be confiscated or demolished. Moreover, certain land use rights and the buildings the Group owns have been mortgaged to banks as collaterals for its outstanding loans. In the event that the mortgage holder forecloses on the mortgage and transfers the property to a third party, the Group may be forced to relocate these facilities. This could disrupt the Group's operations and result in additional costs, which could adversely affect its business, financial condition and results of operations.

**The Group has granted, and may continue to grant, share incentives, which may result in increased share-based payments.**

The Company historically adopted certain share option incentive plans for the purpose of awarding eligible participants who contribute to the Group's success and provide long-term incentives for employees to deliver long-term shareholder returns. The Group recognises share-based payments in other reserves and its consolidated statements of profit or loss based on awards ultimately expected to vest, after considering its estimated forfeitures in accordance with IFRS Accounting Standards. In addition, certain of the Group's subsidiaries have also adopted share option incentive plans. For details, see Note 33 to the 2024 Financial Statements.

The Group may incur additional share-based compensation payment expenses if it grants share incentives in the future. The Group believes the granting of share-based compensation is of significant importance to its ability to attract and retain key personnel and employees, and it may continue to grant share-based compensation to employees in the future. As a result, the Group's share-based payments may increase, which may have an adverse effect on the Group's results of operations.

**The Group is exposed to certain uncertainties and risks in relation to the fair value changes of its financial assets.**

Determination of the fair value changes of the Group's financial assets requires the use of estimates that are based on unobservable inputs and/or other estimates and judgments, and therefore inherently involves uncertainties. The Group uses unobservable inputs, such as discount for lack of marketability and expected rate of return, in determining the fair values of its financial assets, including but not limited to its financial assets at FVTPL, and financial assets at FVOCI. Such determination requires the Group to make material estimates, which may be subject to material changes, and therefore inherently involves uncertainties. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing as of the respective valuation dates. These valuation methodologies that the Group uses involve management judgment and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgments could affect the fair value of certain assets, including the Group's financial assets at FVTPL and financial assets at FVOCI, which in turn may adversely affect the Group's results of operations.



Further, the Group is exposed to certain financial risks, including credit risk and price risk, in relation to the fair value changes of its financial assets. For details, see Note 3.1 to the 2024 Financial Statements. In terms of price risks, the Group is exposed to equity price risk mainly arising from investments held by it that are classified either as FVTPL or FVOCI that will not be sold within one year.

**The Group may record impairments of non-current assets, such as its intangible assets (other than goodwill) and goodwill.**

The Group may record impairments of non-current assets, such as its intangible assets (other than goodwill) and goodwill, adversely affecting its financial condition and results of operations. The Group reviews its non-current assets, including its intangible assets (other than goodwill), whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Group measures impairment by comparing the carrying value of the asset to the recoverable amount of such asset, which is the greater of the fair value less costs of disposal and the value in use. If the recoverable amount is less than the carrying amount of such asset, the Group recognises an impairment loss based on the recoverable amount of such asset. The application of impairment test to the Group's non-current assets, including its intangible assets (other than goodwill), requires management judgement.

Furthermore, the Group determines whether goodwill is impaired at least on an annual basis. This requires an estimate of the recoverable amount which is the higher of its value in use and its fair value less costs of disposal. The Group uses the value in use of the cash-generating unit to which the goodwill is allocated to determine the recoverable amount. The cash flow projections used to determine the value in use of a cash-generating unit is based on assumptions, such as revenue growth rates, long term growth rate, gross margin rates, and discount rate applied to the projected cash flows. These assumptions may be affected by unexpected changes in future market or economic conditions. If the Group's estimates and judgements are inaccurate, the recoverable amount determined could be inaccurate and the impairment recognised may not be adequate, and the Group may need to record additional impairments in the future.

**Divestitures of businesses and assets may have a material and adverse effect on the Group's business and financial condition.**

The Group disposed of certain subsidiaries for the years ended 31 December 2022, 2023 and 2024, and recorded gains on disposal of investments in subsidiaries of RMB32.3 million, RMB268.2 million, and RMB80.6 million, respectively. Such gains were non-recurring in nature. The Group may undertake partial or complete divestitures or other disposal transactions in the future in connection with certain of its businesses and assets, particularly the ones that are not closely related to its core focus areas or might require excessive resources or financial capital, in pursuit of its business objectives. These decisions are largely based on the assessment of the Group's management of the business models and likelihood of success of these businesses. However, the Group's judgment could be inaccurate, and it may not achieve the desired strategic and financial benefits from these transactions. The Group's financial results could be adversely affected by the impact from the loss of earnings and corporate overhead contribution/allocation associated with divested businesses.

**Potential investors should not place undue reliance on financial information which is not audited or reviewed.**

This Offering Circular contains the audited consolidated financial statements of the Group as at and for the years ended 31 December 2023 and the year ended 31 December 2024, being the latest available audited financial statements of the Group.



The financial information of the Group for the three months ended 31 March 2025 disclosed elsewhere in this Offering Circular is derived from the Group's management accounts. See "*Recent Developments*". The Group's management accounts have not been audited or reviewed by independent auditors. As such, any such financial information should not be referred to or relied on by potential investors to provide the same quality of information associated with any audited or reviewed information and the financial information of the Group for the three months ended 31 March 2025 may not be indicative of the Group's actual financial condition or results of operations for any period (including the financial year ending 31 December 2025). Potential investors should exercise caution when using such data to evaluate the Group's financial condition and results of operations, and must not place undue reliance on such financial information. Such financial information may be adjusted or restated to address subsequent changes in accordance with accounting standards, the Group's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect subsequent comments given by the independent auditors during the course of their audit or review. Such adjustments or restatements may cause discrepancies between the information with respect to a particular period or date contained in the Group's management accounts and its audited or reviewed financial statements. There can be no assurance that, had an audit or a review been conducted in respect of such financial information, the information presented therein would not have been materially different.

## **RISKS RELATING TO DOING BUSINESS IN THE COUNTRIES AND REGIONS WHERE THE GROUP OPERATES**

### **Changes in the economic, political or social conditions or government policies in the countries and regions where the Group operates could affect its business, financial condition and results of operations.**

A substantial part of the Group's assets and operations are located in China. In addition, the Group operates its business in a number of other geographic markets across Asia and globally. Accordingly, the Group's business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of the Group's geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in the Group's geographic markets or any other market in which the Group may operate could affect its business, financial condition and results of operations. Changes in the economic or political environment could increase the Group's costs, increase its exposure to legal and business risks, disrupt the Group's operations and affect its results of operations.

### **Any downturn in regional or global economy, or deterioration of geopolitical environment could affect the Group's business, financial condition and results of operations.**

The growth of the regional and global economy has slowed in recent years. It remains uncertain whether, and for how long, the regional and global economic downturn will persist. There are considerable uncertainties over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies. There have been concerns over the Russia-Ukraine war, the Israel-Hamas conflict and Israel-Iran conflict as well as unrest and terrorist threats in certain countries and regions, which have resulted in volatility in oil and other markets. In addition, the Red Sea crisis, which began on 19 October 2023, disrupted international maritime trade and the global supply chain. With the Suez Canal of the Red Sea being a critical conduit for approximately 30% of the world's container traffic, the crisis has since been causing surges in shipping costs. While the Red Sea crisis has deescalated to a certain extent as of the date of this Offering Circular, the situation remains volatile. Regional economic conditions are sensitive to global economic conditions, changes in domestic economic and political policies as well as the expected overall economic growth rate.

It is unclear that whether these challenges and uncertainties will be effectively managed or resolved and what effects they may have on the global political and economic conditions in the long term. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on the Group's industry. In addition, continued turbulence in the international markets may adversely affect the Group's ability to access capital markets to meet liquidity needs. As a result, the Group's business operations and financial performance may be adversely affected.

**Any uncertainties embedded in the legal systems of certain geographic markets where the Group operates could affect its business, financial condition and results of operations.**

Legal systems of the geographic markets where the Group operates vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The Group is subject to certain uncertainties embedded in the legal systems of some geographic markets where it operates. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to the Group's businesses is not settled. Since local administrative and court authorities are authorised to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection the Group has in many of the geographic markets where it operates. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect the Group's judgment on the relevance of legal requirements and its ability to enforce its contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from the Group.

Furthermore, many of the legal systems in the geographic markets where the Group operates are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, the Group may not be aware of its violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of the Group's geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to the Group in its geographic markets and elsewhere that could affect its businesses and operations. Scrutiny and regulations of the industries in which the Group operates may further increase, and it may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in the Group's geographic markets may slow the growth of the logistics industry and affect the Group's business, financial condition and results of operations.

**Investors may have limited recourse in effecting services of legal process or enforcing overseas judgments against the Group, the Directors, the Supervisors and senior management.**

A substantial part of the Group's assets, and a majority of the Directors, the Supervisors and senior management, are located in China. As a result, it may not be possible for investors to effect services of process upon the Company, or Directors, Supervisors or senior management who reside in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions.

On 14 July 2006, the Supreme People’s Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**2006 Arrangement**”). Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On 18 January 2019, the Supreme People’s Court of the PRC and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**2019 Arrangement**”), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between the PRC court and Hong Kong court. The 2019 Arrangement took effect on 29 January 2024 and superseded the 2006 Arrangement.

**Certain of the Group’s foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.**

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, the Group would have sufficient foreign exchange to meet its foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by the Group, including the payment of dividends, do not require advance approval from the SAFE; however, the Group is required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict the Group’s ability to obtain sufficient foreign exchange for dividend payments to its shareholders, the payment of principal under the Bonds to the Bondholders or satisfy any other foreign exchange obligation. If the Group fails to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, the Group’s potential offshore capital expenditure plans, its ability to satisfy its obligations under the Bonds and even its business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject it to administrative penalties and fines, and could affect the Group’s business and reputation.

**The Group’s payment of dividends is subject to restrictions under applicable laws and regulations.**

As the Company is a holding company, it relies on dividends from its subsidiaries for cash requirements, including services of any debts the Group may incur. However, the payment of dividends is subject to restrictions under applicable laws and regulations. For example, under current PRC law, dividends may be paid only out of the Group’s PRC subsidiaries’ accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. Moreover, each of the Group’s PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserves, except where such reserve has reached 50% of its registered capital. These reserves are not distributable as cash dividends. In addition, in the future, if any of the Group’s subsidiaries incurs debt on its own behalf, the instruments governing the debt may impose restrictions on its ability to pay dividends or other payments to the Company. The inability of the Group’s subsidiaries to distribute dividends or other payments to the Company could significantly affect the amount of liquidity available to supply the development and growth of the Group’s business and the Company’s obligations under the Bonds.

**The Group's offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.**

Under the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and the Regulation on the Implementation of the Enterprise Income Tax Law of China (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with “de facto management bodies” located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

Although the Group's offshore subsidiaries have substantive business operations in the countries or regions where they located, as the Company is a PRC enterprise, the Group's offshore subsidiaries may be questioned by the competent regulatory authorities, and if its offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from its PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on its subsidiaries' global income could significantly increase the Group's tax burden and affect its cash flows and profitability.

**The Group's operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where it operates.**

The EIT Law imposes a tax rate of 25% on business enterprises. Some of the Group's subsidiaries are entitled to preferential tax treatment. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in the Group's effective tax rate due to any other reasons, the Group's tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect the Group's businesses, financial condition and results of operations.

The Group also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, the Group's international operations may expose it to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require the Group to divert more managerial and financial resources, which in turn could affect its results of operations.

**Discontinuation of any government grants or preferential tax treatments could affect the Group's financial condition and results of operations.**

In the past, the Group has received various forms of government financial incentives and preferential tax treatments in accordance with applicable laws and regulations in China. For the years ended 31 December 2022, 2023 and 2024, the Group recorded government grants of RMB2.3 billion, RMB2.0 billion, and RMB679.2 million, respectively. In addition, several COVID-19 related government policy supports, such as one-off subsidies for social insurance and tax relief, and waiver of toll charges, have also contributed to the Group's financial performance in the past. However, the timing, amount and criteria of government financial incentives are determined within the authorised discretion of the local governments and cannot be predicted with certainty before the Group actually receives any financial incentive. Local governments may decide to reduce or eliminate incentives at any time. There is no assurance that the continued availability of the government incentives the Group currently enjoys. Any reduction or elimination of such incentives could affect the Group's results of operations.

**Several jurisdictions in which the Group operates impose restrictions on foreign ownership of businesses. Changes in relevant laws and regulations or policies could affect the Group's business, financial condition and results of operations.**

Foreign investors are subject to restrictions on foreign ownership in certain industries in several jurisdictions where the Group operates, such as Malaysia and Indonesia. The governments of these jurisdictions in which the Group operates may re-evaluate or amend the relevant laws and regulations or policies, and changes in the laws and regulations or policies, including their application or interpretation, could require the Group to remove or amend its existing arrangements or reduce its voting or economic interests in any existing or future subsidiaries and associates in these jurisdictions. Any such removal, amendment or reduction could affect the Group's ability to successfully implement its business strategies and operate in the relevant jurisdictions. Furthermore, there is no assurance that the Group's subsidiaries or associates will be able to comply with any new restrictions on foreign ownership because compliance may be affected by whether other shareholders are considered domestic or foreign investors, as determined in accordance with the applicable laws and regulations. If foreign ownership restrictions are determined to have been violated, penalties could be imposed and relevant licenses or agreements could be cancelled or voided. Any of these events could affect the Group's business, financial condition and results of operations.

**RISKS RELATING TO THE BONDS, THE GUARANTEE, THE SHARES AND THE OFFERING**

**The Bonds and the Guarantee will be effectively subordinated to all of the Issuer's and the Guarantor's secured debt.**

The Bonds and the Guarantee will be general senior unsecured obligations. The Bonds and the Guarantee will be effectively subordinated to all the secured indebtedness of the Issuer and the Guarantor to the extent of the value of the assets securing such indebtedness. In addition, the Bonds and the Guarantee will, subject to some limitations, permit the Issuer and the Guarantor to incur additional secured indebtedness in connection with bank and other financing arrangements.

In the event of bankruptcy, liquidation, reorganisation or other winding-up, the assets of the Issuer and the Guarantor that secure the secured indebtedness of the Issuer and the Guarantor will be available to pay obligations on the Bonds or under the Guarantee only after all secured indebtedness, together with accrued interest, has been repaid. If the Issuer or the Guarantor is unable to repay its secured indebtedness, its lenders could foreclose on substantially all the assets of the Issuer and the Guarantor which serve as



collateral. Under such circumstances, the secured lenders of the Issuer or, as the case may be, the Guarantor would be entitled to be repaid in full from the proceeds of the liquidation of those assets before those assets would be available for distribution to other creditors, including holders of the Bonds. Holders of the Bonds will participate in the proceeds of the liquidation of the remaining assets of the Issuer or, as the case may be, the Guarantor rateably with holders of the unsecured indebtedness of the Issuer or, as the case may be, the Guarantor that is deemed to be of the same class as the Bonds, and potentially with all of the other general creditors of the Issuer and or, as the case may be, the Guarantor.

**Claims by holders of the Bonds are structurally subordinated to creditors of the subsidiaries of the Issuer and the Guarantor.**

The ability of the Issuer and the Guarantor to make payments in respect of the Bonds and the Guarantee depends largely upon the receipt of dividends, distributions and interest of advances from their subsidiaries. The ability of the subsidiaries of the Issuer and the Guarantor to pay dividends and other amounts to the Issuer and the Guarantor may be subject to such subsidiaries' profitability and applicable laws. Payments under the Bonds are structurally subordinated to all existing and future liabilities and obligations of each of the subsidiaries of the Issuer and the Guarantor. Claims of creditors of such companies will have priority as to the assets of such companies over the Issuer, the Guarantor and its creditors, including holders of the Bonds.

**There may not be a liquid market for the Bonds, and Bondholders may not be able to sell their Bonds at an attractive price or at all.**

The Bonds will be a new issue of securities for which there is currently no trading market. Although, application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds, the Issuer and the Guarantor cannot assure investors as to the liquidity of the Bonds, that an active trading market will develop, or that the Issuer and the Guarantor will be able to maintain a listing of the Bonds on the Hong Kong Stock Exchange. None of the Managers are obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Managers. Accordingly, there is no assurance that a liquid trading market for the Bonds will develop or be sustained. If an active trading market for the Bonds does not develop or is not sustained, the market price and liquidity of the Bonds may be adversely affected.

Even if an active trading market were to develop, the Bonds could trade at prices that might be lower than the initial offering price. Future trading prices of the Bonds will depend on many factors, including, but not limited to:

- prevailing interest rates and interest rate volatility;
- the market for similar securities;
- the operating and financial results of the Issuer and the Guarantor;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- the market price of the Bonds; or
- changes in the Group's industry and competition, and general market and economic conditions.

Accordingly, Bondholders may not be able to sell their Bonds at an attractive price or at all, and may incur losses on their investments.

**The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.**

In certain circumstances, including giving of notice to the Issuer and the Guarantor pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions and the taking of steps, actions or proceedings pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions, the Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or to institute any such proceedings if it is not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may affect when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed and/or the Terms and Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

**Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds, but are subject to changes made with respect to the Shares.**

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion. However, such Bondholders are subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to the Articles of Association requiring shareholder approval, and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion.

**There is a limited period during which the Bondholders may convert their Bonds.**

Subject as provided in the Terms and Conditions, Conversion Right under the Terms and Conditions may only be exercised in certain limited circumstances (subject to any applicable fiscal or other laws or regulations and as further provided in the Terms and Conditions) at any time on and after the 41st day after the Issue Date up to the close of business (at the place where the bond certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (both days inclusive) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (at the place aforesaid) prior to the date fixed for redemption thereof. If the Conversion Right is not exercised by Bondholders during the Conversion Period, the Bonds will be redeemed at 100.5 per cent. of its principal amount on the Maturity Date unless the Bonds are previously redeemed, converted or purchased and cancelled in accordance with the Terms and Conditions.



**Securities law restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may limit Bondholders' ability to sell the Bonds in the United States.**

The Bonds and the Shares into which the Bonds are convertible have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold outside the U.S. in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Bonds and the Shares into which the Bonds are convertible under the terms of the Bonds. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

**The Issuer and the Guarantor will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which may be different from those applicable to companies in certain other countries.**

The Issuer and the Guarantor will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to or may expect.

**The Bondholders may be subject to tax on their income or gain from the Bonds.**

Prospective investors of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Shares. (See “*Taxation*” for certain PRC and Hong Kong tax consequences.)

**Gains on the transfer of the Bonds and Premium may be subject to income tax under PRC tax laws.**

Under the EIT Law and its implementation rules, gains on the transfer of the Bonds may be subject to income tax under PRC tax laws if the Bonds are deemed to be equity interests and such capital gains are regarded as having been sourced from the PRC.

Under the EIT Law, a non-resident enterprise shall pay PRC enterprise income tax on its income sourced from inside the PRC, including the gains derived from the disposal of equity interests in a PRC enterprise. However, it is not clear whether the Bonds would be deemed as equity interests by the PRC taxation authorities and such capital gains would be regarded as sourced from the PRC. If the Bonds are deemed as equity interests and such capital gains are regarded as sourced from the PRC by the PRC taxation authorities, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises would be subject to PRC enterprise income tax. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by non-resident PRC individual holders will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income.

If a Holder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Bonds, the value of the relevant Holders' investment in the Bonds may be materially and adversely affected. See "*Taxation – PRC*". Under the IIT Law, a "non-resident individual" means any non-resident PRC individual who is neither domiciled in the PRC nor residing in the PRC or who is not domiciled in the PRC but has resided in China for less than aggregate of 183 days within a tax year.

**If any of the Issuer, the Guarantor or any of their respective subsidiaries is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.**

If any of the Issuer, the Guarantor or any of their respective subsidiaries is unable to comply with the restrictions and covenants or its current or future debt obligations and other agreements, there could be a default under the terms of those agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Issuer's or the Guarantor's or such subsidiary's other debt agreements. If any of these events occur, there is no assurance that the Issuer or the Guarantor will have sufficient assets and cash flow to repay in full all of its indebtedness, or that the Issuer or the Guarantor would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, it cannot guarantee that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor.

**The Issuer and the Guarantor may not have the ability to redeem the Bonds.**

Bondholders may require the Issuer, subject to certain conditions, to redeem for cash some or all of their Bonds upon a transaction or event constituting a Relevant Event as described under "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Events*". The Issuer or the Guarantor may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Issuer's or the Guarantor's ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer or the Guarantor would constitute an Event of Default under the Bonds, which may also constitute a default under the terms of other indebtedness held by the Issuer or the Guarantor.

**The Bonds may be redeemed at the option of the Issuer, which may adversely affect the trading price and liquidity of the Bonds and may subject Bondholders to reinvestment risks.**

Subject to certain conditions, the Bonds may be redeemed at the Issuer's option at their Early Redemption Amount (as defined in the Terms and Conditions) if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 15 (*Further Issues*) of the Terms and Conditions), but prior to the Maturity Date. See "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer*". As a result, the trading price of the Bonds may be affected when this option of the Issuer becomes exercisable. Accordingly, Bondholders may not be able to sell their Bonds at an attractive price. Therefore, exercise of the Issuer's option to redeem the Bond could have a material adverse effect on the trading price and liquidity of the Bonds. In addition, the Bondholders may not be able to reinvest the redemption proceeds at an effective interest rate and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

**Short selling of the Shares by Bondholders could materially and adversely affect the market price of the Shares.**

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Investors in convertible securities may seek to hedge their exposure in the underlying equity securities, often through short selling of the underlying equity securities or similar transactions. Any short selling and similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares owned by an investor as well as on the trading price of the Bonds.

**The market value of the Bonds may fluctuate.**

Trading prices of the Bonds are influenced by numerous factors, including the results of operations and/or the financial condition and business strategy (in particular, further issuance of debt or corporate events such as share sales, reorganisations, takeovers or share buybacks) of the Group and/or the subsidiaries and/or associated companies of the Group, political, economic, financial, regulatory and any other factors that can affect the capital markets, the industry, the Group and/or the subsidiaries and/or associated companies of the Group generally. Adverse economic developments, in Hong Kong and China as well as countries in which the Group and/or the subsidiaries and/or associated companies of the Group operate or have business dealings, could have a material adverse effect on the Hong Kong economy and the results of operations and/or the financial condition of the Group and/or the subsidiaries and/or associated companies of the Group.

In addition, the market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Disposals of Shares by shareholders or a perception in the market that such disposals could occur could adversely affect the prevailing market price of the Shares and the Bonds.

**Changes in interest rates may have an adverse effect on the price of the Bonds.**

The Bonds will not bear interest. The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain.

**The return on the Bonds may decrease due to inflation.**

The Bondholders may suffer erosion on the return of their investments due to inflation. The Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

**The Bonds may not be a suitable investment for all investors under applicable laws and regulations.**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to investment laws and regulations that impose an approval requirement on or restrict certain investments. Each potential investor should consult its legal advisers to determine whether and to what extent (a) it is legally permitted to invest in the Bonds, (b) the Bonds can be used as collateral for applicable types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institution investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

For example, on 28 October 2024, the U.S. Department of Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern to implement the Executive Order 14105, which came into effect on 2 January 2025 (the “**Final Rules**”). U.S. persons (as defined under the Final Rules) are prohibited from knowingly engaging in, or are required to notify the U.S. Treasury (i.e., “prohibited transaction” and “notifiable transaction” as such terms are defined in the Final Rules) regarding, a broad range of investment transactions in entities in “countries of concern” (presently limited to mainland China, Hong Kong, and Macau) that are engaged in activities related to semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems (together, “**Covered Activities**”). Investments by U.S. persons that are affected by the Final Rules include, among others, acquisition of an equity interest or contingent equity interest in a “Covered Foreign Person” (as defined in the Final Rules) and conversion of a contingent equity interest into an equity interest in a Covered Foreign Person, such as an investment in convertible securities of an entity engaging in a Covered Activity and the subsequent conversion of the securities. Debt financing that affords or will afford investors who are U.S. persons an interest in profits of a Covered Foreign Person, the right to appoint members of the board of directors (or equivalent) of a Covered Foreign Person, or other comparable financial or governance rights characteristic of an equity investment but not typical of a loan is also regulated by the Final Rules.

In addition, on 21 February 2025, U.S. President Donald J. Trump issued a memo entitled the “America First Investment Policy” (the “**America First Memo**”). The America First Memo states that Executive Order 14105 is under review by the Administration and that the review will consider new or expanded restrictions on United States outbound investment in China in sectors such as semiconductors, artificial intelligence, quantum, biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas implicated by China’s national Military-Civil Fusion strategy. The America First Memo also states that the review will consider applying restrictions on investment types including private equity, venture capital, greenfield investments, corporate expansions, and investments in publicly traded securities, from sources including pension funds, university endowments, and other limited-partner investors.

As of the date of this Offering Circular, the Guarantor believes that it is not a “Covered Foreign Person” and the investments in the Bonds will not constitute a “notifiable transaction” or a “prohibited transaction”. However, the Final Rules became effective only recently and are only accompanied by limited guidance from the U.S. Treasury. There is no guarantee that certain aspects of the business activities of the Guarantor are not Covered Activities under the Final Rules. If the Guarantor is found to be a Covered Foreign Person, a U.S. person investor may need to assess its obligations under the Final Rules, for example, making a post-transaction report to the U.S. Treasury or evaluating potential risks when exercising the exchange rights of the Bonds.

In addition, the change in U.S. presidential administration, evolving national security-related concerns, technological developments, and geopolitical events could impact implementation of, result in enactment of additional laws and regulations, and give rise to changes to the Final Rules and/or the America First Memo and/or other regulations, which could take place during the life of the Bonds. Such changes could result in potential impacts on the Group’s operations and transactions that it enters into in the future. They could also impact the exercise of the exchange rights of the Bonds by investors, which in turn affect the liquidity and value of the Bonds. Investors should exercise caution on any potential investment restrictions or compliance obligations that may result from such changes in the future. If the Guarantor becomes a Covered Foreign Person as a result of its business expansion during the life of the Bonds and no exceptions are available under the applicable laws and regulations, exchange of the Bonds by U.S. persons may be subject to the notification requirement or prohibited under the Final Rules.

**Modification and waivers may be made in respect of the Terms and Conditions, the Deed of Guarantee and the Trust Deed by the Trustee without the consent of the holders of the Bonds.**

The Terms and Conditions will contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Terms and Conditions will further provide that the Trustee may, but shall not be obliged to, agree without the consent of the Bondholders to any modification of the Trust Deed, the Deed of Guarantee, the Bonds and/or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law.

In addition, the Trustee may also, without the consent of the Bondholders, agree to any modification (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach of the Bonds, the Trust Deed, the Deed of Guarantee or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

### **Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.**

Investment in the Bonds presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than HK dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the HK dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to HK dollars would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

### **Legal investment considerations may restrict certain investments.**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Bonds are legal investments for it;
- the Bonds can be used as collateral for various types of borrowing; and
- any other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

### **The Guarantor's subsidiaries, jointly controlled entities and associated companies are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Guarantor, its jointly controlled entities and associated companies.**

The Guarantor depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations, including its obligations under the Bonds. The ability of the Guarantor's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. The Guarantor cannot assure that its subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. Further, if any of these companies raise capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Guarantor to make payments on the Bonds. These factors could reduce the payments that the Guarantor receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Bonds.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. The PRC subsidiaries, jointly controlled entities and associated companies of the Guarantor are also required to set aside a portion of their post-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends.



**If the Guarantor fails to complete registration with SAFE in connection with the Guarantee, there may be logistical and practical hurdles for cross-border payments under the Guarantee.**

The Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds and under the Trust Deed. Such Guarantee will be contained in the Deed of Guarantee to be executed on the Issue Date. The Guarantor is required to register or caused to be registered the Deed of Guarantee with SAFE in accordance with, and within the time period prescribed by, the Provisions on the Foreign Exchange Administration Rules on Cross-border Security (《跨境擔保外匯管理規定》) promulgated by SAFE. If the Guarantor fails to complete registration with SAFE, there may be logistical and practical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of registration with SAFE in connection with the Guarantee prior to giving effect to any such remittance.

**There may be filing or other requirements of the CSRC or other PRC government authorities in relation to the issuance of the Bonds or further capital raising activities.**

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and supporting guidelines (together, the “**CSRC Filing Rules**”), which came into effect on 31 March 2023. The CSRC Filing Rules will regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible bonds and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. The Guarantor has been advised that it is required to go through filing procedures with the CSRC after the completion of this Offering of the Bonds and for its future offerings and listing of its securities in an overseas market under the CSRC Filing Rules for this offering. The CSRC Filing Rules provide that an overseas offering and listing, including the follow-on offering of convertible bonds, is prohibited under any of the following circumstances: if (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigation for suspicion of criminal offences or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller (the “**Forbidden Circumstances**”). In addition, in the process of filing, where the issuer may be under any of the Forbidden Circumstances, the CSRC may solicit the opinions of the competent government authorities under the State Council.

The Guarantor will comply with applicable filing requirements as appropriate. However, the Guarantor cannot assure that it is able to meet such requirements, obtain such permit of filing from the relevant government authorities, or complete such filing in a timely manner or at all. In addition, it cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirements on the Guarantor. If it is determined that the Guarantor is subject to any approval, filing, other governmental authorisation or requirements from the CSRC or other PRC government authorities, the Guarantor may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject the Guarantor to fines, penalties or other sanctions which may have a material adverse effect on its business and financial condition.



**Bondholders have limited anti-dilution protection.**

The Conversion Price will be adjusted in the event that there is a consolidation, sub-division or reclassification, capitalisation of profit or reserves, capital distributions, other dilutive events or upon change of control but only in the situations and only to the extent provided in “*Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Price*” and “*Terms and Conditions of the Bonds – Conversion – Adjustments upon Change of Control*”. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. Events in respect of which no adjustment is made may adversely affect the market price of the Ordinary Shares and therefore, adversely affect the market price of the Bonds.

**The conversion of some or all of the Bonds will dilute the ownership interest of existing shareholders.**

The conversion of some or all of the Bonds will dilute the ownership interest of existing shareholders of the Guarantor. Any sales in the public market of the Shares issuable upon such conversion or exercise, or the perception that such sale may occur could adversely affect prevailing market prices of the Shares and the Bonds. In addition, the existence of the Bonds may encourage short selling by market participants because the conversion of the Bonds could depress the market price of the Shares.

**Enforcement of shareholder rights.**

Currently, the primary sources of shareholder rights are the Articles of Association, the PRC Company Law (《中華人民共和國公司法》) (the “**PRC Company Law**”), the PRC regulations and the listing rules of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, which, among other things, impose certain standards of conduct, fairness requirements and disclosure requirements on the Guarantor, the Directors and the substantial shareholders. In general, these rights are not relatively as broad as those applicable to companies incorporated in the U.S., the UK and many European countries. To the Guarantor’s knowledge, there has not been any published report of judicial enforcement in the PRC by holders of H Shares of their rights under constituent documents of joint stock limited companies or the PRC Company Law or in the application or interpretation of the PRC or Hong Kong regulatory provisions applicable to PRC joint stock limited companies. Being under different legal systems, it is possible that the Guarantor’s shareholders may not enjoy the full protections to which they may be entitled in a different jurisdiction.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the U.S., the UK or most European countries, and therefore recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may not be assured.

**The insolvency laws of the BVI, the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.**

As the Issuer is incorporated under the laws of the BVI, any insolvency proceeding relating to the Issuer, even if brought in other jurisdictions, would likely involve BVI insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar. Similarly, as the Guarantor is incorporated under the laws of the PRC, any insolvency proceeding relating to the Guarantor, even if brought in other jurisdictions, would likely involve PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar. There is no assurance that investors in the Bonds will be able to receive the same protection under the insolvency laws of the BVI or the PRC as those in their respective home jurisdictions.

**Future issuances of the Ordinary Shares or equity-related securities may depress the trading price of the H Shares.**

Any issuance of the Guarantor's equity securities after this Offering could dilute the interest of the existing shareholders and could substantially decrease the trading price of the H Shares. The Guarantor may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt-to-equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of the H Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the H Shares. The Guarantor cannot predict the effect that future sales of the H Shares or other equity-related securities would have on the market price of the H Shares. In addition, the price of the H Shares could be affected by possible sales of the H Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Guarantor and by hedging or engaging in arbitrage trading activity involving the Bonds.

**The Bonds will initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.**

The Bonds will initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. None of the Issuer, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

**Ratings of the Bonds may not reflect all risks and may be changed at any time, which may adversely affect the value of the Bonds.**

The Bonds are expected to be assigned a rating of “A-” by Standard & Poor's Ratings Services, a rating of “A3” by Moody's Investor Service, Inc. and a rating of “A-” by Fitch Ratings Inc.. One or more independent credit rating agencies may assign credit ratings to an issue of the Bonds. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer to perform its obligations under the Bonds and the credit risks in determining the likelihood that payments will be made when due under the Bonds. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Bonds will remain in effect for any given period or that the ratings will not be lowered, suspended or

withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. Neither the Issuer nor the Guarantor is obligated to inform holders of the Bonds of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Bonds at any time may materially and adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

**A change in English law which will govern the Bonds may adversely affect Bondholders.**

The Terms and Conditions will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change English law or administrative practice after the date of issue of the Bonds.

**It may be difficult to effect service of process or to enforce any judgments obtained from non-PRC courts against the Group or its management residing in the PRC.**

The Terms and Conditions and the transaction documents will be governed by English law and the Issuer and the Guarantor will submit to the exclusive jurisdiction of the Hong Kong courts. However, most companies in the Group are incorporated in the PRC and a substantial amount of the Group's assets and companies are located in the PRC. Therefore, investors may encounter difficulties in effecting service of process from outside the PRC upon the Group or its management.

Moreover, due to the difference in legal systems, investors may experience difficulties in effecting service of legal process and enforcing foreign judgments in the PRC, as is the case in many other jurisdictions. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these non-PRC jurisdictions, as is the case in many other jurisdictions, may be difficult.

On 18 January 2019, the Supreme People's Court of the PRC and the Hong Kong government signed the 2019 Arrangement. The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. The 2019 Arrangement applies to judgments made on or after 29 January 2024.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders' ability to initiate a claim outside Hong Kong will be limited.

Under the 2019 Arrangement, where the Hong Kong courts have given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the PRC for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the PRC considers that the enforcement of such judgment is contrary to the basic principles of laws of the PRC or the social and public interests of the PRC. While it is expected that the relevant People's Courts of the PRC will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to completion and amendment and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of HK\$2,950,000,000 in aggregate principal amount of zero coupon guaranteed convertible bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of SF Holding Investment 2023 Limited (the “**Issuer**”) was authorised by resolutions passed in a meeting of the Issuer held on 25 June 2025 and the guarantee of the Bonds and the right of conversion into H Shares (as defined in Condition 5.1.5) of S.F. Holding Co., Ltd. (順豐控股股份有限公司) (the “**Guarantor**”) were authorised by resolutions of the board of directors of the Guarantor passed on 25 June 2025. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 10 July 2025 (the “**Issue Date**”) and made between the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. The Issuer and the Guarantor have entered into a paying, conversion and transfer agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) dated 10 July 2025 with the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent, principal conversion agent and principal transfer agent (collectively in such capacities, the “**Principal Agent**” which expression shall include any successor principal agent appointed from time to time in connection with the Bonds) and as registrar (the “**Registrar**” which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and the other paying agents, transfer agents and conversion agents appointed under it (each a “**Paying Agent**”, a “**Transfer Agent**” or a “**Conversion Agent**” (as applicable) and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. For the avoidance of doubt, references to the “**Paying Agents**”, the “**Transfer Agents**” or, as the case may be, the “**Conversion Agents**” each include the Principal Agent and any successor and additional Paying Agent, Transfer Agent or, as the case may be, Conversion Agent appointed from time to time in connection with the Bonds. References to the “**Principal Agent**”, the “**Registrar**” and the “**Agents**” below are references to the principal agent, the registrar and the agents for the time being for the Bonds. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds have the benefit of a deed of guarantee (as amended and/or supplemented from time to time, the “**Deed of Guarantee**”) to be dated 10 July 2025 and made between the Guarantor and the Trustee. For so long as any Bond is outstanding, copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available (i) for inspection by the Bondholders (as defined in Condition 1.4) at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m. from Monday to Friday (other than public holidays)) at the principal place of business in Hong Kong of the Trustee, being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong following prior written request and proof of holding and identity to the satisfaction of the Trustee or (ii) electronically to the requesting Bondholder from the Principal Agent following prior written request and proof of holding and identity to the satisfaction of the Principal Agent. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

## 1 STATUS; GUARANTEE; FORM, DENOMINATION AND TITLE

### 1.1 Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3.1, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

### 1.2 Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee. The Guarantee constitutes direct, unsubordinated, unconditional and (subject to the provisions of Condition 3.1) unsecured obligations of the Guarantor.

### 1.3 Form and Denomination

The Bonds are issued in registered form in the specified denomination of HK\$2,000,000 each and integral multiples of HK\$1,000,000 in excess thereof (an "**Authorised Denomination**"). A bond certificate (each a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the "**Register**") which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**"), as operator of the Euroclear System, and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate.*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

### 1.4 Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 2. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "**Bondholder**" and (in relation to a Bond) "**holder**" means the person in whose name a Bond is registered.

## **2 REGISTRATION AND TRANSFERS OF BONDS; ISSUE OF CERTIFICATES**

### **2.1 Register**

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and Hong Kong in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

### **2.2 Transfers**

Subject to Conditions 2.5 and 2.6 and the terms of the Agency Agreement, a Bond may be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or of any of the Transfer Agents and any other evidence as the Registrar or any Transfer Agent may require. No transfer of a Bond will be valid or effective unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.*

### **2.3 Delivery of New Certificates**

**2.3.1** Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds to the address specified in the form of transfer. The form of transfer is available at the specified office of the Registrar and each Transfer Agent.

**2.3.2** Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or any Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased to the address of such holder appearing on the Register.

**2.3.3** For the purposes of this Condition 2.3, “**business day**” shall mean a day other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.



## 2.4 Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties, assessments and other governmental charges in connection therewith (or the giving of such indemnity and/or security and/or pre-funding as the Issuer, the Registrar or the relevant Transfer Agent may require), (ii) the Registrar being satisfied in its absolute discretion with the documents of title and/or identity of the person making the application and (iii) the relevant Agent being satisfied that the Regulations (as defined in Condition 2.6) have been complied with.

## 2.5 Restricted Transfer Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions (including any date of redemption made pursuant to Condition 7); (ii) after a Conversion Notice (as defined in Condition 5.2.1) has been delivered with respect to such Bond; or (iii) after a Relevant Event Put Exercise Notice (as defined in Condition 7.4) has been deposited in respect of such Bond, each such period being a “**Restricted Transfer Period**”.

## 2.6 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations (the “**Regulations**”) concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement (the “**Regulations**”). The Regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar or by the Registrar with the prior written approval of the Trustee. A copy of the current Regulations will be made available (free of charge to the Bondholder) for inspection by any Bondholder following written request and satisfactory proof of holding and identity to the satisfaction of the Registrar at all reasonable times during normal business hours at the specified office of the Registrar.

# 3 COVENANTS

## 3.1 Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Trust Deed):

- (a) the Issuer itself will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a “**Security Interest**”) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
  - (i) all amounts payable by it under the Bonds and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
  - (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders; and



- (b) the Guarantor will not, and the Guarantor will procure that none of its Principal Subsidiaries (other than the Guarantor's Listed Subsidiaries and Subsidiaries of a Listed Subsidiary of the Guarantor) will create or have outstanding any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Guarantor and/or any of its Principal Subsidiaries to secure any Relevant Indebtedness unless the Guarantor, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
  - (i) all amounts payable by it under the Deed of Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
  - (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution of the Bondholders.

The foregoing restriction will not apply to:

- (a) any Security Interest which is existing on the Issue Date by the Issuer, the Guarantor and any of their subsidiaries, associated companies, affiliates and/or related companies;
- (b) any Security Interest on assets which is existing at the time of the acquisition thereof by the Issuer, the Guarantor or any of the Principal Subsidiaries;
- (c) any Security Interest which is mandatory pursuant to applicable laws or required as a prerequisite for obtaining governmental approvals;
- (d) any Security Interest provided in connection with any present and future issuance of asset backed securities by the Guarantor or any of the Principal Subsidiaries;
- (e) any Security Interest provided in respect of any present and future issuance of assets backed securities made by a special purpose vehicle where the Guarantor or any of the Principal Subsidiaries is the originator of the underlying assets;
- (f) any Security Interest which is existing over assets of a newly acquired company which becomes a Principal Subsidiary; and
- (g) the renewal, extension or replacement of any Security Interest pursuant to the foregoing (a) through (f) above.

### **3.2 Provision of Information**

For so long as any Bond remains outstanding:

- (a) the Issuer and the Guarantor will each furnish the Trustee with a Compliance Certificate in accordance with the Trust Deed, on which the Trustee may conclusively rely as to such compliance, and the Guarantor shall prepare and supply to the Trustee and make available for inspection by any Bondholder, in each case, within 150 days after the end of each financial year for the time being (which is, at the Issue Date, 31 December) the audited financial statements of the Guarantor (including but not limited to the statement of profit or loss, statement of other

comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, each on a consolidated basis, together with accompanying notes), prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”) (audited by an internationally recognised firm of accountants), together with the relevant audit report thereto for and as at the last financial year, and if such financial statements shall be in the Chinese language, the Guarantor shall also provide (i) an English translation of the same translated by (A) an internationally recognised firm of accountants; or (B) a professional translation service provider; and (ii) a certificate in English signed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor certifying that such English translation is complete and accurate; and

- (b) the Guarantor shall prepare and supply to the Trustee and make available for inspection by any Bondholder within 90 days after the end of each financial half-year for the time being (which is, at the Issue Date, 30 June) the unaudited semi-annual financial statements of the Guarantor (including but not limited to the balance sheet, income statement, cash flow statement and statement of changes in owner’s equity, each on a consolidated basis, together with accompanying notes), prepared in accordance with IFRS Accounting Standards (reviewed by an internationally recognised firm of accountants) and if such financial statements shall be in the Chinese language, the Guarantor shall also provide (i) an English translation of the same translated by (A) an internationally recognised firm of accountants; or (B) a professional translation service provider; and (ii) a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such English translation is complete and accurate,

provided that, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may furnish the Trustee, as soon as they are available and in any event within 30 days after any financial reports of the Guarantor are filed with the stock exchange on which the Guarantor’s capital stock is at such time listed for trading, with copies of any financial reports of the Guarantor filed with such stock exchange in lieu of the Guarantor’s audited financial reports and the Guarantor’s unaudited financial statements referred to in this Condition 3.2 and, if such financial reports shall be in the Chinese language, together with (i) an English translation of the same translated by (A) an internationally recognised firm of accountants or (B) a professional translation service provider; and (ii) a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such English translation is complete and accurate.

### **3.3 Registration of the Deed of Guarantee**

The Guarantor undertakes that it will (i) register or cause to be registered with SAFE the Deed of Guarantee in accordance with, and within the time period prescribed by, the Provisions on the Foreign Exchange Administration Rules on Cross border Security (《跨境擔保外匯管理規定》) promulgated by SAFE on 12 May 2014 and became effective from 1 June 2014 (the “**Cross-border Security Registration**”), and any implementation rules as issued by SAFE from time to time, (ii) use its best endeavours to complete the Cross-border Security Registration and obtain a registration record from SAFE on or before the Registration Deadline (as defined in Condition 7.4.5) and (iii) comply with all applicable PRC laws and regulations in relation to the Deed of Guarantee.

### 3.4 CSRC Post-Issuance Filings

The Guarantor undertakes to file or cause to be filed with the CSRC (as defined below) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined below) (the “**CSRC Post-Issuance Filings**”, which for the avoidance of doubt, includes the Initial CSRC Post-Issuance Filing (as defined in Condition 3.5 below)) and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.

### 3.5 Notification of Completion of Cross-border Security Registration and Submission of the Initial CSRC Post-Issuance Filing

The Guarantor shall:

**3.5.1** (i) file or cause to be filed the CSRC Filing Report and other requisite information and documents in respect of the Bonds that are required to be filed with the CSRC within three PRC Business Days after the Issue Date in accordance with the CSRC Filing Rules (the “**Initial CSRC Post-Issuance Filing**”);

**3.5.2** within ten PRC Business Days after the later of (i) the submission of the Initial CSRC Post-Issuance Filing, and (ii) receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Cross-border Security Registration issued by SAFE), provide the Trustee with (a) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory confirming (A) the submission of the Initial CSRC Post-Issuance Filing and (B) the completion of the Cross-border Security Registration; and (b) copies of (A) the relevant documents evidencing the Initial CSRC Post-Issuance Filing (if any) and (B) the SAFE registration certificate and other documents (if any) evidencing the completion of the Cross-border Security Registration (the documents in (a) and (b) of this Condition 3.5.2 together, the “**Registration Documents**”).

In addition, the Guarantor shall, within ten PRC Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the submission of the Initial CSRC Post-Issuance Filing and the Cross-border Security Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor or assist with or ensure the Initial CSRC Post-Issuance Filing or the Cross-border Security Registration is submitted or completed, respectively, or to verify the accuracy, content, completeness, validity and/or genuineness of any Registration Documents or any certificates, confirmations or other documents in relation to or in connection with the Initial CSRC Post-Issuance Filing and/or the Cross-border Security Registration or to translate or procure the translation into English of the Registration Documents or any certificates, confirmations or other documents in relation to or in connection with the Initial CSRC Post-Issuance Filing or the Cross-border Security Registration or to review or verify the accuracy of any English translation thereof or to give notice to the Bondholders confirming the completion of the Initial CSRC Post-Issuance Filing and the Cross-border Security Registration, and the Trustee shall not be liable to Bondholders or any other person for not doing so.

### 3.6 Definitions

For the purposes of these Conditions:

“**BVI**” means the British Virgin Islands;

“**Compliance Certificate**” means a certificate of the Issuer or the Guarantor (as the case may be) signed by one Authorised Signatory of the Issuer or the Guarantor (as the case may be) that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be), as at a date (the Certification Date as defined in the Trust Deed) not more than five days before the date of the certificate: (a) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and (b) each of the Issuer and the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the Deed of Guarantee and the Bonds, to which it is a party;

“**CSRC**” means the China Securities Regulatory Commission;

“**CSRC Filing Rules**” means the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC on 17 February 2023, as amended, supplemented or otherwise modified from time to time;

“**CSRC Filing Report**” means the filing report of the Issuer in relation to the issuance of the Bonds which will be submitted to the CSRC within three PRC Business Days after the Issue Date pursuant to Articles 13 and 16 of the CSRC Filing Rules;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Hong Kong dollars**”, “**HK dollars**” and “**HK\$**” mean the lawful currency of Hong Kong;

“**Listed Subsidiary**” means a Subsidiary whose shares are at the relevant time listed on any internationally or nationally recognised stock exchange;

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“**Potential Event of Default**” means a continuing event or circumstance which could, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default;

“**PRC**” means the People’s Republic of China, which for the purpose of these Conditions, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“**PRC Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in the PRC;

**“Relevant Indebtedness”** means any present or future indebtedness (whether being principal, premium, interest or other amounts) incurred outside of the PRC for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being or are capable of being quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market (which, for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans); and

**“Subsidiary”** means, in relation to any person (the first person) at any particular time, any other person (the second person) (i) in which the first person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of the second person or (ii) which at any time has its accounts consolidated with those of the first person or which under the laws, regulations or generally accepted accounting principles, should have its accounts consolidated with those of the first person.

## **4 INTEREST**

The Bonds are zero coupon and do not bear interest unless, upon due presentation thereof, payment of principal and premium (if any) is improperly withheld or refused. In such event, such unpaid amount shall bear interest at the rate of 2.5 per cent. per annum (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (ii) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than one year, it will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

## **5 CONVERSION**

### **5.1 Conversion Right**

**5.1.1 *Conversion Right and Conversion Period:*** Subject as hereinafter provided and in accordance with the provisions of the Trust Deed, Bondholders have the right to convert their Bonds into H Shares credited as fully paid at any time during the Conversion Period referred to below.

Subject to and upon compliance with these Conditions, the right of a Bondholder to convert any Bond into H Shares is called the **“Conversion Right”**. The number of H Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price (as defined in Condition 5.1.3) in effect on the Conversion Date (as defined in Condition 5.2.1). A Conversion Right may only be exercised in respect of an Authorised Denomination for one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of H Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

Subject to and upon compliance with these Conditions (including without limitation Condition 5.1.4), the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on and after the 41st day after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 working days prior to the Maturity Date (as defined in Condition 7.1) (both days inclusive) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 working days (at the place aforesaid) prior to the date fixed for redemption thereof; provided that no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Issuer to redeem or repurchase such Bond pursuant to Condition 7.4 or during a Restricted Conversion Period (both dates inclusive) (as defined below); provided further that the Conversion Right is exercised subject to any applicable fiscal or other laws or regulations or as hereafter provided in these Conditions (the “**Conversion Period**”).

In accordance with the below paragraphs of this Condition 5.1.1, exercise of Conversion Rights is restricted in relation to any Bond during the period (i) commencing, for an annual shareholder general meeting of the Guarantor, on the date falling 20 days prior to that meeting and ending on the date of that meeting, or, for an extraordinary shareholder general meeting of the Guarantor, on the date falling 15 days prior to that meeting and ending on the date of that meeting; or (ii) commencing the date falling five working days prior to the record date set by the Guarantor for the purpose of distribution of any dividend and ending on such record date; or (iii) commencing on such date and for such period as determined by applicable law from time to time that the Guarantor is required to close its register (a “**Restricted Conversion Period**”).

If the Conversion Date in respect of a Bond would otherwise fall during a Restricted Conversion Period, such Conversion Date shall be postponed to the first H Share Stock Exchange Business Day (as defined in Condition 5.8) following the expiry of such Restricted Conversion Period.

If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period, such Conversion Date shall be deemed to be the final day of such Conversion Period.

For the purpose of this Condition 5.1.1, “**working day**” means a day other than a Saturday, Sunday or a public holiday on which commercial banks and foreign exchange markets are generally open for business in the city which the specified office of each of the Principal Agent and the Registrar is located, respectively.

**5.1.2 Fractions of H Shares:** Fractions of H Shares will not be issued on conversion and no cash payments or other adjustments will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that H Shares to be issued on conversion are to be registered in the same name, the number of such H Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of H Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of H Shares by operation of law or otherwise occurring after 25 June 2025 which reduces the number of H Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in HK dollars (by means of a HK dollar cheque drawn on a bank that processes payments in HK dollars or by transfer to a HK dollar account maintained by the payee, in either case in accordance with instructions given by the relevant Bondholder in the Conversion Notice) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 5.1.1, as corresponds to any fraction of a H Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100.



**5.1.3 Conversion Price:** The price at which H Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$48.47 per H Share but will be subject to adjustment in the manner provided in Condition 5.3 and/or Condition 5.6, as applicable.

**5.1.4 Revival and/or survival after Default:** Notwithstanding the provisions of Condition 5.1.1, if (i) the Issuer or the Guarantor (as the case may be) shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (ii) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events referred to in Condition 9 or (iii) any Bond is not redeemed on the Maturity Date in accordance with Condition 7.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 16 and, notwithstanding the provisions of Condition 5.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

**5.1.5 Meaning of “Shares”:** As used in these Conditions, the expression (i) “**H Shares**” means ordinary foreign shares with a par value of RMB1.00 each issued by the Guarantor which are traded in HK dollars on the Hong Kong Stock Exchange; (ii) “**A Shares**” means ordinary domestic shares of RMB1.00 each issued by the Guarantor which are traded in Renminbi on the Shenzhen Stock Exchange; and (iii) “**Ordinary Shares**” means the H Shares, the A Shares and any other fully-paid and non-assessable shares of any class or classes of the ordinary shares of the Guarantor authorised after the date of the issue of the Bonds which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor.

## **5.2 Conversion Procedure**

### **5.2.1 Conversion Notice:**

Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during its normal business hours (being 9:00 a.m. to 3:00 p.m., Monday to Friday on which commercial banks are generally open for business in the city of the specified office of the Conversion Agent) accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current and being substantially in the form scheduled to the Agency Agreement) obtainable from any Conversion Agent, together with (i) the relevant Certificate; and (ii) certification by the Bondholder, in the form obtainable from any Conversion Agent, as may be required under the laws of the PRC, Hong Kong or any jurisdiction in which the specified office of such Conversion Agent is located. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such delivery is made after 3.00 p.m. on any business day or on a day which is not a business day, in each case in the place of the specified office of the Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next business day following such day. If such delivery is made during a Restricted Conversion Period, such delivery shall be deemed for all purposes of these Conditions to have been made on the H Share Stock Exchange Business Day following (in the place of the specified office of the Conversion Agent) the last day of such Restricted Conversion Period unless such date shall fall outside the Conversion Period.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Agents and the relevant Bondholder.

A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

The conversion date in respect of a Bond (the "**Conversion Date**") shall be deemed to be the H Share Stock Exchange Business Day immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such certificate and/or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right.

**5.2.2 Stamp Duty etc.:** A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities or party any taxes and duties, including capital, stamp, issue, excise, transfer, registration and other similar taxes and duties and transfer costs ("**Duties**") in any applicable jurisdiction arising on conversion (other than any Duties payable in the PRC or Hong Kong or, if relevant, in the place of the Alternative Stock Exchange in respect of the allotment and issue of H Shares and listing of the H Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be) on conversion, which shall be payable by the Issuer or the Guarantor, such Duties being the "**Issuer Duties**") (such Duties and Issuer Duties are collectively known as "**Taxes**"). The Issuer (failing which, the Guarantor) will pay all other expenses arising from the issue of H Shares on conversion of the Bonds and all charges (together, the "**Conversion Expenses**") of the Agents and the share transfer agent for the H Shares (the "**Share Transfer Agent**"). The Bondholder (and, if different, the person to whom the H Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities or party in settlement of Duties (other than the Issuer Duties) payable pursuant to this Condition 5.2.2 have been paid.

If the Issuer or the Guarantor shall fail to pay any Issuer Duties or Conversion Expenses, the relevant holder shall be entitled to tender and pay the same and the Issuer and the Guarantor, as a separate and independent stipulation, jointly and severally covenant to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, Duties (other than Issuer Duties) imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

Neither the Trustee nor the Agents shall be responsible for determining whether such Taxes or Conversion Expenses are payable or the amount thereof and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor or any Bondholder to pay any such amount.

### 5.2.3 Registration:

- (i) As soon as practicable, and in any event not later than seven H Share Stock Exchange Business Days (excluding any H Share Stock Exchange Business Days that fall within a Restricted Conversion Period) after the Conversion Date, the Guarantor will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and certification and amounts payable by the relevant Bondholder deposited or paid as required by Conditions 5.2.1 and 5.2.2, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of H Shares in the Guarantor's H share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong ("CCASS"), take all action reasonably necessary to enable the H Shares to be delivered through CCASS for so long as the H Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Guarantor's share registrar in Hong Kong (currently at Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) notified to Bondholders in accordance with Condition 16 or, if so requested in the relevant Conversion Notice, cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof.
- (ii) The delivery of the H Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated in Condition 5.2.3(i) will be deemed to satisfy the Issuer's obligation to pay any amounts under such converted Bonds. The person or persons designated in the Conversion Notice will become the holder of record of the number of H Shares issuable upon conversion with effect from the date he is or they are registered as such in the Guarantor's register of members for H shares (the "**Registration Date**"). The H Shares issued upon exercise of the Conversion Rights will be fully paid up and will in all respects rank *pari passu* with, and within the same class as, the H Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law. Save as set out in these Conditions, a holder of H Shares issued on exercise of the Conversion Rights shall not be entitled to any rights, distributions or other payments the record date or due date for the establishment of entitlement for which precedes the relevant Registration Date.
- (iii) If (a) the Registration Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 5.3 and/or Condition 5.6 (as applicable), and (b) the Conversion Date in relation to such exercise of the Conversion Right shall be before the date on which such adjustment to the Conversion Price becomes effective under the relevant Condition (any such adjustment, a "**Retroactive Adjustment**"), upon the relevant adjustment to the Conversion Price becoming effective under the relevant Condition, the Guarantor shall procure the issue to the converting Bondholder (in accordance with the instructions contained in the Conversion Notice (subject to any applicable laws or regulations)), such additional number of H Shares ("**Additional H**

**Shares**”) as, together with the H Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of H Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price under the relevant Condition had been made and become effective on or immediately prior to the relevant Conversion Date and in such event and in respect of such Additional H Shares, references in this Condition 5.2.3(iii) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

### 5.3 Adjustments to Conversion Price

Upon the occurrence of any of the following events described below, the Conversion Price will be adjusted as follows:

**5.3.1 Consolidation, Subdivision or Re-classification:** If and whenever there shall be an alteration to the nominal value of the H Shares as a result of consolidation, subdivision or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one H Share immediately after such alteration; and

B is the nominal amount of one H Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

### 5.3.2 Capitalisation of Profits or Reserves:

(i) If and whenever the Guarantor shall issue Ordinary Shares of any class credited as fully paid to the holders of such Ordinary Shares (“**Ordinary Shareholders**”) by way of capitalisation of profits or reserves, including Ordinary Shares of such class paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail.

- (ii) In the case of an issue of Ordinary Shares of any class by way of a Scrip Dividend where the aggregate value of such Ordinary Shares by way of a Scrip Dividend as determined by reference to the Current Market Price on the date of announcement of the terms of such Scrip Dividend multiplied by the number of such Ordinary Shares issued exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Scrip Dividend by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the aggregate nominal amount of the issued Ordinary Shares of all classes immediately before such issue;
- B is the aggregate nominal amount of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such aggregate Current Market Price of the Scrip Dividend issued in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of such Scrip Dividend,

or by making such other adjustment as an Independent Financial Advisor shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of H Shares shall prevail.

**5.3.3 Capital Distributions:** If and whenever the Guarantor shall pay or make any Capital Distribution to the Ordinary Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 5.3.2 above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue multiplied by their respective Current Market Price per Ordinary Share of such class on the date on which the Capital Distribution is first publicly announced; and
- B is the Fair Market Value of the aggregate Capital Distribution.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or, if a record date is fixed therefor, immediately after such record date, provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**” (as defined in Condition 5.8)) be determined as at the date on which the Capital Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 5.3.3, such adjustments (if any) shall be made as an Independent Financial Advisor may consider appropriate to reflect (i) any consolidation or subdivision of the Ordinary Shares, (ii) issues of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event, (iii) the modification of any rights to dividends of Ordinary Shares or (iv) any change in the fiscal year of the Guarantor.

For the avoidance of doubt, the final dividend to be paid by the Guarantor in respect of the year ended 31 December 2024 (which has been approved by the shareholders of the Guarantor on 13 June 2025) will not give rise to an adjustment of the Conversion Price pursuant to this Condition.

**5.3.4 Rights Issues of Shares or Options over Shares:** If and whenever the Guarantor shall issue Ordinary Shares of one or more classes to all or substantially all Ordinary Shareholders of such classes by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such classes by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares of such classes, in each case at a consideration less than 95 per cent. of the Current Market Price per H Share on the date of the first public announcement of the terms of the issues or grants, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues or grants by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before such announcement;
- B<sub>1</sub> is the number of Ordinary Shares of one class which the aggregate consideration (if any) receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Ordinary Share of the class;
- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration (if any) receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Ordinary Share of the class;



C<sub>1</sub> is the aggregate number of Ordinary Shares of one class issued or, as the case may be, comprised in the issue or grant; and

C<sub>2</sub> where applicable, is the aggregate number of Ordinary Shares of a second class issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of H Shares shall prevail.

**5.3.5 Rights Issues of Other Securities:** In respect of each class of Ordinary Shares, if and whenever the Guarantor shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares) to all or substantially all Ordinary Shareholders of such class by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the aggregate Ordinary Shares of all classes in issue multiplied by their respective Current Market Price per Ordinary Share on the date on which the terms of such issue or grant are publicly announced; and

B is the Fair Market Value of the aggregate securities, rights, options or warrants (as the case may be) attributable to the Ordinary Shares.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be, provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**” (as defined in Condition 5.8)) be determined as at the date on which the terms of such issue or grant is first publicly announced, or if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Ordinary Shares in relation to such issue or grant is capable of being determined as provided herein.

**5.3.6 Issues at Less than Current Market Price:** If and whenever the Guarantor shall issue (otherwise than as mentioned in Condition 5.3.4 above) any Ordinary Shares (other than H Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Ordinary Shares) or issue or grant (otherwise than as mentioned in Condition 5.3.4 above) options, warrants or other rights (other than the Conversion Rights under the Bonds, which excludes any further bonds issued pursuant to Condition 15) to subscribe for, purchase or otherwise acquire Ordinary Shares of one or more classes, in each case at a consideration which is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the terms of such issues, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before the issue of such additional Ordinary Shares of such class or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares of such class;
- B<sub>1</sub> is the number of Ordinary Shares of one class which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares of such class would purchase at the Current Market Price per Ordinary Share of such class;
- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration (if any) receivable for the issue of such additional Ordinary Shares of such class would purchase at the Current Market Price per Ordinary Share of such class;
- C<sub>1</sub> is the aggregate number of Ordinary Shares of one class issued, or as the case may be, the maximum number of Ordinary Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate; and
- C<sub>2</sub> where applicable, is the aggregate number of Ordinary Shares of a second class issued, or as the case may be, the maximum number of Ordinary Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate.

References to additional Ordinary Shares in the above formula shall, in the case of an issue by the Guarantor of options, warrants or other rights to subscribe or purchase Ordinary Shares, mean such Ordinary Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price or rate on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the issue or grant of such options, warrants or other rights; provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail.

**5.3.7 Other Issues at less than Current Market Price:** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 5.3.7, if and whenever the Guarantor or any of its Subsidiaries (otherwise than as mentioned in Condition 5.3.4, Condition 5.3.5 or Condition 5.3.6), or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds, which shall be deemed to exclude any further bonds issued pursuant to Condition 15) which by their terms of issues carry rights of conversion into, or exchange or subscription for, Ordinary Shares of one or more classes to be issued by the Guarantor upon conversion, exchange or subscription, in each case at a consideration which is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the terms of issues of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issues by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before such issue;
- B<sub>1</sub> is the number of Ordinary Shares of one class which the aggregate consideration receivable by the Guarantor for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Ordinary Share of such class;
- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration receivable by the Guarantor for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Ordinary Share of such class;
- C<sub>1</sub> is the maximum number of Ordinary Shares of one class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate; and
- C<sub>2</sub> where applicable, is the maximum number of Ordinary Shares of a second class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

**5.3.8 Modification of Rights of Conversion etc.:** If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities as are mentioned in Condition 5.3.7 (other than in accordance with the terms of such securities) so that the consideration per Ordinary Share of one or more classes (for the number of Ordinary Shares of such classes available on conversion, exchange, subscription, purchase or acquisition following the modification) is reduced and, in each case, is less than 95 per cent. of the Current Market Price per H Share on the date of announcement of the proposals for such modifications, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modifications by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before such modification;
- B<sub>1</sub> is the number of Ordinary Shares of one class which the aggregate consideration receivable by the Guarantor for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at the Current Market Price per Ordinary Share of such class or, if lower, the existing conversion, exchange subscription, purchase or acquisition price of such securities;
- B<sub>2</sub> where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration receivable by the Guarantor for the Ordinary Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at the Current Market Price per Ordinary Share of such class or, if lower, the existing conversion, exchange subscription, purchase or acquisition price of such securities;
- C<sub>1</sub> is the maximum number of Ordinary Shares of one class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 5.3.8 or Condition 5.3.7; and
- C<sub>2</sub> where applicable, is the maximum number of Ordinary Shares of a second class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 5.3.8 or Condition 5.3.7.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

**5.3.9 Other Offers to Ordinary Shareholders:** In respect of each class of Ordinary Shares, if and whenever the Guarantor or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Ordinary Shareholders of such class generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 5.3.4, Condition 5.3.5, Condition 5.3.6 or Condition 5.3.7), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the aggregate Ordinary Shares in issue multiplied by their respective Current Market Price per Ordinary Share on the date on which the terms of such issue, sale or distribution of securities are first publicly announced; and
- B is the Fair Market Value of the portion of the aggregate rights attributable to the Ordinary Shares.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities or, if a record date is fixed therefor, immediately after such record date or if later, the first date upon which the Fair Market Value of the relevant securities is capable of being determined as provided herein, provided that if there are different effective dates for different classes of Ordinary Shares, the effective date of the H Shares shall prevail. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**” (as defined in Condition 5.8)) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Ordinary Shares is capable of being determined as provided herein.

**5.3.10 Other Events:** If the Guarantor determines, in its sole discretion, that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 5.3, the Issuer or the Guarantor shall, at its own expense, consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination.

**5.3.11 Further Classes of Ordinary Shares:** In the event that the Guarantor has more than two classes of Ordinary Shares outstanding at any time, the formulae set out in this Condition 5.3 shall be restated to take into account such further classes of Ordinary Shares so that “ $B_1 + B_2$ ” and “ $C_1 + C_2$ ” shall become “ $B_1 + B_2 + B_3$ ” and “ $C_1 + C_2 + C_3$ ” and “ $B_3$ ” and “ $C_3$ ” shall have the same meaning as “ $B_1$ ” and “ $C_1$ ”, respectively, but by reference to a third class of Ordinary Shares and so on,

provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 5.3 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 5.3 as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the intended result. Notwithstanding the foregoing, the per Ordinary Share value of any such adjustment shall not exceed the per Ordinary Share value of the dilution in the Ordinary Shareholders' interest in the Guarantor's equity caused by such events or circumstances.

## **5.4 Undertakings**

**5.4.1** The Guarantor has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its commercially reasonable endeavours (a) to maintain a listing for the H Shares on the Hong Kong Stock Exchange, (b) to obtain and maintain a listing for all the H Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange and (c) if the Guarantor is unable to obtain or maintain such listing, to obtain and maintain a listing for all the issued H Shares on such Alternative Stock Exchange as the Guarantor may from time to time determine, and will forthwith give notice to the Bondholders in accordance with Condition 16 of the listing or delisting of the H Shares (as a class) by any of such stock exchange;
- (ii) it will pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, H Shares arising on conversion of the Bonds (save for the Duties to be borne by any Bondholder as described in Condition 5.2.2);
- (iii) it will not make any reduction of its registered share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law (including but not limited to repurchase or cancellation of its shares (a) pursuant to any share incentive or share option schemes of the Guarantor; (b) as a result of its shareholders' dissent to the Guarantor's merger or segregation in a shareholders' meeting and request the Guarantor to repurchase its shares; (c) for the protection of the interests of the Guarantor's shareholders; and (d) as permitted by laws and regulations and the Guarantor's articles of association) provided that all or any part of the corporate action(s) comprising the reduction results in an adjustment to the Conversion Price then in effect or would otherwise be taken into account for the purposes of determining whether such an adjustment should be made pursuant to Condition 5); and
- (iv) it will use all commercially reasonable endeavours to maintain the listing of the Bonds on the Hong Kong Stock Exchange.

For the avoidance of doubt, no adjustment will be made to the Conversion Price as a result of any reduction of registered share capital in connection with any cancellation (before or after the Issue Date) of Ordinary Shares repurchased in accordance with applicable laws and listing rules prior to the Issue Date.



**5.4.2** In the Trust Deed, the Guarantor has undertaken with the Trustee, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders:

- (i) it will issue H Shares to Bondholders on exercise of Conversion Rights and ensure that at all times it has the ability to issue free from pre-emptive or other similar rights such number of H Shares as would enable the Conversion Rights and all other rights of subscription and exchange for and conversion into H Shares to be satisfied in full and will ensure that all H Shares delivered upon conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue or distribution or take any action the effect of which would be to reduce the Conversion Price below the par value of the H Shares of the Guarantor provided always that the Guarantor shall not be prohibited from purchasing its H Shares to the extent permitted by law.

**5.4.3** The Issuer and the Guarantor have also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

## **5.5 Notice of Change in Conversion Price**

The Issuer (failing which, the Guarantor) shall give notice to the Hong Kong Stock Exchange, to the Trustee and each Conversion Agent in writing and to the Bondholders in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

## **5.6 Adjustment upon Change of Control**

If a Change of Control (as defined in Condition 7.4.5(ii)) shall have occurred, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 16 and to the Trustee and the Agents in writing within 14 days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within the period of 30 days following the later of (i) the relevant Change of Control and (ii) the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP / (1 + (CP \times c/t))$$

Where:

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price before such adjustment. For the avoidance of doubt, OCP for the purposes of this Condition 5.6 shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition 5.6;

Conversion Premium (“CP”) = 15.0 per cent. expressed as a fraction;

c = the number of days from and including the first day of the Change of Control Conversion Period to but excluding the Maturity Date; and

t = the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced pursuant to this Condition 5.6 below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Restricted Transfer Period or a Restricted Conversion Period, as the case may be, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period or the Restricted Conversion Period, as the case may be.

On the H Share Stock Exchange Business Day immediately following the last day of the Change of Control Conversion Period, the Conversion Price shall be re-adjusted to the Conversion Price in force immediately before the adjustment to the Conversion Price during the Change of Control Conversion Period.

## **5.7 Provisions Relating to Changes in Conversion Price**

**5.7.1 *Minor Adjustments:*** On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to the Bondholders in accordance with Condition 16 and to the Trustee and the Agents in writing, in each case as soon as practicable after the determination thereof.

**5.7.2 *Decision of an Independent Financial Advisor:*** If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 5.3 or Condition 5.6 should be made, and following consultation between the Issuer, the Guarantor and an Independent Financial Advisor, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Guarantor, the Bondholders, the Trustee and the Agents, save in the case of manifest error. Notwithstanding the foregoing, the per H Share value of any such adjustment shall not exceed the per H Share value of the dilution in the shareholders' interest in the Guarantor's equity caused by such events or circumstances.

**5.7.3 *Minimum Conversion Price:*** Notwithstanding the provisions of this Condition 5, the Guarantor undertakes that: (i) the Conversion Price shall not in any event be reduced to below the nominal or par value of the H Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable H Shares; and (ii) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.

- 5.7.4 Reference to “fixed”:** Any references herein to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.
- 5.7.5 Multiple Events:** Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.
- 5.7.6 Upward/Downward Adjustment:** No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the H Shares as referred to in Condition 5.3.1. The Issuer or the Guarantor may at any time and for a specified period of time only, following notice being given to the Trustee and the Agents in writing and to the Bondholders in accordance with Condition 16, reduce the Conversion Price, subject to Condition 5.7.3.
- 5.7.7 Trustee Not Obligated to Monitor or Make Calculations:** Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation or determination (or verification thereof) in connection with the Conversion Price and/or any adjustments to it, or any determinations, advice or opinions made or given in connection therewith and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer, the Guarantor or any Independent Financial Advisor in making any calculation or determination or any erroneous calculation or determination in connection with the Conversion Price.
- 5.7.8 Employee Share Option Schemes:** No adjustment will be made to the Conversion Price when Ordinary Shares or other securities (including rights or options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees (including directors) of the Guarantor or any of its Subsidiaries pursuant to any employee share scheme or plan (and which employee share scheme or plan is in compliance with, if applicable, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or, if applicable, the Stock Listing Rules of the Shenzhen Stock Exchange or, if relevant, the listing rules of the Alternative Stock Exchange) (“**Share Scheme Options**”) unless any issue or grant of Share Scheme Options (which, but for this provision, would have required adjustment pursuant to Condition 5) would result in the total number of Ordinary Shares which may be issued upon exercise of all Share Scheme Options granted during the 12-month period up to and including the date of such issue or grant representing, in aggregate, more than two per cent. of the average of the issued and outstanding Ordinary Shares during such 12-month period. For the avoidance of doubt, any Ordinary Shares issued in excess thereof, and only such Ordinary Shares issued in excess thereof, shall be subject to adjustment to the Conversion Price and taken into account in determining such adjustment as set out in Condition 5.3.

**5.7.9 Consideration Receivable:** For the purpose of any calculation of the consideration receivable or price pursuant to Condition 5.3.4, Condition 5.3.6, Condition 5.3.7 and Condition 5.3.8, the following provisions shall apply:

- (i) the aggregate consideration receivable or price for Ordinary Shares of a class issued for cash shall be the amount of such cash;
- (ii) (a) the aggregate consideration receivable for Ordinary Shares of a class to be issued on the conversion, exercise or exchange of any options, warrants or other rights or securities (or following any modification thereof) shall be deemed to be the consideration received or receivable by the Guarantor for any such options, warrants or other rights or securities (or following any modification thereof); (b) the aggregate consideration receivable for Ordinary Shares of a class to be issued on the exercise of rights of subscription attached to any such securities (or following any modification thereof) shall be deemed to be that part (which may be the whole) of the consideration received or receivable by the Guarantor for such securities (or following any modification thereof) which is attributed by the Guarantor to such rights of subscription or, if no part of such consideration is so attributed, to the Fair Market Value of such rights of subscription as at the date of the announcement of the terms of issue or modification of such securities, plus in the case of each of (a) and (b) above, the additional minimum consideration (if any) to be received by the Guarantor on the conversion, exercise or exchange of such options, warrants or other rights or securities (or following any modification thereof), or on the exercise of such rights of subscription; and (c) the consideration per Ordinary Share of a class receivable by the Guarantor on the conversion, exercise or exchange of, or on the exercise of such rights of subscription attached to, such options, warrants or other rights or securities (or following any modification thereof) shall be the aggregate consideration referred to in (a) or (b) above (as the case may be) divided by the number of Ordinary Shares of such class to be issued on such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (iii) if the consideration or price determined pursuant to (i) or (ii) above of this Condition 5.7.9 (or any component thereof) shall be expressed in a currency other than HK dollars, it shall be converted into HK dollars at the Prevailing Rate on the relevant date;
- (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares of a class or securities or options, warrants or rights, or otherwise in connection therewith;
- (v) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Guarantor or another entity as appointed by the Guarantor;
- (vi) if as part of the same transaction, Ordinary Shares of a class shall be issued or issuable for a consideration receivable in more than one or in different currencies then the consideration receivable per Ordinary Share of such class shall be determined by dividing the aggregate consideration (determined as aforesaid and converted if and to the extent not in HK dollars, into HK dollars as aforesaid) by the aggregate number of Ordinary Shares so issued; and

- (vii) neither the Trustee nor the Agents shall be under any duty to determine, calculate or verify any entitlement of any Bondholder to any amount payable upon or following the exercise of any Conversion Right and none of them will be responsible or liable to any Bondholder or any other person for any loss arising from any failure to do so.

## 5.8 Definitions

For the purposes of these Conditions:

**“Alternative Stock Exchange”** means, at any time, in the case of the H Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which such H Shares are then listed or quoted or dealt in;

**“Closing Price”** means, in respect of an Ordinary Share of a class for any Trading Day, the closing market price quoted by the principal stock exchange or securities market on which the Ordinary Shares of such class are then listed, admitted to trading or quoted or dealt in and, in the case of the A Shares, shall (unless otherwise determined at the relevant time) mean the Shenzhen Stock Exchange and, in the case of the H Shares, shall (unless otherwise determined at the relevant time) mean the Hong Kong Stock Exchange;

**“Current Market Price”** means, in respect of an Ordinary Share of a class on a particular date, the average of the daily Closing Price on each of the 20 consecutive Trading Days ending on and including the Trading Day immediately preceding such date and (if necessary) translated into HK dollars at the Prevailing Rate as at the relevant date; provided that:

- (A) for the purposes of determining the Current Market Price pursuant to Conditions 5.3.4 or 5.3.6 in circumstances where the relevant event relates to an issue of Ordinary Shares, if at any time during the said 20 Trading Day-period (which may be on each of such 20 Trading Days) the Ordinary Shares of such class shall have been quoted ex-dividend (or ex- any other entitlement) and/or during some other part of that period (which may be on each of such 20 Trading Days) the Ordinary Shares of such class shall have been quoted cum-dividend (or cum- any other entitlement) then:
- (i) if the Ordinary Shares of such class to be issued or transferred and delivered do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Ordinary Shares of such class shall have been based on a price cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class; or
  - (ii) if the Ordinary Shares of such class to be issued or transferred and delivered rank for the dividend or entitlement in question, the Closing Price on the dates on which the Ordinary Shares of such class shall have been based on a price ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of any such dividend or entitlement per Ordinary Shares of such class;

- (B) for the purpose of determining the Current Market Price of any Ordinary Shares of any class which are to be issued or may be issued pursuant to a Scrip Dividend pursuant to Condition 5.3.2(ii), if on any day during the said 20 Trading Day-period the Volume Weighted Average Price of the Ordinary Shares of such class shall have been based (A) on a price cum the Relevant Cash Dividend (and/or any other dividend or other entitlement which the Ordinary Shares of such class that may be issued pursuant to terms of such Scrip Dividend do not rank for), the Volume Weighted Average Price of an Ordinary Share of such class on any such day shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the Relevant Cash Dividend (and/or such other dividend or other entitlement) (as at the date of first public announcement of the terms of such Relevant Cash Dividend) per Ordinary Share of such class entitled to the Relevant Cash Dividend (and/or such other dividend or other entitlement) or (B) on a price ex- the Relevant Cash Dividend, the Volume Weighted Average Price of an Ordinary Share of such class on any such day shall for the purposes of this definition be deemed to be the amount thereof (x) multiplied by the sum of one and the number of Ordinary Shares of such class which are to be issued or may be issued pursuant to such Scrip Dividend per Ordinary Share of such class entitled to the Relevant Cash Dividend and (y) reduced by the Fair Market Value of the Relevant Cash Dividend (as at the date of first public announcement of the terms of such Relevant Cash Dividend) per Ordinary Share of such class entitled to the Relevant Cash Dividend; and
- (C) for any other purpose, if any day during the said 20 Trading Day-period was the ex-date in relation to any dividend (or any other entitlement) the Volume Weighted Average Prices that shall have been based on a price cum- such dividend (or cum- such entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend (or other entitlement) per Ordinary Share of such class as at the date of first public announcement of the terms of such dividend (or other entitlement);

“**Capital Distribution**” means, on a per Ordinary Share basis,

- (i) any distribution of assets *in specie* by the Guarantor for any financial period whenever paid or made and however described (and for these purposes a distribution of assets *in specie* includes, without limitation, an issue of Ordinary Shares or other securities credited as fully or partly paid by way of capitalisation of reserves, but excludes any Ordinary Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 5.3.2(i) and a Scrip Dividend adjusted for under Condition 5.3.2(ii)); and
- (ii) any cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Guarantor for any financial period (whenever paid and however described), translated into HK dollars at the Prevailing Rate as at the effective date of the relevant adjustment to the Conversion Price,

*provided that* a purchase or redemption of Ordinary Shares by or on behalf of the Guarantor (or a purchase of Ordinary Shares by or on behalf of a Subsidiary of the Guarantor) shall not constitute a Capital Distribution, unless the weighted average price (before expenses) on any one day in respect of such purchases exceeds the Current Market Price of the Ordinary Shares by more than five per cent. either (a) on that date, or (b) where an announcement has been made of the intention to purchase Ordinary Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b) of this definition, the



relevant day is not a Trading Day, the immediately preceding Trading Day, in which case such purchase or redemption shall be deemed to constitute a Capital Distribution in an amount equal to the amount by which the aggregate consideration paid (before expenses) in respect of such Ordinary Shares purchased or redeemed exceeds the product of 105 per cent. of such Current Market Price and the number of Ordinary Shares so purchased or redeemed;

**“Fair Market Value”** means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that an Independent Financial Advisor will not be required to determine the fair market value where (i) the Capital Distribution is paid in cash, in which case the fair market value of such cash Capital Distribution per Ordinary Share of the relevant class shall be the amount of such cash Capital Distribution per Ordinary Share of such class determined as at the date of announcement of such cash Capital Distribution and (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights or securities are or will upon issuance be publicly traded in a market of adequate liquidity (as determined by such Independent Financial Advisor), the fair market value of such options, warrants or other rights or securities shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights or securities during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights or securities are publicly traded. Such amounts, if expressed in a currency other than HK dollars shall be translated into HK dollars (a) in the case of any cash Capital Distribution, at the average benchmark exchange rate between Renminbi and HK dollars expressed to be used in respect of such cash Capital Distribution and (b) in any other case at the Prevailing Rate on such date. In addition, in the case of provisos (i) and (ii) above of this definition, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit;

**“Hong Kong Stock Exchange”** means The Stock Exchange of Hong Kong Limited or any successor thereto;

**“H Share Stock Exchange Business Day”** means any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be) is open for the business of dealing in securities;

**“Independent Financial Advisor”** means an independent investment bank or licensed financial advisor or institution of international repute (acting as an expert) selected and appointed at its own cost by the Issuer or the Guarantor and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an Independent Financial Advisor and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it;

**“Prevailing Rate”** means, in respect of any currency on any day, the spot exchange rate between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined, provided that in the case of any cash Capital Distribution in respect of the H Shares, the “Prevailing Rate” shall be deemed to be the average benchmark exchange rate between Renminbi and HK dollars, calculated in the manner as announced by the Guarantor on the

Hong Kong Stock Exchange from time to time, being as at the Issue Date the average of the medium rate of Renminbi to HK dollars as announced by the People's Bank of China for five working days preceding (and including) the date on which such cash Capital Distribution are declared at the relevant annual general meeting;

**“Relevant Cash Dividend”** means the aggregate cash dividend or distribution declared by the Guarantor, including any cash dividend in respect of which there is any Scrip Dividend;

**“Relevant Page”** means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider that displays the relevant information;

**“Scrip Dividend”** means Ordinary Shares of any class issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Ordinary Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt, no adjustment is to be made under Condition 5.3.3 in respect of the amount by which the Current Market Price of the Ordinary Shares exceeds the Relevant Cash Dividend or the relevant part thereof but without prejudice to any adjustment required in such circumstances to be made under Condition 5.3.2);

**“Shenzhen Stock Exchange”** means The Shenzhen Stock Exchange;

**“Trading Day”** means in respect of an Ordinary Share of a class, a day when the principal stock exchange of such Ordinary Share is open for dealing business and, in the case of the A Shares, shall (unless otherwise determined at the relevant time) mean the Shenzhen Stock Exchange and, in the case of the H Shares, shall (unless otherwise determined at the relevant time) mean the Hong Kong Stock Exchange; provided that for the purposes of any calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

**“Volume Weighted Average Price”** means, in relation to an H Share for any H Share Stock Exchange Business Day, the order book volume-weighted average price of an H Share for such H Share Stock Exchange Business Day appearing on or derived from Bloomberg screen page “6936 HK Equity VAP” (or its successor page) or, if not available on any of such screens, from such other source as shall be determined in good faith and in a commercially reasonable manner, using a volume-weighted average method, to be appropriate by an Independent Financial Advisor, provided that for any H Share Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an H Share in respect of such H Share Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding H Share Stock Exchange Business Day on which the same can be so determined.

References to any issue or offer or grant to Ordinary Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Ordinary Shareholders, other than Ordinary Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

## 6 PAYMENTS

### 6.1 Principal

Payment of principal and interest (if any) will be made by transfer to the registered account of the Bondholder except in the case of any amount payable directly by the Issuer or the Guarantor (as the case may be) pursuant to Condition 5, where any amounts payable consequent upon the exercise of its Conversion Right by a Bondholder will be made by HK dollar cheque drawn on a bank that processes payments in HK dollars and mailed to the address of the Bondholder or by transfer to a HK dollar account maintained by the payee, in either case in accordance with instructions given by the relevant Bondholder in its Conversion Notice. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream (each, a “**relevant clearing system**”), each payment in respect of the Global Certificate will be made to the person shown as the holder thereof in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.*

### 6.2 Registered Accounts

For the purposes of this Condition 6, a Bondholder’s registered account means the HK dollar account maintained by or on behalf of it with a bank that processes payments in HK dollars, details of which appear on the Register at the close of business on the fifth Payment Business Day (as defined in Condition 6.6) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

### 6.3 Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

## **6.4 Payment Initiation**

Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

## **6.5 Delay in Payment**

Bondholders will not be entitled to any interest (if any) or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if the Bondholder is late in surrendering its Certificate (if required to do so).

## **6.6 Payment Business Day**

In this Condition 6, “**Payment Business Day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks and foreign exchange markets are generally open for business in Hong Kong and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

## **6.7 Rounding**

When making payments to Bondholders, fraction of one cent will be rounded to the nearest cent (half a cent being rounded upwards).

## **6.8 Appointment of Agents**

The initial Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents provided that the Issuer shall at all times maintain (i) a Principal Agent, (ii) a Registrar, (iii) a Transfer Agent (which may be the Principal Agent), (iv) a Conversion Agent (which may be the Principal Agent) and (v) such other agents as may be required by the stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any changes in any Agent or their specified offices will promptly be given by the Issuer or the Guarantor to the Bondholders in accordance with Condition 16.

# **7 REDEMPTION, PURCHASE AND CANCELLATION**

## **7.1 Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 100.5 per cent. of its principal amount on 8 July 2026 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 7.2 or Condition 7.3 below (but without prejudice to Condition 9).

## 7.2 Redemption at the Option of the Issuer

**7.2.1** The Issuer may, having given not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders, the Trustee and the Principal Agent (which notice will be irrevocable), redeem all but not some only of the Bonds at their Early Redemption Amount if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 15).

Upon the expiry of the Optional Redemption Notice, the Issuer will be bound to redeem the relevant Bonds at their principal amount.

**7.2.2** The Trustee and the Agents shall have no obligation to confirm whether the circumstances giving rise to a right for the Issuer to redeem under this Condition 7.2 have in any case arisen, and none of them shall be liable to the Bondholders or any other person for not doing so.

## 7.3 Redemption for Taxation Reasons

**7.3.1** At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Agent and the Bondholders (which notice shall be irrevocable) redeem all but not some only of the Bonds at their Early Redemption Amount (the "**Tax Redemption Date**"), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or the BVI or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 25 June 2025, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 7.3.1, the Issuer shall deliver to the Trustee (a) a certificate signed by one Authorised Signatory of the Issuer (or, as the case may be, of the Guarantor), stating that the obligation referred to in (i) above of this Condition 7.3.1 cannot be avoided by the Issuer (or, as the case may be, the Guarantor) having taken reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing, in form and substance satisfactory to the Trustee, to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Issuer (or, as the case may be, the Guarantor) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders.

**7.3.2** On the Tax Redemption Date, the Issuer shall redeem the Bonds at the Early Redemption Amount, provided that redemption under this Condition 7.3 may not occur within seven days of the end of a Restricted Transfer Period, but otherwise may occur whenever the Conversion Right is expressed in these Conditions to be exercisable.

**7.3.3** If the Issuer gives a notice of redemption pursuant to this Condition 7.3, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 8 shall not apply in respect of any payment of principal or interest (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 8 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the government of the PRC or the BVI or, in each case, any authority thereof or therein having power to tax. For the avoidance of doubt, any Additional Tax Amounts which had been payable in respect of the Bonds as a result of the laws or regulations of the government of the PRC or the BVI or, in each case, any authority thereof or therein having power to tax prior to 25 June 2025, will continue to be payable to such Bondholders. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m. from Monday to Friday (other than public holidays)) a duly completed and signed notice of election, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date. Such notice of election, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

#### **7.4 Redemption for Relevant Events**

**7.4.1** Following the occurrence of a Relevant Event (as defined in Condition 7.4.5), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date (as defined below) at the Early Redemption Amount as at the Relevant Event Put Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m. from Monday to Friday (other than public holidays)) a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent (a "**Relevant Event Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 7.4.1.

**7.4.2** A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid (subject to delivery of the relevant Certificates) on the Relevant Event Put Date.

**7.4.3** None of the Trustee or the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur and none of them shall be liable to Bondholders or any other person for not doing so.



**7.4.4** Not later than 14 days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event shall be delivered to Bondholders (in accordance with Condition 16) and to the Trustee and the Principal Agent in writing stating:

- (i) the Relevant Event Put Date;
- (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event;
- (iii) the date by which the Relevant Event Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) briefly, the Conversion Right and the then current Conversion Price;
- (vii) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise their rights under this Condition 7.4 or their Conversion Right; and
- (viii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn without the Issuer's consent.

**7.4.5** For the purposes of this Condition 7.4:

- (i) a “**Change of Control**” occurs when: (a) any Person or Persons (other than Mr. Wang Wei and/or his Related Persons) acting together, directly or indirectly, acquires control of the Guarantor; (b) Mr. Wang Wei and/or his Related Persons together with any voting rights controlled directly or indirectly by Mr. Wang Wei and/or his Related Persons, including through any voting consent agreement, cease(s) to be the single largest group of holders, directly or indirectly, of the voting rights of the Guarantor; or (c) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other Person or Persons, acting together;
- (ii) “**control**” in respect of any Person means (i) the ownership or control of 50.1 per cent. or more of the voting rights of the issued share capital of such person or (ii) the right to appoint and/or remove all or the majority of the members of such person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;
- (iii) a “**Delisting**” occurs when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange or the Alternative Stock Exchange (as the case may be);

- (iv) an **“H Share Suspension in Trading”** means the suspension in trading of the H Shares for a period of 30 consecutive H Share Stock Exchange Business Days; **“Person”** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Guarantor’s board of directors or any other governing board and does not include the Guarantor’s Subsidiaries;
- (v) a **“No Registration Event”** occurs when the Release Condition is not complied with on or before the Registration Deadline;
- (vi) **“Registration Deadline”** means the day falling 180 Registration Deadline Business Days after the issue date of the Bonds;
- (vii) **“Registration Deadline Business Day”** for the purposes of this definition means a day other than a Saturday or Sunday on which banks are open for business and settlement in Shenzhen;
- (viii) **“Related Person”** means with respect to any shareholder (i) any trusts established for the benefit of such shareholders and/or their immediate family members and/or siblings, (ii) any of their executors and/or beneficiaries of their estate, (iii) any companies in which they control, directly or indirectly, 50.0 per cent. or more of the voting rights or have the ability to appoint and/or remove a majority of the members of the board of directors or other governing body or (iv) their extended family members;
- (ix) **“Release Condition”** means the receipt by the Trustee of: (a) a certificate in substantially the form set forth in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming (x) the completion of the Cross-border Security Registration; and (y) that no Event of Default has occurred and is continuing; and (b) a copy of the relevant SAFE registration certificate and other documents (if any) evidencing the completion of the Cross-border Security Registration, certified as true by an Authorised Signatory of the Guarantor;
- (x) a **“Relevant Event”** means the occurrence of either (a) a Change of Control; (b) a Delisting; (c) a H Share Suspension in Trading or (d) a No Registration Event;
- (xi) **“SAFE”** means the State Administration of Foreign Exchange of the PRC or its local branch; and
- (xii) **“voting rights”** means the right generally to vote at a general meeting of shareholders of a specified person.

## 7.5 Early Redemption Amount

For the purposes of these Conditions: the “**Early Redemption Amount**” of a Bond, for each HK\$1,000,000 principal amount of the Bonds, is the amount determined to represent for the Bondholder on the relevant date for determination of the Early Redemption Amount (the “**Determination Date**”) a gross yield of 0.5 per cent. per annum calculated on a semi-annual basis. The applicable Early Redemption Amount for each HK\$1,000,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Semi-annual Date (being each of the dates set out in the left hand column in the table below), such Early Redemption Amount shall be as set out in the right hand column in the table below in respect of such Semi-annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1 + r/2)d/p$$

where

Previous Redemption Amount = the Early Redemption Amount for each HK\$1,000,000 principal amount on the Semi-annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to the first Semi-annual Date, HK\$1,000,000):

<u>Semi-annual Date</u>	<u>Early Redemption Amount</u>
	(HK\$)
10 January 2026 . . . . .	1,002,500

r = 0.5 per cent. expressed as a fraction;

d = number of days from and including the immediately preceding Semi-annual Date (or if the Bonds are to be redeemed on or before the first Semi-annual Date, from and including the Issue Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed;

p = 180.

## 7.6 Purchases

The Issuer, the Guarantor or any of their respective Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Bonds so acquired, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle them to convert the Bonds in accordance with these Conditions nor shall such Bonds be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders and exercising any voting rights with respect to such Bonds and Condition 9 and Condition 13.

## 7.7 Cancellation

All Bonds which are repurchased, redeemed or converted or purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

## 7.8 Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 7 will be irrevocable and will be given in accordance with Condition 16 specifying: (i) the Conversion Price as at the date of the relevant notice; (ii) the last day on which Conversion Rights may be exercised; (iii) the principal and/or premium (if any) payable; (iv) the date fixed for redemption; (v) the manner in which redemption will be effected; and (vi) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to these Conditions), the first in time shall prevail.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable on redemption of the Bonds pursuant to this Condition 7 or have any duty to verify the accuracy, content, completeness, validity and/or genuineness of any certificates, confirmations or documents in relation to or in connection to any such redemption or the exercise of any right of redemption or to require redemption, and none of them shall be liable to the Bondholders or any other person for not doing so.

## 8 TAXATION

**8.1** All payments made by or on behalf of the Issuer (or, as the case may be, the Guarantor) in respect of the Bonds (or, in the case of the Guarantor, the Guarantee) will be made free from any set-off, counterclaim, restriction or condition and will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or the BVI or, in each case, any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. Where such withholding or deduction is made by the Issuer or the Guarantor (as the case may be) by or within the PRC up to and including the aggregate rate applicable on 25 June 2025 (the “**Applicable Rate**”), the Issuer or the Guarantor (as the case may be) will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer or the Guarantor (as the case may be) is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any BVI deduction or withholding is required, in such event the Issuer or the Guarantor (as the case may be) shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond or the Guarantee:

**8.1.1** to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC or the BVI, as the case may be, otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so; or

**8.1.2** (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

**8.2** “**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

**8.3** References in these Conditions to principal, premium and interest (if any) shall be deemed also to refer to any additional amounts or premiums which may be payable under these Conditions or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed and the Deed of Guarantee.

**8.4** Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest (if any) or other amount under or in respect of the Bonds or the Guarantee without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

## **9 EVENTS OF DEFAULT**

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in any such case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their Early Redemption Amount (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 5) if any of the following events (each an “**Event of Default**”) has occurred:

**9.1** if default is made in the payment of any principal or premium (if any) due in respect of the Bonds or any of them; or

**9.2** failure by the Guarantor to deliver the H Shares, unless such failure is due to a technical or administrative error and is remedied by the Guarantor within three H Share Stock Exchange Business Days as and when the H Shares are required to be delivered following conversion of a Bond; or

**9.3** if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions, the Trust Deed or the Deed of Guarantee (other than where it may give rise to a right for redemption pursuant to Condition 7.3 for a No Registration Event) and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 60 days following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of written notice requiring the same to be remedied; or

- 9.4** if (i) any indebtedness for borrowed money of the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any indebtedness for borrowed money upon the expiry of any originally applicable grace period after the due date for payment; or (iii) the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries fails to make any payment in respect of any amount payable under any guarantee and/or indemnity given by it in relation to any indebtedness for borrowed money of any other person upon the expiry of any originally applicable grace period after the due date for payment; provided that no event described in this subparagraph shall constitute an Event of Default unless the indebtedness for borrowed money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of indebtedness for borrowed money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) through (iii) inclusive above which have occurred and are continuing, amounts to the greater of U.S.\$200,000,000 (or the equivalent thereof in any other currency) and two per cent. of the Total Equity of the Guarantor; or
- 9.5** if any order is made by any competent court or resolution is passed for the winding-up or dissolution of the Issuer, the Guarantor or any of the Principal Subsidiaries, save in the case of any Principal Subsidiary, for (i) any voluntary solvent winding-up, liquidation or dissolution; or (ii) any reorganisation whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor and/or another Subsidiary of the Guarantor; or
- 9.6** if (i) the Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (save (A) in the case of any Principal Subsidiary, where the cessation is for the purposes of a solvent winding-up, dissolution, reconstruction, merger or consolidation whereby the business, undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor and/or another Subsidiary of the Guarantor; (B) in the case of any Principal Subsidiary, as a result of a disposal on arm's length terms where any consideration resulting from such disposal are vested in the Guarantor and/or any of its Subsidiaries; or (C) in other circumstances where the cessation is for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution); or (ii) the Issuer, the Guarantor or any of the Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, all or substantially all of its debts as they fall due or is deemed unable to pay all or substantially all of its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found by a court of competent jurisdiction to be bankrupt or insolvent; or
- 9.7** if any Security Interest, present or future, created or assumed by the Issuer, the Guarantor or any of the Principal Subsidiaries becomes enforceable; and (i) proceedings are initiated against the Issuer, the Guarantor or any of the Principal Subsidiaries in relation to all or any substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Principal Subsidiaries, or (ii) the Issuer, the Guarantor or any of the Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to any judicial proceedings relating to itself, under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a general moratorium in respect of all or any part of its debts), or (iii) an application is made (or documents filed with a court of competent jurisdiction) for the appointment of an administrative or other receiver, manager, administrator



or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of the Principal Subsidiaries or, as the case may be, in relation to all or any substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Principal Subsidiaries or an encumbrancer takes possession of all or any substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Principal Subsidiaries, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or any substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Principal Subsidiaries; and in any such case (other than the appointment of an administrator) unless initiated by the Issuer, the Guarantor or any of the Principal Subsidiaries, is not discharged or stayed within 60 days; or

- 9.8** if the Issuer, the Guarantor or any of the Principal Subsidiaries makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) in respect of all or a substantial part of its debts except, with respect to any of the Principal Subsidiaries, where such conveyance or assignment is made or any such composition or other arrangement is entered into on a solvent basis; or
- 9.9** if (i) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries is seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer, the Guarantor or any of the Principal Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; provided that no event described in this subparagraph shall constitute an Event of Default if the Issuer, the Guarantor or any of the Principal Subsidiaries receives a commercially reasonable reimbursement for such a seizure, appropriation or prevention from exercising normal control; or
- 9.10** if the Issuer ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Guarantor; or
- 9.11** if the Bonds, the Deed of Guarantee or the Trust Deed ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or
- 9.12** if any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Deed of Guarantee other than with regard to the performance and compliance with the obligations thereunder to the extent that the Issuer or, as the case may be, the Guarantor has used all reasonable endeavours to obtain or complete the relevant consent, approval, authorisation, exemption, filing, licence, order, recording or registration as described thereunder, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- 9.13** if any event occurs which, under the laws of any competent jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs 9.5 to 9.9 above.

For the purposes of this Condition:

**“Principal Subsidiary”** means any Subsidiary of the Guarantor incorporated in the PRC:

- (a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least 10 per cent. of the consolidated revenue as shown by the latest audited consolidated income statement of the Guarantor; or
- (b) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 10 per cent. of the amount which equals the amount included in the consolidated gross assets of the Guarantor as shown by the latest audited consolidated balance sheet of the Guarantor; or
- (c) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary at the date on which the first available audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), or (b) above of this definition;

*provided that, in relation to paragraphs (a) and (b) above of this definition:*

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest audited consolidated accounts of the Guarantor relate, the reference to the then latest audited consolidated accounts of the Guarantor for the purposes of the calculation above shall, until audited consolidated accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are issued be deemed to be a reference to the then latest audited consolidated accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue or gross assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue or gross assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and
- (iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

A certificate prepared by an Authorised Signatory of the Guarantor that in his or her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Guarantor in the absence of manifest error, shall be conclusive and binding on the Bondholders and all parties. The certificate shall, if there is a dispute as to whether any Subsidiary of the Guarantor is or is not a Principal Subsidiary, be accompanied by a report by a nationally recognised firm of public accountants addressed to the Guarantor as to proper extraction of the figures used by the Guarantor in determining the Principal Subsidiaries of the Guarantor and mathematical accuracy of the calculation.

“**Total Equity**” means, as of any date, the total equity attributable to the Guarantor’s shareholders on a consolidated basis determined in accordance with IFRS Accounting Standards, as shown on the Guarantor’s latest consolidated audited financial statements.

## **10 PRESCRIPTION**

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of default interest, if any) from the Relevant Date in respect thereof.

## **11 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER**

### **11.1 Meetings**

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and if it is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjournment of such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal in respect of the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify or cancel the Conversion Rights (except by unilateral and unconditional reduction in the Conversion Price) or the put options specified in Condition 7 or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding and/or an Electronic Consent (as defined in the Trust Deed) shall be as valid and effective as a duly passed Extraordinary Resolution.

## **11.2 Modification and Waiver**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 11.1 above and the Trust Deed) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement, the Deed of Guarantee or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement, the Deed of Guarantee or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modification, waiver or authorisation will be notified by the Issuer or the Guarantor to the Bondholders as soon as practicable thereafter.

## **11.3 Interests of Bondholders**

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those in relation to any proposed modification, authorisation or, waiver) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim from the Issuer, the Guarantor or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 8 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## **12 REPLACEMENT OF CERTIFICATES**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and such indemnity and/or security as the Issuer and/or such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **13 ENFORCEMENT**

At any time when the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds, but it need not take any such steps and/or actions and/or institute any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

## 14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification, security and pre-funding of the Trustee and for its relief from responsibility including without limitation from taking proceedings to enforce payment unless indemnified and/or secured and/or prefunded of its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related (directly or indirectly) to the Issuer and/or the Guarantor and/or any entity related (directly or indirectly) to the Issuer and/or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, advice or opinion, in which case such report, confirmation, certificate, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or as otherwise provided for in the Trust Deed and/or the Conditions. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Relevant Event, Event of Default or Potential Event of Default has occurred or may occur or monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

## **15 FURTHER ISSUES**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for complying with the requirements set out in these Conditions in relation to the Initial CSRC Post-Issuance Filing and the Cross-border Security Registration and the timing of any subsequent notices relating thereto to the Trustee and the Bondholders) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds shall be constituted by a deed supplemental to the Trust Deed.

## **16 NOTICES**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar or published in a leading newspaper having general circulation in Asia and, so long as the Bonds are listed on the Hong Kong Stock Exchange and the rules of that stock exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be the South China Morning Post). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

*As long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or an alternative clearing system, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and such delivery shall be deemed to be valid for all purposes of the Conditions.*

## **17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this is without prejudice to the rights of Bondholders as contemplated in Condition 13.

## **18 GOVERNING LAW AND JURISDICTION**

### **18.1 Governing Law**

The Bonds, the Trust Deed, the Agency Agreement and the Deed of Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### **18.2 Jurisdiction**

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of Hong Kong and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.



### **18.3 Agent for Service of Process**

The Issuer has irrevocably appointed in the Trust Deed the Guarantor as its agent in Hong Kong, and the Guarantor has irrevocably agreed, to accept service of process at the Guarantor's principal place of business in Hong Kong (currently at 9/F, Asia Logistics Hub – SF Centre 36 Hong Wan Road, Tsing Yi New Territories, Hong Kong), for it and on its behalf, in any Proceedings in Hong Kong.

### **18.4 Waiver of Immunity**

Each of the Issuer and the Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

*The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions.*

*The Bonds will be evidenced by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream.*

### PROMISE TO PAY

Under the Global Certificate, the Issuer promises to pay such principal, interest and such other sums and additional amounts (if any) as may be payable under the Terms and Conditions on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions.

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the due date for payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except for 25 December and 1 January.

### EXCHANGE OF BONDS REPRESENTED BY GLOBAL CERTIFICATE

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates (“**definitive Certificates**”) if either Euroclear or Clearstream (or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Paying Agent and the Registrar (an “**Alternative Clearing System**”) through which the Bonds are held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer at its own expense will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

### TRUSTEE’S POWERS

In considering the interests of the Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system or clearing systems, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

## **CONVERSION**

Subject to the requirements of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System), the Conversion Rights attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation thereof to or to the order of the Principal Agent of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

## **NOTICES**

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream or any Alternative Clearing System, notices to holders of the Bonds may be given by their being delivered to Euroclear and Clearstream or, as the case may be, any Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds rather than by publication as required by the Terms and Conditions and shall be deemed to have been given on the date of delivery to Euroclear and Clearstream or, as the case may be, any Alternative Clearing System.

## **TRANSFERS**

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) and their respective direct and indirect participants.

## **CANCELLATION**

On cancellation of any Bond represented by the Global Certificate that is required by the Terms and Conditions to be cancelled (other than upon its redemption), the details of such cancellation will be entered in the records of the relevant Clearing Systems in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System, as the case may be) and, upon any such entry being made, the principal amount of the Bonds recorded in the records of the relevant Clearing Systems and represented by the Global Certificate will be reduced by the aggregate principal amount of the Bonds so cancelled.

## **MEETINGS**

For the purposes of any meeting of Bondholders, each holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each HK\$1,000,000 in principal amount of the Bonds for which the Global Certificate is issued.

## **BONDHOLDER'S REDEMPTION**

The Bondholder's redemption options in Condition 7.4 (*Redemption for Relevant Events*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the relevant option is exercised and presenting the Global Certificate for endorsement or exercise within the time limits specified in the Terms and Conditions.

Notice of exercise received within the time limits specified in the Terms and Conditions by the Principal Agent from or on behalf of a holder of a book-entry interest in the relevant Bonds will be accepted by the Issuer as having been given by the holder as to the principal amount of Bonds in respect of which it is given (but without double counting), and whether or not the Global Certificate is presented for endorsement therewith.

#### **REDEMPTION AT THE OPTION OF THE ISSUER**

The options of the Issuer provided for in Conditions 7.2 (*Redemption at the Option of the Issuer*) and 7.3 (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders and to Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Terms and Conditions.

## **USE OF PROCEEDS**

The net proceeds from this offering, after the deduction of fees, commissions and expenses payable in connection with this offering will be approximately HK\$2,900.6 million. The Company intends to use its proceeds from the issuance of the Bonds for the purposes of strengthening the Group's international and cross-border logistics capabilities, for research and development of advanced technologies and digital solutions, for enhancing capital structure, and for general corporate purposes.

## CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

The following table sets forth on an actual basis the Guarantor's borrowings and capitalisation as at 31 December 2024 and as adjusted to give effect to the issuance of the Bonds in this offering before deducting the Manager's commissions and other estimated expenses payable by the Guarantor in connection with the Offering. The table should be read in conjunction with the financial statements and the accompanying notes included elsewhere or incorporated by reference in this Offering Circular.

	As at 31 December 2024			
	Actual		As adjusted	
	(RMB'000)	(HK\$'000) <sup>(3)</sup>	(Unaudited) (RMB'000)	(Unaudited) (HK\$'000) <sup>(3)</sup>
Short-term bank borrowings . . . . .	18,365,122	19,831,888	18,365,122	19,831,888
Long-term bank borrowings. . . . .	26,319,260	28,421,299	26,319,260	28,421,299
Bonds to be issued <sup>(1)</sup> . . . . .	—	—	2,731,818	2,950,000
<b>Total indebtedness.</b> . . . .	<b>44,684,382</b>	<b>48,253,188</b>	<b>47,416,200</b>	<b>51,203,188</b>
<b>Equity</b>				
Share capital . . . . .	4,986,187	5,384,419	4,986,187	5,384,419
Treasury shares. . . . .	-758,081	-818,627	-758,081	-818,627
Reserves . . . . .	48,624,934	52,508,460	48,624,934	52,508,460
Retained earnings . . . . .	39,140,246	42,266,258	39,140,246	42,266,258
<b>Total equity.</b> . . . .	<b>91,993,286</b>	<b>99,340,510</b>	<b>91,993,286</b>	<b>99,340,510</b>
<b>Total capitalisation<sup>(2)</sup>.</b> . . . .	<b>136,677,668</b>	<b>147,593,698</b>	<b>139,409,486</b>	<b>150,543,698</b>

*Notes:*

- (1) In accordance with International Accounting Standards 32 "Financial Instruments: Presentation", a convertible bond that can be converted to equity shares at the option of the holder which is accounted for as compound financial instruments contains both a liability component and an equity component. For purpose of the capitalisation and indebtedness table and illustration, the gross proceeds the Group is expecting to receive from the issuance of the Bonds (before deducting the underwriting commission and other estimated expenses in relation to the issuance of the Bonds) will be assumed as the liability component, and no allocation to the equity component will be made.
- (2) Total capitalisation equals the aggregate of the total indebtedness and total equity.
- (3) For convenience only, the translation of Renminbi amounts into Hong Kong dollar amounts has been made at the rate of RMB0.92604 to HK\$1.00, the central parity rate of Renminbi published by CFETS as authorised by the PBOC on 31 December 2024.

Except as disclosed elsewhere in this Offering Circular, there has been no material change in the Guarantor's capitalisation and indebtedness since 31 December 2024.



## **DESCRIPTION OF THE ISSUER**

### **FORMATION**

The Issuer is a BVI business company with limited liability incorporated under the BVI Business Companies Act, 2004 (as amended) of the British Virgin Islands on 31 March 2022. The Issuer's registration number is 2095421. Its registered office is located at Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands. The Issuer is an indirect wholly-owned subsidiary of the Guarantor.

### **BUSINESS ACTIVITY**

The Issuer was established for the purpose of issuing the Bonds and on-lending the proceeds to the Group, and/or its subsidiaries or affiliates. As of the date of this Offering Circular, the Issuer, since its incorporation, has not engaged in any material activities other than those relating to the proposed issuance of the Bonds and the on-lending of the proceeds thereof to the Group, and/or its subsidiaries or affiliates, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party.

### **FINANCIAL STATEMENTS**

Under British Virgin Islands law, the Issuer is not required to publish condensed or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of accounts as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions. Effective from 1 January 2023, the issuer is also required to file a financial annual return with its registered agent within 9 months after the end of each year to which the financial annual return relates.

### **DIRECTORS**

The directors of the Issuer are Chit Ho and Bee Ti Ooi. The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer.

### **SHARE CAPITAL**

The Issuer is authorised under its memorandum of association to issue a maximum of 50,000 shares with no par value each of a single class and 10,000 shares have been issued to, and is held by, SF Holding (HK). The register of members of the Issuer is maintained at its registered office in the British Virgin Islands. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.




## DESCRIPTION OF THE GUARANTOR

### OVERVIEW

The Group is a leading global integrated logistics service provider (i.e. logistics service provider that offers a full spectrum of domestic and international logistics services, including but not limited to, express delivery services, freight delivery services, cold chain logistics services, intra-city on-demand delivery services, supply chain services and international logistics services, and provides one-stop solutions to multinationals, large corporations, small and medium enterprises and retail customers), and was the largest player in China and Asia and the fourth largest player globally, in terms of revenue in 2024. The Group is a Fortune Global 500 company with market leadership in five logistics sub-segments in China and four in Asia, offering a complete range of logistics services including express, freight, cold chain, intra-city on-demand, supply chain solutions and international logistics services.

The Group has a premium brand that is widely recognised for its services, and was the only logistics company recognised as one of the Top Five Most Admired Chinese Companies by Fortune Magazine in 2024. As of 31 December 2024, the Group had an extensive global delivery network covering 206 countries and regions, supported by 110 aircraft and over 200,000 vehicles. The Group is also a technology-driven company with 4,180 patents and patent applications as of 31 December 2024, and continuously leverages on proprietary technologies to deliver innovative solutions and execution excellence. The Group had over 2.3 million customers with active credit accounts and over 730 million retail customers as of 31 December 2024.

The Group's business model has three key attributes: direct operations, integrated capabilities, and third-party independence. First, the Group directly operates the entire end-to-end delivery process from first-mile pickup to last-mile delivery. This enables strong operational control, high network visibility and agile resource allocation to support industry-leading speed, cost and reliability. Second, the Group's integrated capabilities enable it to offer a full-spectrum of services, standardised or customised, to address a full range of customers' logistics needs. Third, the Group is the only integrated logistics service provider of scale in China that is independent of major e-commerce platforms, allowing it to serve its customer base impartially, capture new opportunities, and build long-term sustainable relationships.

	China Express Logistics	Invest in the Future	Global Integrated Logistics
Time Period	1993 - 2012	2012 - 2023	2023 - Future
Geography	China	China and Asia	China, Asia and Global
Strategic Focus	 <ul style="list-style-type: none"> <li>Build a strong foundation</li> <li>Establish market leadership</li> <li>Build our brand</li> </ul>	 <ul style="list-style-type: none"> <li>Incubate new products</li> <li>Invest in infrastructure</li> <li>Gain market share</li> </ul>	 <ul style="list-style-type: none"> <li>Harvest prior investment</li> <li>Enhance profitability</li> <li>Strengthen cost discipline</li> </ul>

The Group has dedicated over three decades to building its logistics network and investing in logistics infrastructure, which has given it a unique position today in Asia. Its flagship product is time-definite express, which it has a dominant market leadership position in China. Leveraging its time-definite capabilities, it employs an “1-to-n” growth strategy to enter into adjacent products and geographies in a strategic and cost-effective manner. Following this strategy, its capabilities and product offerings are becoming increasingly comprehensive and sophisticated, expanding from time-definite to economy express, from small light-weight items to large heavy parcels, from standard delivery to specialised services with temperature or humidity precision, from China to Asia and then to the world.

For the years ended 31 December 2022, 2023 and 2024, the Group's revenue was RMB267.5 billion, RMB258.4 billion and RMB284.4 billion, respectively, and its gross profit, which equals revenue less cost of revenue was RMB33.0 billion, RMB32.6 billion and RMB38.9 billion, respectively.

## HISTORY AND DEVELOPMENT

Founded in 1993, the Group's business originated in Guangdong Province providing express delivery services in the Pearl River Delta, and its services network has further expanded to cover other parts of China since 1996 and overseas markets since 2010. Throughout its three decades of operation, the Group has, through expansion into new business segments and collaborations with reputable international logistics service providers such as UPS, DHL and HAVI Group, expanded into various links within the logistics services value chain. The Group has also expanded its geographical footprint to cover not only the rest of China, but also the global market. The Group's business has been listed on the Shenzhen Stock Exchange (stock code: 002352.SZ) since 23 January 2017 through the Material Asset Restructuring. The Company was listed on the Hong Kong Stock Exchange (stock code: 6936) since 27 November 2024.

The following table sets out a summary of the Group's key development milestones.

1993 . . . . .	The Group was founded in Shunde, Guangdong Province.
Late 1990s . . . . .	The Group launched the courier incentive model, which tied courier compensation to the number of parcels delivered and delivery fees.
2004 . . . . .	Mr. Wang through his controlled entity acquired the entire share capital in Shenzhen Chengxingye International Delivery Limited (深圳市成興業國際運輸有限公司), which became the Group's operating entity. The company name of Shenzhen Chengxingye International Delivery Limited* (深圳市成興業國際運輸有限公司) was changed to S.F. Express Limited (順豐速運有限公司).
2009 . . . . .	S.F. Airlines Co., Ltd* (順豐航空有限公司) was established in March.
2010 . . . . .	The Group expanded into the international market through the launch of its Singapore business.
2013 . . . . .	The Group became an integrated logistics service provider by expanding into new business segments of cold chain and pharmaceutical logistics and the LTL freight.
2016 . . . . .	Obtained official approval from CSRC for the asset swap between all assets and liabilities of Dingtai New Materials and 100% of the equity interests of SF Holding (Group), which was the holding entity of the Group's business at the time, such that upon completion of the Material Asset Restructuring, Dingtai New Materials shall hold the entire equity interest in SF Holding (Group), and the Group shall achieve a listing on the Shenzhen Stock Exchange using Dingtai New Materials as the listing entity (the " <b>Material Asset Restructuring</b> ").
2017 . . . . .	The Group's business was listed on the Shenzhen Stock Exchange (stock code: 002352.SZ) in January through the Material Asset Restructuring, and the name of the Company was changed to S.F. Holding Co., Ltd. in February of 2017.
2018 . . . . .	The Group completed the acquisition of 75% shareholding interest in SXH China Logistics (formerly named as SF\HAVI China Logistics), a company engaged in cold chain business in mainland China, Hong Kong and Macau from HAVI China Holding LLC in July to further expand its business into cold chain logistics.  The Group completed the acquisition of the relevant express business assets of Guangdong Xinbang Logistics Co., Ltd. to establish "SX Freight" as its independent LTL freight brand using the franchising model.
2019 . . . . .	The Group completed the acquisition of the supply chain business of Deutsche Post DHL Group in mainland China, Hong Kong and Macau in February.

- 2021 . . . . . SF REIT was listed on the Main Board of the Hong Kong Stock Exchange in May (stock code: 2191). Upon the listing of SF REIT, the Group indirectly held 35% of the total real estate investment trust units in issue of SF REIT.
- The Group completed the acquisition of a 51.5% stake in KLN, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0636), and KLN became a member of the Group in September.
- The Company completed a private A Shares placement in November, raising gross proceeds of approximately RMB20.0 billion.
- SF Intra-city, a subsidiary of the Company that operates its intra-city on-demand delivery services, was spun off and listed on the Main Board of the Stock Exchange in December (stock code: 9699).
- 2022 . . . . . The Group became a Fortune Global 500 Company and was ranked first out of Chinese Top 50 Private Logistics Enterprises by the China Federation of Logistics and Purchasing.
- 2023 . . . . . The Ezhou cargo hub, the first dedicated air cargo hub in Asia, officially commenced operation of the logistics complex therein in September 2023.
- 2024 . . . . . The Company was listed on the Hong Kong Stock Exchange (stock code: 6936) in November.

The following chart presents a simplified structure of the Group and the shareholding of the Issuer as at 31 December 2024:



## STRENGTHS

The Group believes that the following competitive strengths contribute to its success and differentiate it from its competitors:

### **Asia's Largest Integrated Logistics Service Provider**

The Group is Asia's largest integrated logistics service provider offering a comprehensive range of end-to-end logistics solutions. In particular, the Group was Asia's largest and globally the fourth largest integrated logistics service provider, in terms of revenue in 2024. In addition, the Group was the only provider among the global top four integrated logistics service providers to be based in Asia, which is the largest and fastest growing logistics market. With its market leadership, the Group is able to capture the region's most attractive growth opportunities. For instance, the Group's flagship product "time-definite express" captures the strong momentum from emerging e-commerce and parcel return services, as well as the increasing consumption of mid to high-end goods and fresh foods. Furthermore, the Group is a market leader in China across the vast majority of logistics sub-segments including express, LTL freight delivery, cold-chain logistics, third-party intra-city on-demand delivery and non-state owned independent third-party supply chain solutions, in terms of revenue in 2024. The Group is also Asia's largest provider of overall express delivery, LTL freight delivery, intra-city on-demand in terms of revenue in 2024. In addition, the Group had the largest international operation among Asia-based integrated logistics service providers in terms of revenue in 2024.

The Group has the most extensive global network among Asia-based logistics service providers:

- *Air cargo fleet.* As of 31 December 2024, the Group was the largest shipper of air cargo in China, accounting for 31.1% of the air cargo volume in China. As of the same date, the Group operated the largest cargo aircraft fleet in Asia of 110 all-cargo aircraft and the largest number of domestic and international routes among Asia-based logistics service providers.
- *Cargo hub.* The Ezhou cargo hub is the first dedicated air cargo hub in Asia, and fourth in the world, which is of strategic value and scarce position. It is expected to become an international hub that connects the world, especially as a bridge to connect Southeast Asia and Europe. The Ezhou cargo hub adopts the hub-and-spoke model, which will enable the Group to further expand its network coverage, bring even higher time-definiteness, achieve higher operational efficiency, and lower its costs.
- *Ground.* As of 31 December 2024, the Group operated over 100,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally, the largest fleet in Asia, supporting the broadest road coverage in the region. The Group also has the most extensive network of service outlets and largest couriers team in Asia, extending its fast, reliable, and customer-centric services into businesses and communities throughout the region.
- *Rail.* The Group operated on the largest number of high-speed rail lines and international routes among Asian logistics service providers as of 31 December 2024, enabling the most extensive railroad coverage in Asia.
- *Sea.* The Group was the third largest Asia-based ocean freight forwarder in terms of TEU in 2024.
- *Logistics parks and warehouses.* The Group operates various logistics parks strategically located across Asia, as well as more than 750 warehouses in the PRC with an aggregate area exceeding 7.4 million sq.m. and more than 950 warehouses overseas with an aggregate area exceeding 2.5 million sq.m. as of 31 December 2024.

## Winning Business Model – Directly Operated, Integrated and Independent

The Group is the only sizable integrated logistics service provider in Asia that maintains direct control and independence of its operations, and without any affiliation with e-commerce platforms. The Group believes its business model creates sustainable competitive advantages.

- ***End-to-end direct operations enabling strong network control and premium services.*** The Group directly controls and operates the entire delivery process, from first-mile pickup to last-mile delivery. The Group's full integration of air, ground and information networks, coupled with end-to-end process management, provides the Group with enhanced operational control to unify strategy and execution across its networks and optimise resource allocation. The Group is able to enhance efficiency of its network through multi-network synergies (多網融通), where it integrates pertinent resources across multiple networks to create one cohesive logistics network. The Group provides both standardised and bespoke products with consistent high quality and minimal incremental costs.
- ***Integrated capabilities addressing a larger market opportunity, achieving greater customer wallet share, and stronger product synergies***
  - o *Larger market opportunity.* With its integrated capabilities, the Group provides a full spectrum of logistics services, and therefore address a larger market opportunity. With established capabilities across product segments and industry verticals, the Group strategically selects areas of focus which it believes will outpace broader industry growth.
  - o *Greater customer wallet share.* The Group has a symbiotic relationship with its customers. As they scale, the Group provides incrementally more solutions that seamlessly integrate with their operations to address their evolving needs. In this process, the Group grows with them, capturing greater wallet share while also helping them grow their businesses.
  - o *Modular bespoke products.* As the breadth and depth of its logistics services grow, the Group is able to consolidate multiple standardised modules to create bespoke solutions and serve diverse logistics needs, empowering the entire supply chain of its customers.
  - o *Service synergies.* Leveraging its information network to share resources and infrastructure across its aviation network and ground network, the Group enjoys greater economies of scale and synergies across its service offerings.
- ***Third-party independence fostering deeper relationships with a diverse customer base.*** The Group is the only player among the leading integrated logistics service providers in China to maintain independence from e-commerce platforms and merchants. As the e-commerce landscape evolves rapidly in Asia, the Group's platform-neutral position ensures that it can serve a broad customer base impartially, and enables deeper relationships over time. Compared with its global and domestic peers, the Group generally has lower customer and industry concentration.
- ***Business expansion enabling continued industry leadership.*** The attractive economics of the Group's flagship time-definite express product and directly operated model have enabled it to employ a highly adaptable and flexible "1-to-n" expansion strategy to cost-efficiently incubate new products and successfully disrupt adjacent logistics segments.



- o *LTL Freight.* Based on its time-definite express practices, the Group introduced widespread adoption of door-to-door deliveries. This provided its customers with significant additional value and allowed the Group to become Asia's LTL freight market leader in terms of revenue in only six years.
- o *Cold-chain.* With similar service precision requirements to time-definite express, the Group's existing logistics network excelled at handling the exacting delivery requirements of perishable goods. The Group became Asia (excluding Japan)'s cold-chain market leader in terms of revenue in just five years.
- o *Intra-city on-demand.* As the Group's existing express network was designed to specifically meet stringent time-specific demands, it was able to build an intra-city on-demand business quickly and with ease. The intra-city on-demand business also provided cost-efficiencies to the Group's overall business, through resource sharing to improve utilisation. The Group became Asia's leader among third-party intra-city on-demand delivery service providers in terms of revenue in five years.
- o *International logistics.* With ownership and control over critical cross-border logistics resources such as first-mile and last-mile networks, customs clearance capabilities, air fleet and overseas warehousing, the Group integrates this with its domestic logistics know-hows to offer cross-border solutions.

The Group's winning business model enables it to command above-the-industry pricing for its time-definite and bespoke products among the leading Asian players. At the same time, leveraging the synergies across its network and resource allocation advantages, the Group is able to offer standard products, such as economy express, with highly competitive pricing.

### **Global Gateway Connecting Asia and the World**

The Group acts as a global gateway connecting China and Asia, integrating Asian local markets, and bridging Asia with the rest of the world. As the only Asia-based player among the global top four integrated logistics service providers, the Group benefits from the tailwinds in Asia, the largest and fastest growing logistics market. In this region, the Group has accumulated extensive resources, including extensive local networks, broad connectivity, strong brand recognition, and talented teams. With these unique assets, the Group is well positioned to replicate its success from China across Asia and globally. The Group's acquisition and integration of KLN in 2021 has successfully elevated its global strategy and operations to a new level.

- ***Strong local expertise and network across Asia.***

- o *First and last-mile network in China and Southeast Asia.* The Group is the only logistics service provider among the global top four integrated logistics service providers to have a directly controlled and operated network across both China and Asia, supported by its capability to connect these regions by air. The Group also has broad first and last-mile capabilities in China and Southeast Asia to capture cross-border express demand. Southeast Asia represents a major and one of the fastest growing logistics markets in Asia, attributable to its strong economic growth, continued improvements in logistics infrastructure and growing importance in the global supply chain.

- o *Deep penetration into Southeast Asian markets.* The Group has a strong presence in Southeast Asian markets supported by its well-established local networks, local connectivity and operational know-how. The Group has established a leadership position in Southeast Asia among integrated players in terms of revenue in 2024. Moreover, with a leading network in Southeast Asia and global service capabilities, the Group is poised to seize growth opportunities in the Asia-Pacific region by leveraging its deep integration of supply chains and the rapid expansion of local and cross-border trade to enhance its international service capabilities. This strategic positioning enables the Group to progressively expand its network and achieve global reach.
- o *Unique vantage point in global supply chains.* The Group has a unique vantage point in global supply chains as the only Asia-based company in the global top four integrated logistics service providers. As over 90% of Fortune 500 companies have significant portion of their supply chains based in Asia, the Group is uniquely positioned to deliver competitive solutions and capture their logistics demand.
- ***Cost leadership driving price-competitive, one-stop solutions.*** International logistics is highly complex, requiring an expansive global network and multi-model transportation across borders. With its integrated capabilities, the Group offers comparable delivery times at more competitive pricing than its global peers. The Group's competitive pricing is enabled by its cost leadership among global players. This efficient cost structure is supported by its Asian nexus, highly integrated network and large demand volume, which enables the Group to support numerous regional routes with greater scale. Moreover, with few players possessing comparable scale and capabilities in Asia, the Group is further distinguished by its ability to deliver one-stop solutions covering international express, cross-border e-commerce parcel delivery to international freight forwarding.
- ***Asset-appropriate approach to deploy resources.*** With the infrastructure in place, the Group adopts an asset-appropriate approach to deploy its resources for international expansion. To expand into countries and regions outside of China, the Group employs organic growth, acquisitions and partnerships. This approach provides flexibility to adapt to changing market conditions and allocate resources more efficiently across its network.

The Group has achieved rapid expansion in its international business through a combination of organic growth and acquisitions.

### **Go-to Brand for Differentiated and Premium Services**

“Let me SF this to you” has become synonymous with “Let me express mail this to you.” In China, the Group's household brand name has become a commonly used verb for time-definite express. The Group's name has also become associated with premium services. Many retailers actively advertise their exclusive use of SF delivery to convey service quality.

The Group's fast, reliable and customer-centric services are made possible by its directly operated team of couriers, who are its brand ambassadors and high-frequency touch points for customers. As of 31 December 2024, the Group's services were supported by the largest courier team among all logistics players in Asia. As a testament to its leadership in time-definite express and exceptional services, the Group has been ranked first in overall customer satisfaction for 16 consecutive years (2009 to 2024), first in delivery timeliness (within 48 hours) for nine consecutive years (2013 to 2021), and first in delivery punctuality (within 72 hours) for nine consecutive years (2013 to 2021) by the State Post Bureau. The State Post Bureau has not published new rankings for delivery timeliness and delivery punctuality since 2021.

Due to its successful track record in providing premium services, the Group has built a reputation for exceeding customer expectations. As a result, the Group has accumulated the most extensive customer base across major industry verticals in Asia, with high customer loyalty and stickiness. The Group has expanded its offerings to grow with its customers and meet their evolving demands. The Group is a highly dependable logistics partner, supporting its customers through the ups and downs of their business cycles. For details, see “– *The Group’s Customers and Customer Services – The Group’s Customers*”. The Group also provides specialised services that cater to diverse scenarios. Leveraging on its integrated capabilities, these solutions are bespoke to the Group’s customers but standardised to its operations, with minimal or low customisation cost. Examples include:

- *Fresh and seasonal food.* The Group is the first designated logistics service provider to deliver live Yangcheng Lake hairy crabs through express delivery. This is enabled by its sophisticated capability to maintain highly precise temperature and humidity during the delivery process. In addition, the Group introduced the first-ever automated binding machine for hairy crabs, an innovation that has improved timeliness and reduced costs. The Group is a leader in this market, with significant market share in terms of shipping volume of Yangcheng Lake hairy crabs in China in 2024.
- *Pharmaceuticals.* The Group strives to be the pacesetter in pharmaceutical logistics services, which often require strict standards of safety, condition monitoring, delivery time, and full process coordination. The Group is among the very few logistics players globally to offer one-stop and highly reliable vaccine transportation solutions, featuring designated transportation vehicles, enhanced vaccine safety protection, and temperature control.
- *Luxury.* The Group was the first to provide luxury time-definite express “SF Shangpai” (順豐尚派), a delivery service with couriers dressed in tailored suits and trained in brand storytelling.

## Technology and Innovation Driven Operations

The Group is a technology-driven logistics service provider and leverages proprietary technologies and innovations to digitise internal management, enhance operational efficiencies, and expand its business.

***Data-driven management and digitised operations.*** The Group harnesses advanced technologies and digital solutions to manage the full cycle of its end-to-end logistics operations, covering pre-planning, monitoring, and post-review. During pre-planning, the Group utilises intelligent systems to accurately forecast package volumes and scientifically allocate resources; during monitoring, it tracks business performance in real-time and makes necessary adjustments swiftly; during post-review, the Group conducts meticulous analysis to distil data insights and continuously iterates and refines its operations.

The Group has embedded technologies in every aspect of its operations to drive operational excellence:

- *First-mile pickup and last-mile delivery.* The Group employs a data-driven approach to empower its first-mile pickup and last-mile delivery services. To maximise efficiency of its courier team, the Group’s management system dispatches tasks to its couriers dynamically based on data insights, including their skills, anticipated volume, total working hours and potential delivery challenges, among other factors.
- *Transportation.* The Group has adopted a digitised dispatch scheduling and management system that optimises efficiency for its land, air, and multimodal transportation. For example, its intelligent scheduling system takes into account every factor, including network capacity, route planning, service requirements, and weather conditions, and then adjusts resources dynamically and accordingly.

- *Sorting centres.* The Group has deployed a site management system for intelligent planning, decision making, and dynamic allocation of on-site resources during the transit process. With this technology setup, the Group is able to perform numerous simulations to refine its operational strategies before strategy implementation, and hence substantially lower costs and enhance efficiency at its sorting centres.

In addition, the Group has adopted a smart finance management system, which employs advanced data modelling and analytics to help business teams identify potential cost-reduction areas, enable effective operational management, and assist in operational decision making.

***Address complex logistics scenarios and empower customers' supply chains.*** The Group's proprietary technologies enable it to provide innovative solutions to address diverse and complex logistics scenarios. The Group also provides its technology to its customers as a service, making their supply chains more efficient.

- *Address complex scenarios.* The Group's high level of digitisation enables it to address new and complex logistics needs across a wide range of industry verticals and provide practical solutions. The Group is able to address a wide range of logistics scenarios across online and offline channels for B2B, B2C, C2C and B2B2C modes.
- *Empower customers' supply chains.* The Group offers its proprietary technologies as a service to its customers to empower their supply chains. For example, the Group has deployed its proprietary *Fengzhi Cloud Chain* (豐智雲鏈), a cloud-based system for intelligent demand forecasting and resource optimisation, with its customers to great success, resulting in faster and more efficient fulfilment. For further details, see “– Technology and Research and Development”.

The Group has been widely recognised for its achievements in technological innovations. The Group was on Fortune Magazine's Most Influential IoT Innovation List in 2022 and 2023. As of 31 December 2024, the Group had 4,180 patents and patent applications, and 2,505 software copyrights in the fields of automation, big data and smart hardware, among others.

### **Visionary Management Promoting a People-centric Culture**

The Group's management team exhibits extraordinary vision. They have guided the Group through changes that may not yield immediate outcomes but have substantial long-term benefits, for instance, being the industry-first transform the business into a directly operated model within the China express sector. Under their leadership, the Group has become Asia's largest integrated logistics service provider, an achievement through strong execution of organic growth initiatives as well as strategic acquisitions and partnerships, both domestically and internationally. With diverse local and international experience, the Group's management team also brings multifaceted perspectives to the organisation. Their diverse backgrounds also create an inclusive culture of learning and collaboration that attracts top talents.

The Group's founder, chairman of the Board, and chief executive officer, Mr. Wang, is a highly respected veteran of the logistics industry. Guided by his vision, the Group has anticipated and embraced emerging trends to shape the future of the logistics industry. Mr. Wang is grounded by the belief that the fulfilment of its employees drives the satisfaction of its customers, which creates a virtuous cycle that empowers both its employees and customers.

The Group's people-centric culture promotes sustainable growth internally and closer relationships with its customers externally. The Group invests in its couriers and take special care to ensure their well-being through market-leading compensation, continuous training, and employee benefits. By nurturing its couriers with the support and care they deserve, they have passed on that same passion and warmth to its customers. The Group's couriers play a pivotal role in advancing its culture. Their willingness to go the extra mile through extending a helping hand to local communities cultivates a deep sense of trust among its customers.

The Group is recognised by Fortune Magazine as one of the Most Admired Chinese Companies for eight consecutive years (2017 to 2024), making it the only logistics service provider with such international recognition.

## **STRATEGIES**

The Group's growth journey passed through distinct phases. The Group first established market leadership in time-definite delivery services, and then strategically expanded its service offerings and geographic coverage. Each step was meticulous and focused on its long-term vision. With its competitive offerings and executional excellence, the Group is well positioned to identify and capture emerging opportunities. The Group is focusing on executing its core strategies and have clear business priorities to continuously reinforce its competitive moats and achieve long-term, sustainable and profitable growth.

### **Further Strengthen and Optimise the Group's Network and Service Offerings**

The Group's service quality and integrated capabilities are key to its continued success. The Group endeavours to further enhance its network coverage and improve its network infrastructure. Based on business needs, the Group will continuously optimise and selectively expand its logistics infrastructure, including service outlets, sorting centres, warehouses and fleets. The Group will continue to develop the Ezhou cargo hub into a global logistics hub, which will enhance the competitiveness of its time-definite express and cross-border service offerings.

The Group aims to continue to expand its service offerings to fulfil new customer demand and offer bespoke solutions to address customised scenarios. The Group plans to deepen its penetration into emerging and fast-growing sectors across technology, healthcare and financial services. As more industry verticals require more speedy delivery of their products, the Group aims to capture greater demand for time-definite equivalent services within these segments. Meanwhile, the Group performs constant performance review of its business segments and customer cohorts to optimise resource allocation for core segments and customers.

### **Continue to Enhance Efficiency and Productivity**

The Group is committed to enhancing operational efficiencies and reducing costs throughout its operations. The Group has multiple clear levers to improve its productivity and focus on multi-network coordination and operational efficiency enhancement. As its capabilities and services evolve, the Group is able to constantly identify synergistic areas to streamline operations, which will lead to sustainable and profitable growth.

To improve its multi-network integration, the Group plans to continue to implement unified network planning and integrate pertinent resources across multiple networks to create one cohesive logistics network, which would increase utilisation, avoid repeated investment, and enhance economies of scale. In particular, the Group will focus on improving its capabilities and productivity in distribution,

transportation, and last-mile delivery, by further optimising the utilisation of its physical facilities and adopting innovative operational models, such as increasing direct dispatch from sorting centres and setting up more multi-purpose service outlets.

To enhance its operational efficiency, the Group will continue to deploy automation equipment in its facilities to increase handling capacity while reducing manpower. In addition, the Group intends to further optimise personnel management through increasing digitisation and finetuning incentive programs.

### **Continue to Invest in Technology to Build a Smart Logistics Network and Offer Pioneering Solutions**

The Group will continue to promote the end-to-end digitisation of its logistics network to drive greater automation and efficiencies. Through its “SF Smart Brain”, the Group plans to continually upgrade its smart systems from demand planning, collection, transportation, distribution to delivery. The Group will continue to promote the digitisation of the entire industry supply chain system through more seamless integration of its supply chain with its customers’ operations.

The Group endeavours to continuously push the limits of conventional logistics to offer pioneering solutions through technology innovation. Through strengthening its capabilities in technologies including automation, blockchain and cloud computing, the Group expects to address more complex scenarios and provide more customised solutions, reinforcing its competitiveness. In line with its goal to become a leader in green logistics, the Group will continue to develop innovative technologies to improve energy efficiency and promote wider adoption of green packaging.

### **Expand its International and Cross-Border Capabilities**

The Group aims to become the global leader in logistics. With Chinese enterprises expanding globally, as well as global multinational corporations expanding and diversifying their supply chain across emerging Asian countries, the international logistics has significant opportunities for structural transformation, especially to leading and Asia-based integrated logistics service providers. To that end, the Group will further enhance its global and cross-border capabilities through expanding network coverage in Asia and the rest of the world while maintaining a flexible approach in deploying resources. The Group will deepen its footprint in existing international markets such as Southeast Asia and increase its presence in new markets with high growth. The Group will also enhance network connectivity and density within its Asia network and between its Asia and global logistics network.

The Group’s aim is to become the go-to logistics partner globally, driving its customers’ success on a global scale. The Group intends to further enhance the breadth and depth of its international offerings, specifically by enhancing cross-border capabilities and providing integrated overseas warehousing and distribution services. The Group targets to offer more premier logistics solutions overseas as it view its quality of services as a key differentiator. Further, the Group aims to stay agile to adapt to the change in demand of its customers’ supply chains. The Group will also selectively pursue acquisitions, investments and partnerships that are accretive to its strategy to become the global logistics leader.

### **Grow Business and Consumer Mindshare as “*the One in Asia*”**

The Group strives to grow its business and consumer mindshare by establishing its brand image as “*the One in Asia*”, meaning that whenever businesses and consumers have a need for an end-to-end integrated logistics solution in Asia, SF is the first name they think of.



The Group believes that it is well equipped to accomplish this relative to its peers, and aims to leverage its existing business positioning to achieve this. The Group will actively promote its strengths in:

- **Full coverage.** The Group has broad geographic, service and industry coverage. The Group covered 206 countries and regions globally as of 31 December 2024, has integrated logistics capabilities and serve a client base spread across all industry verticals.
- **Strong network.** The Group directly controls and operates its network across China and Asia, with broad first and last-mile capabilities in China and Southeast Asia, and utilised its logistics complex in the Ezhou cargo hub, the only dedicated air cargo hub in Asia, to enhance its global connectivity capabilities. This is evidenced by over 45% of 2024 Fortune China 500 companies being customers of the Group's international logistics services in 2024.
- **Deep relationships.** The Group served 484 of the Top 500 Enterprises in China in 2024 and has the highest coverage of blue-chip customers among integrated logistics service providers in Asia. The Group has formed deep relationships with its customers by growing together with them, expanding its service offerings to meet their evolving demands, and becoming a one-stop logistics solutions provider to serve businesses and consumers.
- **Seamless integration.** The Group's business model is fully integrated across geography, service and customers to realise synergies and efficiently utilise resources.

Based on the above, the Group believes that it has clear and distinctive advantages to deliver an ever-improving customer experience, and subsequently capitalise on the opportunity to expand mindshare and grow its business.

## THE GROUP'S BUSINESS MODEL

The Group's business model combines direct operations, integrated capabilities, and third-party independence, enabling it to maintain control and autonomy over its operations, offer a wide portfolio of service offerings, and serve customers impartially.

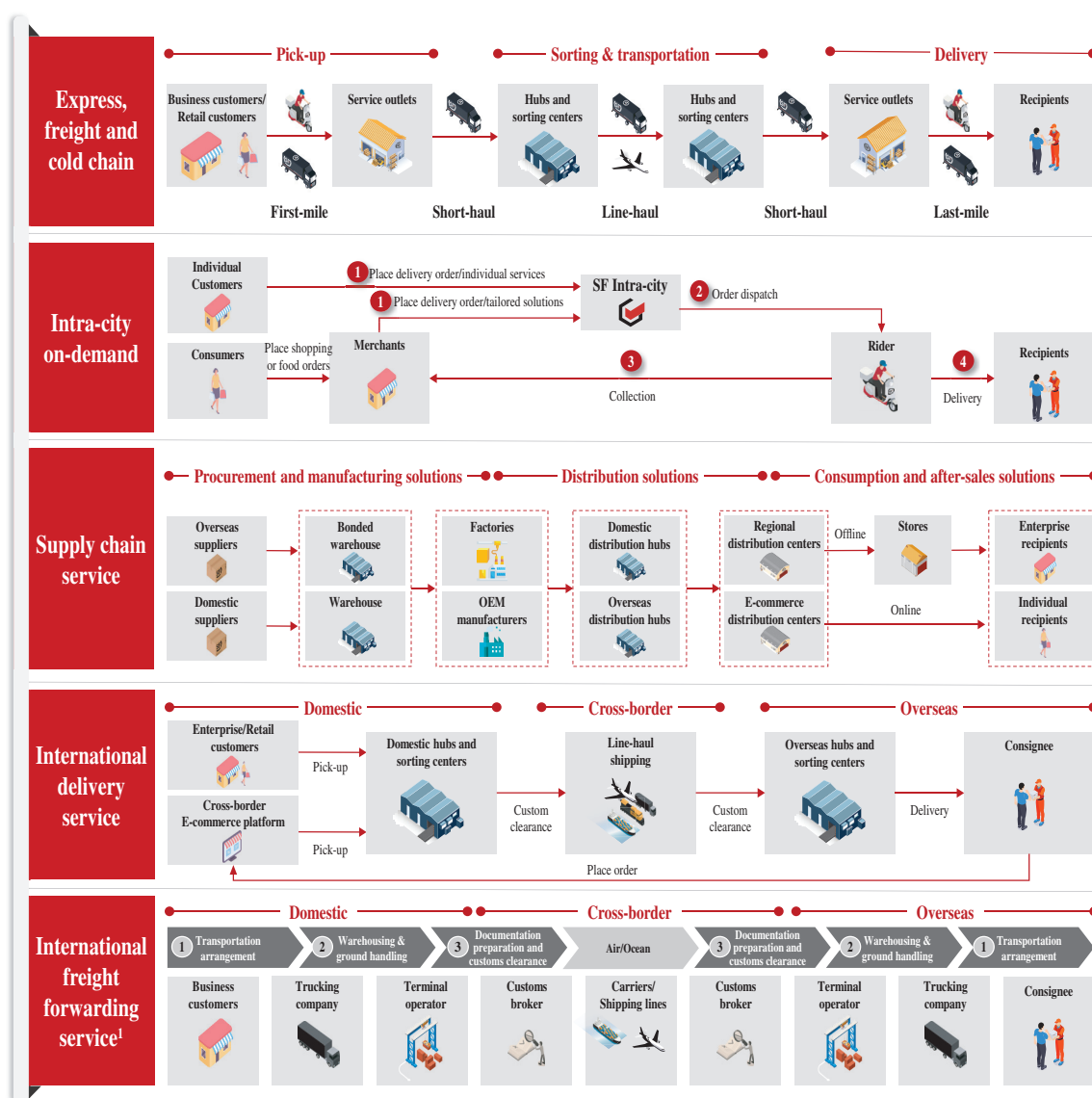
### Directly Operated Model

The Group's operations pivot around a directly operated model, integrating aviation, ground, and information networks under one unified command. The Group directly operates the entire delivery process from first-mile pickup to last-mile delivery with minimum reliance on franchisees. This model ensures strong operational control and high visibility over its entire logistics network and infrastructure, including service outlets, sorting centres, warehouses, and line-haul transport, empowering it to effectively allocate resources and deliver speedy and reliable services. For example, the Group fully integrates resources across its aviation and ground network with its data network to efficiently serve its entire portfolio of services. In addition, with direct operations, the Group is able to ensure business resilience and sustain service quality throughout changing business environments and market conditions.



## Integrated Capabilities

Anchored by its directly operated model, the Group delivers a comprehensive portfolio of logistics and supply chain solutions to a diverse customer base globally. Leveraging its time-definite capabilities as a foundation, the Group has expanded strategically into economy express, freight delivery, cold chain logistics, intra-city on-demand delivery, and supply chain and international services, catering to the evolving and diverse logistics needs of its customers across industry verticals. The Group has been building its capabilities in a strategic, meticulous, and cost-effective way, leveraging its established competitive strengths and networks to enter adjacent products. This approach unlocks network synergies and optimises resource allocation, simultaneously reinforcing the foundation of the Group's time-definite delivery and fostering the growth of its other businesses. The following diagram illustrates the full cycle of the Group's integrated service offerings:



*Note:* The Group's international services in general adopt an asset-appropriate approach. In particular, its international freight forwarding service is asset-light, whereby majority of transportation needs are provided by external carriers, and customs clearance is partly outsourced to external customs brokers.

With a comprehensive portfolio of logistics and supply chain solutions, the Group can select and combine its capabilities, which are operationally standardised to the Group, to provide differentiated and tailored solutions to address the specific logistics needs of its customers across various industries. As a result, the number of its customers with active credit accounts amounted to approximately 2.3 million as of 31 December 2024.

Leveraging its integrated capabilities, on top of its existing standardised products and tailored solutions, the Group is able to further provide its customers with versatile industry-specific packaged solutions designed specifically for various industries with wide applicability and replicability. With its industry experience and in-depth engagement with large-scale enterprises spanning across various industries, the Group is able to spot logistics challenges confronted by small and medium enterprises that are common among the industry and their unmet logistics needs. Therefore, the Group has distilled its existing standardised products and tailored solutions into industry-specific packaged solutions that can be widely applied. Simplified industry-specific packaged solutions offer standardised logistics services to a vast number of small and medium enterprises, making it easier to scale and mass roll out. This strategic approach will further enhance customer satisfaction and loyalty, expand the Group's customer base, and deepen its wallet share and market share across various industry verticals. The Group believes the implementation of versatile industry-specific packaged solutions will not only meet broad customer needs but also fortify its competitive edge in the logistics industry, driving sustainable growth.

### **Independent Third-party Logistics Service Provider**

The express delivery industry in China has grown rapidly due to the rise of e-commerce platforms. As new e-commerce platforms and merchants continue to emerge, they generally prefer logistics partners that are not affiliated with incumbent e-commerce players to form long-term trusted relationships free of potential conflicts of interest, perceived or otherwise. Unlike the majority of its domestic Chinese peers, the Group is positioned in the industry as an independent third-party logistics service provider neutral to platforms and merchants. The Group is not affiliated with any e-commerce platform, which enables it to provide impartial services to all of its customers. The Group aims to provide unbiased, inclusive, high-quality services to all its partners and empower their success.

The Group's unique business model, combining direct operations, integrated services capabilities, and third-party independence, has enabled it to achieve today's success as an industry frontrunner and will further empower the Group to capture evolving customer needs and continue its expansion.

## **THE GROUP'S VALUE PROPOSITION**

The Group delivers differentiated and exceptional value to its customers and its operations.

### **Value Proposition to its Customers**

- **Superior timeliness and service quality with execution excellence:** The Group's dedication to ensuring superior timeliness and providing top-notch services has positioned it as a logistics industry leader. Even in challenging conditions like bad weather or peak hours, the Group strives to use every means to ensure service quality and deliver a satisfactory customer experience. Additionally, the Group's dedicated account managers serve as the main coordinators to integrate various logistics teams for seamless execution and direct customer services. This collaborative effort enhances communication, resolves inefficiencies, and guarantees a uniform customer experience. The Group's relentless commitment to service quality does not only meet customers' logistics requirements, but also contributes significantly to their own operational success, and therefore deepens relationship with its customers.
- **One-stop solution to address diverse needs:** The Group's customers operate in multiple regions and span across a vast number of industries, requiring diverse logistics services of all kinds. The Group's integrated services offer a one-stop solution and freeing its customers from liaising with multiple logistics providers. This efficient approach effectively caters to its customers' increasingly diverse and sophisticated demands.






- **Tailored solutions to unlock value:** By providing comprehensive and integrated service offerings, the Group is able to gain better insights on its customers' specific logistics needs and pain points. This approach allows it to offer customised, optimised solutions to enhance supply chain efficiency and unlock value for its customers.
- **Technological empowerment:** The Group empowers its customers with technological capabilities, digital solutions, and data insights to drive their strategic decision making and optimise operational efficiency. The Group is committed to continually advancing its technology capabilities and investing in research and development to provide digitised and intelligent logistics services.

#### Value Proposition to its Operations




- **Strong operational control:** The Group directly operates the entire end-to-end delivery process from first-mile pickup to last-mile delivery with minimum reliance on franchisees. This enables strong operational control, high network visibility and agile resource allocation to support its industry-leading speed, cost and reliability. Empowered by the centralised control over its networks and resources, the Group is able to address customers' demands promptly and effectively, ensuring a seamless experience.
- **Integrated capabilities to address complex requirements and capture new market opportunities:** The Group's integrated capabilities have allowed it to continuously tap into new logistics segments and geographies to capture new growth opportunities and extend market leadership. Moreover, the Group's comprehensive service offerings have opened up cross-selling opportunities, enabling it to offer complementary services and deepen wallet share with its existing customers. As a testament to the success of its strategy, the Group has transformed from China's premier time-definite express service provider to a global integrated logistics leader in less than ten years.
- **Network synergies and economies of scale:** The Group's integrated service offerings allow it to unify its networks, resulting in increasing economies of scale and network synergies. The integration of the Group's networks enables it to streamline line-haul routes, boost loading capacity, and enhance time efficiency, leading to improvement of overall operational efficiency. The Group also adopts a unique "large and small parcel integration" strategy to optimise distribution efficiency. By merging networks for different parcel sizes, the Group achieves greater synergies and fosters a flexible, seamless logistics process that caters to its customers' diverse needs.
- **Early-mover advantage in securing infrastructure:** As the early mover in integrated logistics, the Group has secured scarce or difficult-to-acquire resources to build its robust infrastructure, including cargo-focused logistics hub, large air cargo fleets, air traffic rights, and exclusive airport slots. For instance, in China, where licenses for operating a cargo airline are stringently regulated, and prime take-off and landing slots are limited, the Group has secured an advantageous position that is challenging for new entrants to replicate, even with substantial financial resources. This early-mover advantage, amplified by its extensive global networks and prime warehouse and sorting centre locations, underpins the unique strength of its business operations.
- **Data-driven and digitised operations:** The Group is deeply committed to leveraging advanced technologies to digitise its operations and enhance its capabilities. Empowered by its proprietary technologies, the Group is able to forecast demand accurately, allocate resources optimally, make decisions intelligently, and continuously drive operational efficiency.

## THE GROUP'S SERVICE OFFERINGS

Over the past decade, with its “1-to-n” expansion strategy, the Group has quickly transformed from China’s leading time-definite express delivery service provider into a leading global integrated logistics service provider. The Group offers a diverse spectrum of service offerings that cover various manufacturing and consumption scenarios. The diagram below summarises major categories of the Group’s service offerings:

Express and freight delivery					Intra-city
					
	Time-definite express	Economy express	Freight delivery	Cold chain and pharmaceuticals	Intra-city on-demand
<b>Business description</b>	<ul style="list-style-type: none"> <li>Door-to-door delivery services through air and ground transportation, delivering everything from consumer goods to manufacturing components</li> </ul>	<ul style="list-style-type: none"> <li>Cost-effective and quality guaranteed door-to-door delivery services</li> </ul>	<ul style="list-style-type: none"> <li>Door-to-door delivery of bulky and heavy items</li> </ul>	<ul style="list-style-type: none"> <li>Customized cold chain logistics services</li> </ul>	<ul style="list-style-type: none"> <li>On-demand city-wide delivery services</li> </ul>
<b>Service radius</b>	<ul style="list-style-type: none"> <li>Nationwide</li> </ul>	<ul style="list-style-type: none"> <li>Nationwide</li> </ul>	<ul style="list-style-type: none"> <li>Nationwide</li> </ul>	<ul style="list-style-type: none"> <li>Nationwide</li> </ul>	<ul style="list-style-type: none"> <li>Intra-city</li> </ul>
<b>Timeliness</b>	<ul style="list-style-type: none"> <li>Typically same day, next morning and next day deliveries</li> <li>Swift response time: Couriers guaranteed to arrive at the sender's location within one hour of order placement</li> <li>Industry-leading collection and dispatch frequency: up to eight collections and seven dispatches each day, irrespective of holidays</li> </ul>	<ul style="list-style-type: none"> <li>Without strict time sensitivity</li> </ul>	<ul style="list-style-type: none"> <li>Depends on customers' requirements. Provides more time-definite delivery services compared to other freight delivery service providers, with a guaranteed delivery time for freight delivery</li> </ul>	<ul style="list-style-type: none"> <li>Depends on customers' requirements</li> </ul>	<ul style="list-style-type: none"> <li>Average delivery time of approximately 30 minutes</li> </ul>
<b>Business models</b>	<ul style="list-style-type: none"> <li>B2B, B2C, C2C</li> </ul>	<ul style="list-style-type: none"> <li>B2C</li> </ul>	<ul style="list-style-type: none"> <li>B2B, B2C</li> </ul>	<ul style="list-style-type: none"> <li>B2B, B2C</li> </ul>	<ul style="list-style-type: none"> <li>B2B, B2C, C2C</li> </ul>
<b>Market focus</b>	<ul style="list-style-type: none"> <li>High-end</li> </ul>	<ul style="list-style-type: none"> <li>Mid to high-end</li> </ul>	<ul style="list-style-type: none"> <li>Mid to high-end</li> </ul>	<ul style="list-style-type: none"> <li>Mid to high-end</li> </ul>	<ul style="list-style-type: none"> <li>Mid to high-end</li> </ul>
<b>Major customers served</b>	<ul style="list-style-type: none"> <li>Retail customers</li> <li>Business customers in consumer, business and industrial sectors</li> </ul>	<ul style="list-style-type: none"> <li>E-commerce platforms and merchants</li> </ul>	<ul style="list-style-type: none"> <li>Business customers across wide range of industries for manufacturing and commercial distribution, such as home appliance, furniture, and B2B and B2C heavy goods e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>Business customers in food, agricultural products and pharmaceuticals sectors</li> </ul>	<ul style="list-style-type: none"> <li>Retail customers</li> <li>Business customers in food and beverage, groceries, 3C electronics, and apparel sectors</li> </ul>

### Supply chain and international

			
	Supply chain	International delivery	International freight forwarding
<b>Business description</b>	<ul style="list-style-type: none"> <li>High-quality integrated and tailored supply chain solutions that cover the full spectrum of the supply chain of our customers</li> </ul>	<ul style="list-style-type: none"> <li>International express delivery services: time-definite international express services to serve urgent delivery needs across borders</li> <li>Cross-border e-commerce delivery services: cost-effective delivery services, catering to logistics needs of cross-border e-commerce platforms</li> <li>Overseas local express delivery services: local express delivery services mainly in Southeast Asia countries</li> </ul>	<ul style="list-style-type: none"> <li>Freight forwarding services, offering comprehensive freight transportation</li> </ul>
<b>Service radius</b>	<ul style="list-style-type: none"> <li>Global</li> </ul>	<ul style="list-style-type: none"> <li>Global</li> </ul>	<ul style="list-style-type: none"> <li>Global</li> </ul>
<b>Business models</b>	<ul style="list-style-type: none"> <li>B2B, B2C</li> </ul>	<ul style="list-style-type: none"> <li>B2B, B2C, C2C</li> </ul>	<ul style="list-style-type: none"> <li>B2B</li> </ul>
<b>Market focus</b>	<ul style="list-style-type: none"> <li>Mid to high-end</li> </ul>	<ul style="list-style-type: none"> <li>Mid to high-end</li> </ul>	<ul style="list-style-type: none"> <li>Mid to high-end</li> </ul>
<b>Major customers served</b>	<ul style="list-style-type: none"> <li>Business customers primarily in electric vehicle, new energy, live-streaming e-commerce and new retail industries</li> </ul>	<ul style="list-style-type: none"> <li>Business customers primarily in manufacturing, import and export and cross-border e-commerce sectors, and retail customers</li> </ul>	<ul style="list-style-type: none"> <li>Cross-border business customers</li> </ul>

The following table sets forth the Group's revenue breakdown by business segment for the years indicated:

	Year ended 31 December					
	2022		2023		2024	
	RMB'000	%	RMB'000	%	RMB'000	%
<b>Express and freight delivery segment<sup>(1)</sup></b> . . .	169,764,860	63.5	186,890,137	72.4	200,162,392	70.4
Time-definite express services . . . . .	105,696,512	39.5	115,456,067	44.7	122,205,976	43.0
Economy express services . . . . .	25,551,306	9.6	25,051,548	9.7	27,251,227	9.6
Freight delivery services . . . . .	27,917,012	10.4	33,078,821	12.8	37,641,125	13.2
Cold chain and pharmaceutical logistics services . . . . .	8,612,665	3.2	10,312,988	4.0	9,812,161	3.5
Others <sup>(2)</sup> . . . . .	1,987,365	0.8	2,990,713	1.2	3,251,903	1.1
<b>Intra-city on-demand delivery segment</b> . . . . .	6,567,057	2.4	7,371,250	2.8	9,010,521	3.2
Intra-city on-demand delivery services . . . . .	6,436,102	2.4	7,249,500	2.8	8,872,800	3.1
Others <sup>(2)</sup> . . . . .	130,955	0.0	121,750	0.0	137,721	0.0
<b>Supply chain and international segment</b> . . . . .	89,916,599	33.6	62,859,302	24.3	74,000,342	26.0
Supply chain and international services . . . . .	87,866,143	32.8	59,978,741	23.2	70,492,482	24.8
Others <sup>(2)</sup> . . . . .	2,050,456	0.8	2,880,561	1.1	3,507,860	1.2
<b>Undistributed units<sup>(3)</sup></b> . . . . .	1,241,898	0.5	1,288,714	0.5	1,246,804	0.4
<b>Total</b> . . . . .	267,490,414	100.0	258,409,403	100.0	284,420,059	100.0

*Notes:*

- (1) The Group adjusted its reportable segments in 2023 by merging two segments, previously named as “express delivery segment” and “freight delivery segment,” into “express and freight delivery segment.” As a result, the Group's segment information for the years ended 31 December 2022 has been restated, see Note 5 to the 2024 Financial Statements.
- (2) Others primarily represents the Group's ancillary non-logistics services, such as sales of goods, provided under the banner of the relevant segment. Primarily incidental to the Group's comprehensive supply chain solutions, the Group at times provided, as per its key accounts' requests, certain raw materials and machineries.
- (3) Undistributed units primarily include the Group's non-principal businesses, such as leasing and provision of technology services.

## Express and Freight Delivery Services

The Group's express and freight delivery services primarily include time-definite express services, economy express services, freight delivery services, and cold chain and pharmaceuticals logistics services in mainland China, Hong Kong and Macau.

### Time-definite Express Services

The Group's time-definite express services, launched when the concept was relatively unknown to Chinese customers, offers efficient door-to-door delivery for retail and business customers, including mid to high-end brands with a precise delivery time commitment. By delivering everything from consumer goods to manufacturing components, the Group serves a broad spectrum of industry verticals and operate under diverse scenarios. The Group's time-definite express services maintain a focus on consumer goods while simultaneously support business parcel and industrial delivery.

The Group's time-definite express services mainly comprise SF speedy express and SF standard express. SF speedy express provides guaranteed next-day delivery between most urban areas in the PRC. In addition, it offers same-day option for deliveries to certain destinations. The Group's inter-city SF speedy express is delivered through air and high-speed railway transportation to meet the time-definite delivery guarantee. The Group also introduced a cross-provincial door-to-door delivery services for bulk cargo through air transportation. SF standard express provides customers with a delivery services characterised by "better price, guaranteed on-time, dependable delivery, and broad coverage (價格更優、時效穩定、託寄無憂、服務範圍廣)." As of 31 December 2024, the Group's time-definite express services were offered in more than 320 cities in mainland China, Hong Kong and Macau.

The Group has redefined the standard for time-definite express in China, pioneering the highest standard for time-definiteness express through its clear and precise arrival time commitments. As part of its operations, the Group offers high-frequency parcel pick-up, with couriers guaranteed to arrive at the sender's location within one hour of order placement. The Group has been continuously seeking excellence and improvement. According to the State Post Bureau, the Group's time-definite express services recorded the shortest delivery time among all time-definite express services in the PRC since 2013.

The Group believes that its exceptional timeliness can be primarily attributed to its ability to offer the highest collection and dispatch frequency in the express services industry globally. The Group sets the industry benchmark with its collection and dispatch frequency, conducting up to eight collections and seven dispatches daily and year-round, irrespective of holidays. In addition, the Group's extensive transportation resources contribute to its exceptional timeliness. As of 31 December 2024, the Group was the largest shipper of air cargo in China with a fleet of 110 all-cargo aircraft. The Group's air fleet, paired with its access to commercial flight cargo space, bolsters its aviation resources. Furthermore, the Group's ground transportation resources, cultivated through a high-frequency operational model for line-haul and short-haul transportation, enable it to achieve incremental growth and heightened hourly efficiency, while maintaining lower costs compared to its competitors who are starting their operations from scratch. In addition to its transportation resources, the Group's exceptional time definiteness owes much to its advanced technological capabilities, providing critical visibility and precision to its operations. Complementing this is the trusted team of highly trained couriers who ensure each parcel is meticulously handled from pick-up to delivery and is always in capable hands. The Group's time-definite express is the bedrock of its integrated logistics services.

As a testament to its differentiated and high quality services, the Group has won numerous market recognitions, including from official sources. As published by the State Post Bureau, the Group is ranked:

- 1st for 16 consecutive years (2009 to 2024) for overall customer satisfaction;
- 1st for nine consecutive years (2013 to 2021\*) in delivery timeliness (within 48 hours); and
- 1st for nine consecutive years (2013 to 2021\*) in delivery punctuality (within 72 hours).

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*Note:*

\* The State Post Bureau has not published new rankings for delivery timeliness and delivery punctuality since 2021.



With its established logistics infrastructure, nationwide coverage, and reliable end-point delivery capabilities, the Group offers tailored solutions to meet customers' time-specific needs. The Group has consistently been broadening its time-definite express services scenarios, including the introduction of parcel return services for e-commerce platforms in 2021, which enhanced the brand image for its e-commerce platform customers. For emerging e-commerce platforms, the Group's efficient parcel return services, which leverage its time-definite network and quick pick-up capabilities, are crucial to improving their customer stickiness and repurchase rates by ensuring a smooth parcel return experience.

For its time-definite express services, the Group generally charges its customers with a delivery fee for each parcel delivered, of which pricing is determined with reference to various factors, including, among others, time sensitivity, distance, weight and volume of the delivery, and transportation method.

### ***Economy Express Services***

The Group's economy express services provide cost-effective, quality-assured door-to-door delivery, primarily to e-commerce platforms and merchants focused on both cost and timeliness. Although the delivery time is not as fast as its time-definite express services as economy express relies mainly on ground transportation, the Group's economy express services still outperforms comparably priced services offered by its competitors in terms of delivery speed and service quality. The Group's economy express services utilise the marginal capacity of its time-definite express services to ensure optimal resource utilisation. This is enabled by the Group's directly operated model and integrated services capabilities. The Group's economy express services primarily target mid to high-end e-commerce customers.

The Group's flagship service offering under the economy express services is e-commerce standard express, which provides domestic delivery for e-commerce parcels. The Group's service offering provides unique advantages over competitors and directly addresses e-commerce logistics pain points. For example, the Group's door-to-door e-commerce delivery feature is uncommon among logistics providers and is a key differentiating factor. The Group has served many leading e-commerce channels to offer large-scale, door-to-door services in China. Moreover, as an independent third-party logistics service provider, the Group is not affiliated with e-commerce platforms and merchants. This ensures that the Group has no conflicting interests and can offer unbiased services to all its e-commerce partners. Therefore, the Group is the partner of choice for emerging e-commerce platforms and merchants as it can help them reduce the pressures of bundling with traditional e-commerce platforms and avoid close ties with logistics providers linked to incumbent e-commerce platforms.

As at the date of this Offering Circular, the Group has operated its economy express services under a directly operated model. For the Group's economy express services, it generally charges its customers with a delivery fee for each parcel delivered, of which pricing is determined with reference to distance, weight and volume of the delivery.

### ***Freight Delivery Services***

Since inception in 2013, the Group's freight delivery services have captured increasing market demand from business customers across a wide range of industries for manufacturing and commercial distribution, such as home appliance, furniture, and B2B and B2C heavy goods e-commerce, for the delivery of bulky and heavy items. The Group has continuously expanded its customer base and services scenarios for both to-B and to-C scenarios.



The Group's freight delivery services cater to a broad spectrum of customer needs and market segments. Service offerings under the Group's freight delivery services primarily include bulky and heavy parcel delivery services, bulky cargo specialised delivery services, standard LTL services, and standard FTL services. The Group primarily offers its freight delivery services through SF Freight (順豐快運) under a directly operated model. SF Freight emphasises the delivery of medium-to high-end products and differentiated value-added services, such as in-home furniture installation service. The Group is committed to delivering a trusted brand experience with standardised operating procedures, including safety and privacy measures implemented during the course of its operations. This ensures a secure and comfortable service experience. The Group also offers freight delivery services through a franchising model, SX Freight (順心捷達). SX Freight focuses on cost-sensitive segments, offering timely and cost effective services to serve a broad-based economy market.

The Group's freight delivery services distinguish itself through a set of competitive advantages. First and foremost, the Group prioritises its customers' convenience, offering door-to-door services as opposed to the more common store-to-store model, thereby demonstrating a heightened understanding of customer needs and operational capabilities. Second, regardless of the tiered approach based on time-definiteness and costs for its freight delivery services, the Group is committed to providing more time-definite delivery services than its competitors. The Group understands the importance of meeting strict timelines and ensuring the timely delivery of goods, including bulky and heavy items. With the assistance of its technological capabilities, the Group managed to achieve optimised logistics processes, efficient route planning and fleet dispatching. As of 31 December 2024, the Group is one of the very few logistics service providers that provided a guaranteed delivery time for freight delivery services in the PRC. Additionally, the Group offers reliability through consistently punctual deliveries, establishing a resilient network for its customers to rely on. Lastly, the Group's trusted brand name permits it to offer unique value-added services, such as in-home installations, which sets the Group apart and cements its status as a premium brand in the market.

The Group's freight delivery services stand out due to its versatility and applicability in various scenarios as well as its capabilities to serve to-C scenarios, which is rarely seen among freight delivery service providers. While the majority of freight delivery service providers in the PRC focus primarily on serving the manufacturing industry, the Group has extended its reach to encompass a wide range of consumer scenarios. For the to-B scenario, the Group quickly responds to demands from manufacturers and merchants for cost-effective and efficient logistics services by creating flexible industry solutions. For example, the Group provides night collection and delivery services for deliveries in industrial areas. Furthermore, the Group has enhanced its value-added services capabilities under the to-B scenario, and has also assisted in the relocation of facilities such as schools and hospitals. For the to-C scenario, the Group continues to solidify its end-to-end services capabilities.

For the Group's freight delivery services, the Group generally charges its customers with a delivery fee for each parcel delivered, of which pricing is determined with reference to weight, volume and distance of the delivery, and transportation method.

The Group recognises revenue from time-definite express services, economy express services and freight delivery services based on the progress of the service performed within period, which is determined based on proportion of costs incurred to date to the estimated total costs or days spent to the estimated total days. As of the date of the end of the reporting period, the Group re-estimates the progress of the service performed to reflect the actual status of contract performance. Costs incurred for provision of the aforesaid services are recognised as costs of revenue when revenue recognised based on the progress of the service performed within period. For each parcel delivered under the Group's express services, economy express services and freight delivery services, relevant fund flows directly from its customers to the Group.

## **Cold Chain and Pharmaceuticals Logistics Services**

The Group's cold chain and pharmaceuticals logistics services address the significant demand for cold chain logistics in the PRC from customers mainly from the food, agricultural products and pharmaceuticals sectors. The Group's cold chain and pharmaceuticals logistics services primarily include fresh and seasonal food logistics services, food cold chain logistics services and pharmaceuticals logistics services. The Group is ranked first for five consecutive years (2019 to 2023) in the "China Top 100 Cold Chain Logistics List" issued by the cold chain logistics professional committee of China Federation of Logistics and Purchasing. As a testament to the Group's high-quality services, industry expertise and leadership in cold chain and pharmaceuticals logistics in the PRC, the Group has been invited by national authorities in the PRC, including the State Post Bureau and the Ministry of Transport of China, to actively participate in setting national and industry standards for cold chain and pharmaceuticals logistics.

The Group's cold chain and pharmaceutical logistics services possess unique competitive strengths due to its nationwide network, high-quality standards, and pioneering industry practices. The Group boasts the most comprehensive coverage in China across diverse sectors, including supermarkets, agriculture, and catering. The Group's technology-driven approach enables real-time remote temperature and humidity control from warehouse intake to delivery. The Group prides itself as an industry pacesetter and pioneer for innovative solutions. For example, the Group is the first logistics provider to deliver live Yangcheng Lake hairy crabs, introduce an automated crab binding machine for efficiency, and operate a dedicated 48-hour cargo flight route for matsutake mushrooms.

For the Group's cold chain and pharmaceuticals logistics services, the Group generally charges its customers with a delivery fee for each delivery, of which pricing is determined with reference to volume and distance of the delivery, transportation method, and customers' specific request on temperature.

### ***Fresh and Seasonal Food Logistics Services***

Through its fresh and seasonal food logistics services, the Group primarily serves agricultural merchants and farmers in delivering fresh and seasonal food nationwide in the PRC. As of 31 December 2024, the Group's fresh and seasonal food logistics services network covered more than 2,800 counties across the PRC. The Group has been actively contributing to the PRC government's national rural revitalisation strategy through its efforts in the fresh and seasonal food logistics services. In addition, to enhance brand awareness for its fresh and seasonal food logistics services, as well as to streamline the upward channels of agricultural products, the Group cooperates with local government agencies and leading agricultural product brands to build regional brands of agricultural products, such as Yantai cherry, Lingnan lychee, Yunnan flowers and Ganzi matsutake.

### ***Food Cold Chain Logistics Services***

Through its food cold chain logistics services, the Group primarily serves businesses such as ice-cream vendors, yogurt suppliers, poultry dealers, and frozen pastry merchants, which deliveries require the maintenance of strict and precise temperature control. The Group's infrastructure allows it to deliver dairy products, meats, ice cream, and fish under strict temperature control requirements, typically frozen at -18°C. The Group is committed to ensuring the utmost quality and freshness of products during transport to meet and exceed its customers' expectations.

## ***Pharmaceuticals Logistics Services***

The Group provides tailored logistics services for pharmaceutical companies, laboratories, and hospitals, and oversees the entire process from warehouse intake to delivery. The Group's state-of-the-art system offers real-time visibility, detailed tracking, and temperature monitoring, all of which set a new industry standard. The Group utilises an integrated IoT platform to maintain precise control over diverse temperature zones from -80°C to 25°C, meeting the evolving needs of its pharmaceutical customers and medical institutions. Notable achievements include its designated vaccine transportation solution that adheres to national standards. Additionally, the Group has launched door-to-door temperature-controlled services, a multi-temperature zone and life-cycle supervision platform. Customers can track their orders through the Group's Yilushunxin (醫路順心) platform for an enhanced experience.

## **Intra-city On-demand Delivery Services**

The Group's intra-city on-demand delivery services address customers' needs across various industries and product categories. The Group provides intra-city delivery for merchants and consumers with needs for point-to-point intra-city delivery. Intra-city on-demand delivery services differ from intra-city express services in many aspects. The average delivery time for intra-city on-demand delivery services is generally within 30 minutes delivered by one rider. The average delivery time for intra-city express delivery service generally ranges from half day to one day. In addition, express delivery involves multiple intermediate steps such as first-mile pick-up, short-haul transport, sorting, and last-mile delivery. Multiple personnel are involved in the delivery process of intra-city express services, including couriers, drivers and sorting personnel as applicable, and the parcel is generally picked up and delivered by different couriers. In terms of goods delivered, intra-city on-demand delivery services mainly focus on point-to-point deliveries of items such as food, beverages and 3C electronics, while intra-city express services mainly focus on parcel deliveries within the same city.

The Group's intra-city on-demand delivery services are highly responsive to evolving customer needs and its great growth potential is based on its coverage in both growth and mature scenarios. Main scenarios covered by the Group's intra-city on-demand delivery services include food and beverage, groceries, 3C electronics, and apparel.

## ***Intra-City Delivery Services for Merchants***

As the go-to third-party on-demand delivery service provider, the Group's intra-city on-demand delivery services empower merchants with its open and inclusive on-demand delivery network, as well as its professional and comprehensive solution offerings.

The Group provides a customer-centric comprehensive services matrix for merchants, including local life services merchants. For key customers of its intra-city on-demand delivery services, the Group offers one-on-one professional consultations and customised solutions. The Group enables merchants to define, and tailors, solutions for each of their stores, considering product categories, peak hours, timing sensitivities and packaging needs. For small- to medium-sized merchants who are typically more price sensitive, the Group primarily offers standardised value-for-money options. In addition to delivery services, the Group shares its technology capabilities and data insights with merchants to improve their operational efficiency. As a result of the Group's customer-centric comprehensive services matrix and technology-empowered operational enhancement solutions, the number of registered merchants for its intra-city on-demand delivery services continued to increase, amounting to approximately 330,000, 470,000 and 650,000 as of 31 December 2022, 2023 and 2024, respectively.

### ***Intra-City Delivery Services to Consumers***

The Group offers around-the-clock local on-demand fulfilment solutions to consumers including “*Deliver for Me, Fetch for Me, Purchase for Me and Solve for Me*” services. Riders collect items, run errands and offer other lifestyle services, such as picking up and delivering laundry and picking up clothes from local retail stores for consumers to try-on. Consumers can monitor order fulfilment progress online in real time and contact the Group through multiple channels for inquiries and complaints. By providing professional, reliable and around-the-clock on-demand services covering varied everyday scenarios, the Group acquires substantial consumer mindshare and enhance consumer loyalty, further boosting its brand recognition and leading to greater growth potential. As a result, the number of active consumers for the Group’s intra-city on-demand delivery services continued to increase, amounting to approximately 15.6 million, 20.5 million and 23.4 million as of 31 December 2022, 2023 and 2024, respectively.

### **Supply Chain and International Services**

#### ***Supply Chain Services***

The Group provides high-quality integrated supply chain solutions to customers in various industries covering the full spectrum of the supply chain, including procurement, production, delivery, sales and after sales. The Group has developed tailored supply chain solutions for industries including, but not limited to, B2B and B2C e-commerce, electric vehicle, new energy, live-streaming e-commerce and new retail industries. Moreover, through technological capabilities such as automation, IoT, and logistics mapping, the Group empowers customers’ digitisation and intelligent transformation, automation, and technological upgrade of supply chains. The Group’s supply chain solutions assist its customers in accurately predicting their demand to guide their upfront procurement, production, storage and sales, thereby establishing a comprehensive supply chain system with timely response, efficiency and flexibility.

The Group’s supply chain services also present a series of significant advantages. Firstly, the Group covers both B2B and B2C models. The Group’s full-spectrum approach allows it to penetrate into all parts of the supply chain, and extend its supply chain services from Asia to the world. Secondly, as many Chinese manufacturing enterprises are expanding their global presence, they are more willing to collaborate with supply chain service providers with a trusted brand and international capabilities. The Group facilitates the relocation of global supply chain layouts for its business customers, with a particular emphasis on Southeast Asia. Finally, the Group’s positioning as an independent third-party logistics service provider enables it to serve all platforms, underpinning its commitment to providing comprehensive, flexible, and efficient solutions.

The Group actively works with its customers to develop efficient and accurate smart supply chain solutions which span the full spectrum of the industry value chain. For example, for its e-commerce platform customers, the Group’s supply chain solutions assist them in forming an omni-channel inventory system, enabling them to optimise their business strategies. The Group’s smart supply chain solutions cover the full cycle of their business needs, spanning across marketing and selling, commodity management, order and delivery forecasting and replenishment, and the establishment of smart stores.

The Group’s supply chain services cater to customers’ diverse needs arising from different scenarios mainly through:

- Fenghao Supply Chain (豐豪供應鏈), which focuses on customers in the automobile, consumer retail, technology, industrial manufacturing, pharmaceutical and health, fashion boutiques, and energy sectors. Fenghao Supply Chain aims to assist the Group’s domestic customers in expanding their operations overseas and help global enterprises establish a local presence in Asia.

- SXH (順新暉), which focuses on customers in the catering and food industries.
- KLN, which focuses on customers in overseas countries and regions. The Group's acquisition of KLN in September 2021 further enhanced its international supply chain services capabilities.

The Group has established a comprehensive overseas warehouse and distribution network globally, including in Asia, Europe and America, to enhance its localised services capabilities for supply chain services. For more details of the Group's overseas warehouse and distribution networks globally, see “– *The Group's Network and Infrastructure – Ground Network*”.

Service fee for the Group's supply chain services is mainly determined based on a cost-plus pricing basis, of which pricing also takes into account complexity of supply chain solutions provided and specific requests of customers, as well as applicable costs such as warehousing costs and transportation costs.

### ***International Delivery Services***

The Group is proud to offer comprehensive international delivery services with global reach, meeting the needs of business customers primarily in manufacturing, import and export and cross-border e-commerce sectors, and retail customers. The Group's international delivery services primarily include international express delivery services, cross-border e-commerce delivery services, and overseas local express delivery services. In addition, the Group's international delivery services work hand-in-hand with its international freight forwarding services, creating a synergistic operational model. The Group strategically sells unused cargo space to customers, ensuring optimal utilisation of its outbound and inbound aircraft.

The Group's international express delivery services specialise in time-definite international express delivery, catering to urgent cross-border delivery needs. The network for the Group's international express delivery services is supported by its sophisticated smart technologies, which allow it to plan and manage end-to-end delivery routes and optimise various delivery processes. Consequently, the Group has significantly reduced delivery time for international express delivery services, exemplifying its commitment to efficiency and customer satisfaction.

Understanding the unique logistics needs of cross-border e-commerce platforms, the Group has tailored its cross-border e-commerce delivery services to provide a comprehensive, efficient solution. The Group's international delivery services present a robust infrastructure capable of supporting both door-to-door and port-to-port service models, thereby ensuring flexibility and convenience for its e-commerce platform customers. The Group's cross-border e-commerce delivery services hold several competitive advantages, which enable it to offer superior services. The Group leverages on its broad network, technologies, and deep understanding of global logistics to navigate complexities and meet the time-sensitive demands associated with cross-border transactions. This customer-centric approach allows the Group to streamline the entire delivery process, making its services the indispensable asset for e-commerce businesses aiming for global reach.

The Group has a robust presence in Southeast Asia, where it provides local express delivery services in many countries therein. The Group's cross-border e-commerce delivery services operate a door-to-door model, facilitated by frequent air flights and an extensive local delivery network. The Group's air connections ensure swift transportation of goods to Southeast Asia, while its local delivery capabilities enable reliable last-mile delivery.

As the Group continues to grow and innovate, it is constantly looking to expand the coverage of its services. Over the years, the Group opened many new flight paths for its international express services, covering new countries and regions including New Zealand, Thailand, Vietnam, South Korea and Malaysia.

## ***International Freight Forwarding Services***

The Group's international freight forwarding services cover all major aspects of the cross-border logistics process. The Group's international freight forwarding services adopt an asset-light approach, whereby a majority of transportation needs are provided by external carriers, and customs clearance is partly outsourced to external customs brokers. The Group integrates industry resources to provide integrated cross-border logistics solutions, such as intermodal solutions, primarily to cross-border business customers through a combination of air transportation, ground transportation and sea freight to meet customers' specific needs in terms of cost, transit time and routing. By using a mix of transportation modes, the Group provides customers with more flexible options that can result in lower costs for transporting cargo while meeting its customers' specific cost, transit time and routing requirements. The Group also utilises freight forwarding services when it does not possess all logistics network and infrastructure to complete the delivery itself. For instance, the Group opts for freight forwarding services in sea freight where it does not own the means of transportation and acts solely as a non-vessel operating common carrier.

As an important part of its international freight forwarding services, the Group provides customs clearance services to facilitate the transportation process across borders. The Group has significant expertise in handling customs and quarantine procedures and has been continuously improving its customs clearance capabilities. The Group engages customs brokers based in various locations to conduct customs brokerage and dedicates professionals in various locations who are knowledgeable in trade regulation. This allows the Group to provide guidance and expert advice on matters relating to customs. The Group maintains a list of approved customs brokers for numerous locations worldwide. In addition, the Authorised Economic Operator certifications the Group has obtained in the PRC help it streamline the customs clearance process and improve its end-to-end services capabilities.

## **The Group's Targeted Industry Verticals**

Building on its strong logistics services capabilities, the Group has developed industry tailored logistics services that integrate its service offerings to address the specific needs of industry verticals. The Group strategically focuses on industry verticals that demonstrate high growth potential. These particular industry verticals demand more intricate logistics services and have elevated standards for service requirements. The Group's alignment with these industry verticals positions it to create tailored solutions, striving for excellence in meeting their complex needs. The Group's key targeted industry verticals include:

- **Communications and technology industries:** By enhancing its comprehensive services capabilities, the Group further solidifies cooperation with key accounts in the communications and technology industries to meet their growing needs. For example, the Group has extended its service coverage to the front-end production logistics supply chain scenario to draw a blueprint for its customers' planning and implementation of their supply chain.
- **Apparel industry:** To achieve innovative breakthroughs and sustainable growth in the apparel industry, the Group has been continuously enriching its service offerings. For example, to address a long-outstanding unmet need in the luxury goods industry to extend the ultimate offline services experience to customers online, the Group has created an end-to-end standardised "Shangpai Services (尚派服務)" for a luxury goods customer through technology empowerment and terminal delivery capabilities. As a result, the Group has achieved the two-way empowerment of the SF brand and this customer's premium brand image.



- **Consumer goods industry:** The Group helps customers in the consumer goods industry reform their supply chain. Leveraging its warehousing network planning, sales forecasting, and smart replenishment attributable to its smart supply chain, the Group gradually helps customers achieve the transition from online inventory management to online and offline inventory management, establishing a supply chain integrating to-B and to-C capabilities.
- **E-commerce industry:** In the e-commerce industry, the Group focuses on ensuring a high-quality customer experience and providing personalised services. The Group has strengthened its parcel return services for e-commerce platforms, and increased its wallet share with various e-commerce platforms. Empowered by its technologies, the Group also integrates its resources, like warehousing, express delivery, freight delivery and international all-cargo flights, to offer end-to-end solutions from local to cross-border delivery, helping its e-commerce customers expand their international business.
- **Other high-growth industries:** For customers in other high-growth industries, such as electric vehicles, new energy, live-streaming e-commerce and new retail, the Group focuses on large-scale customers and actively identifies customer needs through multidimensional customer reviews and key account business planning.

## PRICING MODEL

Generally, the Group maintains a catalogue of standardised pricing for its service offerings, which is mainly determined based on a cost-plus pricing basis. The Group adopts a differentiated pricing model for solutions customised for its customers based on their requests. For pricing of customised solutions, the Group's pricing is also determined with reference to various factors.

- *Express and freight delivery services:* pricing for express and freight delivery is determined with reference to factors such as time sensitivity, distance, weight and volume of the delivery and transportation method.
- *Intra-city on-demand delivery services:* the Group uses differentiated pricing models for its intra-city delivery services to merchants and consumers. For merchants, the Group generally charges a fixed fee for each order, as adjusted by variables such as distance, weight of the goods and order placement time. For consumers, the Group charges service fees taking into account factors such as region, distance, weight of the goods and order placement time.
- *Supply chain and international services:* pricing for the Group's supply chain services takes into account complexity of supply chain solutions provided and specific requests of customers, as well as applicable costs such as warehousing costs and transportation costs. Pricing for international delivery services takes into account factors such as time sensitivity, distance, weight and volume of the delivery and transportation method. Pricing for international freight forwarding services takes into account factors such as prevailing market rates, distance, weight and volume of the delivery and transportation method.



## THE GROUP'S NETWORK AND INFRASTRUCTURE

Deeply rooted in the logistics services industry for 32 years, the Group has established an efficient, reliable and synergetic logistics infrastructure network with extensive geographical coverage globally covering 206 countries and regions across six continents, integrating aviation, ground and information networks into one unified services network. The Group's extensive network and comprehensive infrastructure have laid the foundation for further enhancing its delivery timeliness and integrated logistics services capabilities, which in turn improve customer satisfaction and customer adherence. By continuously expanding its reach and capabilities, the Group is able to meet the growing demands of the global logistics industry and stay ahead of the global competition.

### Aviation Network

The Group has a well-established and world-leading aviation network, featuring SF Airlines, laying the foundation for its air transportation capabilities. The Group's comprehensive aviation network enables it to provide efficient and reliable logistics services to customers around the world. The Group is committed to further expanding its reach to new destinations, and its ongoing investments in its aviation network will ensure that it continues to maintain the highest standards of safety, reliability, and speed in its operations.

In 2009, the Group established SF Airlines, its own cargo airline, and became the first private logistics service provider with a self-operated cargo airline in China. In 2009, the Group became the first private logistics service provider in China to operate all-cargo aircraft. As of 31 December 2024, the Group operated a total of 110 all-cargo aircraft, consisting of 89 self-operated aircraft and 21 chartered-in aircraft, and such aircraft were skilfully manned by its dedicated crew of 798 highly trained pilots. For the year ended 31 December 2024, the Group achieved an average of approximately 5,200 daily flights, including both of the Group's self-operated flights and consolidated air freight services. Such high-frequency air connectivity supported the Group's proven leadership in speed in the industry. The Group has built a highly connected and extensive global aviation network that spans across six continents. Moreover, the Group has established a dominant presence in Southeast Asia, demonstrated by three to four average daily direct all-cargo flights from the PRC to the region in 2024. In addition, the Group had the highest number of average daily direct all-cargo flights from the PRC to both North America and Europe in 2024. As a result, the Group's total air cargo volume continued to increase over the years. In 2024, the Group's total air cargo volume exceeded 2,420,000 tons.

### *The Ezhou Cargo Hub*

The Ezhou cargo hub is the first dedicated air cargo hub in Asia, and fourth in the world, which is of strategic value and scarce position. The hub mainly comprises Ezhou Huahu International Airport and the Group's logistics complex. The Ezhou cargo hub is strategically located at the significant economic and transportation centre in central China, through which the Group can reach areas that account for more than 90% of China's gross domestic product within two-hour flight radiance. It is expected to become an international hub that connects the world, especially as a bridge to connect Southeast Asia and Europe. The Ezhou cargo hub adopts the hub-and-spoke model, which will enable the Group to further expand its network coverage, bring even higher time definiteness, achieve higher operational efficiency, and lower the Group's costs.

The Group officially commenced operation of its logistics complex in the Ezhou cargo hub in September 2023. The Group's logistics complex has an aggregate GFA exceeding 700,000 sq.m. and is equipped with automated machines to support its automated operations.

## **Ground Network**

The Group's ground network works in harmony with its aviation network to deliver exceptional logistics services to its customers. As of 31 December 2024, the Group operated over 100,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally, supporting the broadest road coverage in Asia. The Group also has an extensive network of service outlets and sorting centres in Asia.

### ***Service Outlets***

The Group operates an extensive network of service outlets that are strategically located within designated geographical coverage areas, and are responsible for parcel pickup and last-mile delivery services within their designated areas. As of 31 December 2024, the Group had over 36,000 service outlets (including its directly operated service outlets and other service stations) in the PRC. This enables the Group to provide fast and reliable logistics services to its customers, regardless of their location.

Some of the Group's larger-scale service outlets are also equipped with regional sorting and dispatching capabilities. The Group constantly monitors the performance of its service outlets and optimise its operations to ensure that it maintains high levels of customer satisfaction. Most of its overseas service outlets are strategically located in key international markets, including major cities in Southeast Asia, Europe, and North America. The Group's overseas service outlets enable it to effectively offer integrated logistics services across different countries and regions, as well as enhance its local operational capabilities.

### ***Sorting Centres***

To ensure seamless integration between the Group's aviation network and ground network, it has established a series of sorting centres that act as crucial nodes in its integrated network. The Group's sorting centres are responsible for collecting parcels from service outlets within their respective geographical coverage area, sorting parcels by delivery destinations, and dispatching. The Group adopts a centralised management strategy for its sorting centres, which covers key aspects such as new site selection, existing site expansion, and deployment of equipment and facilities used therein, with a focus on optimising the layout and design of its sorting centres to ensure smooth operations and reliable services. The Group's sorting centres are strategically located to provide convenient access to highways and major transportation hubs, improving its efficiency and reducing operational costs.

The Group allocates specific workloads for each level of its sorting centres according to their geographical coverage and connectivity. As of 31 December 2024, the Group operated 373 sorting centres for its express and freight delivery services globally. Attributable to its technological capabilities, some of the Group's sorting centres adopt the automated sorting system and achieve digitised and automated operations, through the deployment of technology-driven solutions. The Group's application of automated sorting systems and equipment effectively increased its operational efficiency in its sorting centres. In addition, the Group adopted a centralised waybill tracking system in its sorting centres to monitor real-time parcel movement status, so as to quickly identify the sorting centres in need of additional resources to enhance their operational efficiency.

### ***Transportation Resources***

The Group possesses an abundant array of ground transportation resources to ensure its integrated logistics services capabilities. The Group's transportation resources mainly consist of road transportation and rail transportation.

As of 31 December 2024, the Group's transportation fleet consisted of over 100,000 line-haul and short-haul trucks and over 100,000 first and last-mile delivery vehicles globally. The Group generally controls the route planning and dispatching of its fleet, utilising the capacity of both its in-house transportation fleet and those of its third-party transportation service providers. The Group engages third-party transportation service providers to fulfil additional capacity needs. The Group has established procedures in selecting the third-party transportation service providers it engages with, including reviewing their operating history, fleet condition, and reliability, among other criteria. The Group is committed to promoting sustainable transportation practices, with a focus on reducing its carbon footprint and using renewable energy vehicles. The Group's transportation resources are optimised to reduce emissions, and it continuously invests in new technologies and infrastructure to further enhance its sustainability practices.

The Group also provides secure, long-distance transportation of parcels through the railway network. As of 31 December 2024, the Group utilised 240 standard railway routes and 883 high-speed railway lines in the PRC. In addition, as of the same date, the Group operated along 303 railway routes reaching 38 overseas countries and regions. In 2024, the Group's rail transportation network handled a total cargo volume exceeding 3.2 million tons.

### ***Warehouse Infrastructure***

The Group's warehouse infrastructure is a crucial component of its integrated logistics services capabilities, providing a comprehensive range of storage, handling, and distribution solutions to meet the diverse needs of its customers.

The Group's warehouse infrastructure covered almost all counties and districts across the PRC. As of 31 December 2024, the Group operated more than 750 warehouses in the PRC with an aggregate area exceeding 7.4 million sq.m. and more than 950 warehouses with an aggregate area exceeding 2.5 million sq.m. overseas.

Attributable to its proven technology capabilities, the Group manages its warehouses effectively and efficiently. Many of the Group's warehouses are equipped with advanced automated storage and retrieval systems for parcels. The extensive application of automated technology, which perform tasks 24/7 and with fewer errors, ensures the Group's speedy delivery during peak seasons.

### ***Other Transportation Resources and Infrastructure***

The Group's ground network is further supported by logistics industrial parks and logistics centres across the PRC and Southeast Asia. These logistics industrial parks provide a range of value-added services, including warehousing, sorting, packaging, and distribution, to support its end-to-end logistics solutions.

To further supplement its aviation and ground networks, the Group cooperates with shipping companies to enhance its bulk-cargo logistics services capabilities through sea freight. As of 31 December 2024, the Group had access to over 18,000 maritime routes. This extensive sea freight network allows the Group to provide reliable bulk-cargo logistics services to its customers globally.

## **Information Network**

The Group's integrated logistics services capabilities are underpinned by an information network that connects its aviation and ground networks through a free flow of information to enable effective resource allocation and for efficient operations. The Group's information network empowers it to offer intelligent transportation solutions, smart terminal arrangements, and accurate forecasting and scheduling, which in turn allows the Group to provide precise and speedy logistics services. Through its commitment to innovation and investment in technologies, the Group's information network has become a cornerstone of its competitive edge. The Group is constantly exploring new ways to leverage technology to improve its service quality, enhance its efficiency, and deliver greater value to its customers. For more details of the Group's technology, see "*– Technology and Research and Development*".

Leveraging its synergetic aviation, ground and information networks, the Group's multi-network integration lays the foundation for its complete end-to-end comprehensive logistics services capabilities.

## **TECHNOLOGY AND RESEARCH AND DEVELOPMENT**

Continuous commitment and investment in technology and research and development grants the Group technological capabilities, evidenced by international awards such as "World Internet of Things Ranking List" by World Internet of Things Convention, and "Fortune Magazine's Most Influential IoT Innovation List" by Fortune Magazine in 2022 and 2023. The Group's technology not only streamlines and strengthens its internal management process, but also provides its customers with superior services and enhances their operational efficiency through its technological empowerment.

### **Research and Development**

The Group's unwavering commitment to research and development is deeply ingrained in its DNA to enhance its integrated logistics services capabilities. The Group's research and development focuses on improving its digital and intelligent internal operations and providing smart logistics services and supply chain solutions to customers. For example, in 2003, the Group revolutionised the industry by adopting handheld terminals, which boosted its operational efficiency and facilitated the collection and tracking of express delivery routing information. In addition, The Group invests in emerging technologies such as blockchain and cloud computing to improve its logistics services capabilities. For example, the Group has developed a forecasting system for predicting demand and optimising supply chain operations.

As of 31 December 2024, the Group had a dedicated research and development with more than 4,100 staff. The Group has also established research centres focusing on different areas of logistics innovation, such as the computer vision engineering research centre for logistics, which is dedicated to developing smart solutions for logistics. As of 31 December 2024, the Group had 4,180 patents and patent applications and 2,505 software copyrights, demonstrating its commitment to innovation and its focus on enhancing its logistics services and solutions.

### **Technology**

The Group is dedicated to driving its operations with technology and innovations applied primarily towards enhancing its operational efficiencies and expanding business scale.

The Group implements advanced technologies to accelerate its internal digitisation, building a smart logistics supply chain that empowers each step of its operations.

## Expanding Business Scale

The Group employs innovative technologies to support its external growth. In particular, the Group effectively addresses complex scenarios and incubates new service offerings. The Group's high level of digitisation enables it to address new and complex logistics needs across a multitude of industry verticals and practical applications. The Group caters to wide-ranging scenarios across online and offline and services through diverse business models from B2B, B2C, C2C to B2B2C. As the Group's capability to address complex scenarios increases, its ability to rapidly incubate new service offerings also strengthens, as it applies these scenarios on a wider basis across the industry through its highly efficient network.

Moreover, the Group has introduced numerous innovative smart tools and applications to support its digitised and intelligent logistics services, including:

- *SF Cloud Chain* (豐智雲鏈). SF Cloud Chain is a cloud-based tool which integrates digital technologies across the supply chain. It leverages the Group's supply chain solutions matrix, as well as intelligent algorithms, to offer SaaS-based services. It is designed to be flexible and capable of serving customers in different industries, addressing issues in multiple scenarios, and adapting to businesses of different scale. The goal is to provide a one-stop solution for the supply chain, enabling enterprises to quickly achieve the innovation of supply chain management modes. The services cluster is scalable and can be rapidly deployed to meet the unique needs of each customer, making it an ideal solution for those seeking to streamline their supply chain operations and optimise efficiency.
- *SF Trace*. SF Trace is an innovative solution that utilises self-developed trustworthy blockchain technologies and privacy protection algorithms to ensure complete traceability. This technology combines blockchain and IoT to create a sophisticated tool that leverages the Group's integrated logistics services capabilities. With SF Trace, enterprises can achieve complete traceability at each stage of the supply chain.
- *SF United Store*. SF United Store is a comprehensive digital logistics solution aimed at apparel and fast-moving retail industries. It offers a range of online and offline order fulfilment services, including performance monitoring, after-sales services processing, and smart logistics management across various order fulfilment scenarios. As a SaaS-based platform, it helps customers complete comprehensive digital and intelligent transformations, and refine business management and control for improved cost reduction and efficiency.
- *SF Network*. SF Network is a solution that analyses terminal demand and employs multi-factor considerations, multi-scenario configuration, and multi-objective calculations to analyse and solve supply chain network problems. It can provide optimisation solutions for warehouse infrastructure, routes, inventory, and product selection at the planning level, with visualised analysis results. With SF Network, enterprises can address issues such as high transportation costs, cross-warehouse consignment, slow delivery times, and low customer satisfaction, and improve their supply chain efficiency. The solution is highly adaptable and can be customised to fit the specific needs of each customer, making it a valuable tool for businesses seeking to optimise their supply chain management.

## THE GROUP'S CUSTOMERS AND CUSTOMER SERVICES

### The Group's Customer Services

The Group believes its customer-centred services deliver an ever-improving customer experience and improve customer satisfaction, enhancing customer loyalty and stickiness. The Group has been constantly expanding its service offerings to adjust to the continuously evolving needs of its customers.

The Group adheres to its “user-centred, demand-oriented, and experience-based” services philosophy to ensure efficient, punctual, and safe services. As a result, the Group has won numerous market recognition, including recognition from official sources.

The Group's highly trained and trustworthy couriers are the high-frequency outreach of its logistics services, providing efficient and reliable delivery services to customers every day. Therefore, the Group's couriers act as the frontline for its customer services. The Group understands the importance of real-time customer services, which is why it offers multiple channels of communication, including a call centre 95338, SF App (a mobile application), and WeChat Mini-Program, all available 24/7 through a combination of customer services representatives and self-service assistance. The Group's designated call-back team follows up with customers to ensure their needs are met, and ensure any problems are resolved within two days. The Group also conducts customer satisfaction surveys to gather feedback and improve its services continually.

### The Group's Customers

The Group has fostered an extensive customer base covering various industries around the world. The Group adopts a tiered approach for both business customers and retail customers.

The Group serves a wide range of blue-chip business customers across various industries, including many of the Top 500 Enterprises in China. In 2024, 484 of these enterprises were its customers, and they spread across all industry verticals. The Group has the highest coverage for blue-chip customers among integrated logistics service providers in Asia, which reflects its commitment to providing high-quality services. The Group takes a holistic and dynamic approach in assessing customers, factoring in current and future logistics expenditures, industry verticals located, industry positions, and opportunities for integrated logistics and supply chain optimisation, and categorises its business customers into three categories, namely:

- strategic key accounts (“SKA”): mainly blue-chip and leading enterprises in strategically important industries, such as e-commerce and circulation industry, communication and high-tech industry, apparel industry and consumer goods industry. In general, SKAs not only have high logistics expenditure, but also pose significant strategic value to the Group in the form of expected long-term mutual growth;
- key accounts (“KA”): large-scale business customers in other industries. KAs demonstrate high growth and high value and are willing to collaborate with the Group across various scenarios for mutual benefits; and
- small and medium-sized enterprises: these customers often show high-value potential for future growth and partnerships with the Group.

The Group strives to provide tailored solutions for its customers, regardless of their size or industry. The Group’s ability to serve customers across various industries is a testament to the versatility of its services and its commitment to meeting the evolving needs of its customers. As a result, the number of customers with active credit accounts continued to increase over the years, amounting to approximately 2.3 million as of 31 December 2024. This growth not only showcases the broad appeal of the Group’s services, but also its ability to foster enduring relationships with its customers.

The Group also serves a large base of retail customers. The number of its retail customers continued to increase over the years, amounting to approximately 730 million as of 31 December 2024. The Group has cultivated both online and offline channels for outreach to retail customers to ensure the growth of its retail business.

SF App and WeChat Mini-Program provide easy online access to its retail customers, allowing them to easily place orders and track their express deliveries. SF App offers expanded service offerings to meet the diverse needs of retail customers. Expanded service offerings through SF App include, among others, moving, mobile phone maintenance, mobile phone replacement, and used clothing recycling. In 2022, the Group also launched a new WeCom channel on WeChat to efficiently respond to retail customers’ questions and improve user engagement. The Group’s efforts to continuously improve its online services capabilities have led to an increase in the number of total retail users in 2024.

The Group offers a wide range of diverse offline services to its retail customers, catering to their various needs. The Group’s extensive network coverage ensures retail customers have access to its services wherever they are located. The Group’s services tailored for retail customers include, among others:

- luggage delivery services;
- holiday gift delivery services; and
- public welfare delivery, which allows retail customers to donate goods for charitable purposes.

The Group takes pride in having a diverse customer base, which means it does not depend on a single customer and thus has low concentration risk.

**Key Terms of Agreements with the Group’s Customers**

The Group typically signs master service agreements with business customers which cover various terms including duration, scope of services, and payment terms, among other things. The following table sets forth a summary of key terms of the master service agreement with its business customers:

Key Terms	Description
Duration. . . . .	Typically one year, subject to annual automatic renewal unless objected by either party
Service Type . . . . .	One or multiple service offerings of the Group’s integrated logistics services, as the case may be
Payment Terms. . . . .	Typically monthly settlement
Termination . . . . .	May be terminated by either party upon one-month notice under certain circumstances



The Group's retail customers primarily enjoy its express and freight delivery services and enter into its standard express and freight delivery services agreement with the Group at order placement. The duration for such agreement is on a per transaction basis. For damages and losses caused by the Group, losses will be reimbursed for all insured deliveries, subject to the maximum declared value of an insured delivery.

## EMPLOYEES

The Group's people-centric culture promotes sustainable growth internally and customer bonding externally. The Group is dedicated to creating a fair, just and open environment for its employees. SF's brand name stands for a platform for global shining talents to realise their dreams, seeking excellence and achieving career pride.

As of 31 December 2024, the Group had 147,189 full-time employees around the world. The following table sets forth the number of the Group's full-time employees categorised by region as of 31 December 2024:

Region	Number of Employees	% of Total
China . . . . .	120,234	81.7
Asia (excluding China) . . . . .	23,951	16.3
Other countries and regions . . . . .	3,004	2.0
<b>Total</b> . . . . .	<b>147,189</b>	<b>100</b>

The following table sets forth the numbers of the Group's full-time employees categorised by function as of 31 December 2024:

Function	Number of Employees	% of Total
Operational . . . . .	83,061	56.4
Professional <sup>(1)</sup> . . . . .	38,700	26.3
Management . . . . .	25,428	17.3
<b>Total</b> . . . . .	<b>147,189</b>	<b>100</b>

*Note:*

- (1) Primarily include employees responsible for technology, research and development, administration, finance and marketing.

The Group is committed to providing an equal, diverse, inclusive, supportive and rewarding working environment for its employees. The Group has many labour unions and employee representatives who help to maintain an open channel of communication with its employees. In addition, the Group seeks monthly feedback from employees and provides hotlines for any issues or concerns they may have.

The Group believes in providing a clear career path for its employees, which includes various promotion opportunities and training tailored to employees across functions. The Group's "Fengyun" training program is an example of this commitment, as it provides career, educational and emotional support for its employees.

The Group takes recruitment seriously, with various channels such as on-campus recruitment, internal referral, and online recruitment, as well as through recruitment agencies. The Group has established the SF Recruitment Management Guidelines, which set out its recruitment principles, standards, and procedures clearly. The Group believes that taking care of its employees is essential, which is why it participates in various governmental statutory employee benefits plans. The Group also provides support for its employees' physical and mental health and takes measures to ensure their working safety.

The Group has established market-competitive and fair remuneration, taking into account working hours and the complexity of the work involved. The Group has entered into standard labour agreements with its employees, as well as confidentiality and non-compete agreements with its key personnel. The Group maintains a good working relationship with its employees, and the Group has not experienced any material labour disputes or claims for the years ended 31 December 2022, 2023 and 2024.

## **SALES AND MARKETING**

The Group's marketing strategy covers both retaining existing customers and attracting new customers through its continuous efforts in improving customer experience and loyalty. The Group believes its top-in-class service quality is its best sales and marketing tool, as it has established a dominant mindshare as the go-to brand of time-definite express services in the PRC. The Group has a premium brand that is widely recognised for top-notch services and is a commonly used verb in Chinese, with "*Let me SF this to you*" having become synonymous with "*Let me express mail this to you.*" In addition, many retailers actively advertise that they exclusively use SF delivery as a way to convey a sense of their services and product quality to their customers. Customers' recognition of the Group's distinctive services helps it market itself through its brand name.

The Group continuously expands its services to attract more customers, and it also engages in cross-selling by offering integrated logistics services and supply chain solutions to its business customers. The Group also has local offices and overseas agents in overseas countries and regions to maximise its potential for localised operations.

## **PROCUREMENT AND SUPPLIERS**

### **Procurement**

The Group adheres to a transparent procurement policy, which emphasises the principles of fairness, justice, and openness, ensuring it engages in equitable transactions that are in the best interests of all parties involved. The Group mainly adopts a centralised procurement approach, which includes screening, tendering and bidding, and procuring various assets, consumables, and services used in its business, including but not limited to, sorting equipment, vehicles, waybills, barcode scanners and uniforms.

### **The Group's Suppliers**

Due to seasonal fluctuation of logistics demand and the imbalanced supply and demand across different regions, the Group leverages outsourced service providers as a constructive supplement to its resources. When there is a shortage in couriers and vehicles, outsourced resources could effectively and promptly satisfy its demand. Outsourcing arrangement is a common market practice in the logistics industry. For the years ended 31 December 2022, 2023 and 2024, some of the Group's suppliers were service providers for the above-mentioned services. The Group did not encounter any material labour disputes as a result of the above-mentioned services for the years ended 31 December 2022, 2023 and 2024.

The Group believes it has sufficient alternative suppliers for its business that can provide it with substitutes of comparable quality and prices. For the year ended 31 December 2022, 2023 and 2024, the Group did not experience any disruption to its business as a result of any significant shortage or delay in supply of the related services and products.

## **ESG**

The Group has built an ESG management system aligned with its vision of “foster shared growth, celebrate better life.” To that end, the Group is committed to strengthening its sustainable logistics supply chain services, taking care of its employees and couriers, engaging with broader stakeholders, and promoting rural revitalisation through contributing to the supply side reform of rural industries, leveraging its unique strengths in the logistics industry.

As the Group continues to improve its sustainability performance, it is honoured to be listed among Fortune Magazine’s first-ever China’s ESG Influential List in 2022, marking the only express logistics service provider on the list, and to be awarded the same prize subsequently in 2023 and 2024 for three consecutive years.

## **SEASONALITY**

In 2022, 2023 and 2024, the Group’s parcel volumes (including domestic express logistics parcel volume and international shipment volume) amounted to 11.1 billion, 12.0 billion and 13.3 billion, respectively. The Group’s parcel volumes during the relevant periods were subject to seasonal fluctuation, primarily due to the impact of major shopping events and Chinese New Year. The Group typically experiences a peak in parcel volumes during shopping events such as China’s online shopping events on 11 November and 18 June, and experiences comparatively lower parcel volumes during Chinese New Year. The Group believes that this pattern is likely to continue in the foreseeable future.

## **INTELLECTUAL PROPERTY**

The Group puts a premium on intellectual property protection, and strictly complies with applicable laws and regulations relating to intellectual property in the PRC and overseas. To further improve its management and protection of intellectual property, in 2023, the Group established several new guidelines, including guidelines for the assessment of overseas patent applications, and updated its guidelines for managing patent (software copyright) outcomes and trademark (trade name). As of 31 December 2024, the Group had 4,180 patents and 2,505 software copyrights. The Group’s patents primarily relate to smart devices applied in the logistics industry and software algorithms.

For the years ended 31 December 2022, 2023 and 2024, the Group had not been subject to any material intellectual property infringement claims by third parties or suffered any material intellectual property infringement by third parties.

## **COMPETITION**

Global logistics represents an enormous market opportunity. Across the globe there are only around ten integrated logistics service providers that are able to provide a full spectrum of logistics services. Asia is currently the largest, fastest growing, and one of the most fragmented regions in the global logistics market, presenting the most attractive growth prospects.

Across various services and geographies, the Group primarily competes with three major types of logistics service providers, namely, other global integrated logistics service providers, other China-based integrated logistics service providers, and non-integrated logistics service providers. The Group was Asia's largest and the world's fourth largest integrated logistics service provider in terms of revenue in 2024. In addition, the Group is a market leader in its home market in nearly all of the logistics sub-segments in which it operates, an achievement that is unmatched by any global or Asian player in its respective market. The Group believes that its core strengths provide it with competitive advantages over existing and potential competitors.

Furthermore, as the Group's business continues to grow rapidly, it faces significant competition for highly skilled personnel. The success of the Group's growth strategy depends in part on its ability to retain existing personnel and attract additional highly skilled personnel.

## **PROPERTIES**

The Group's corporate headquarters are located in Shenzhen. As of 31 December 2024, the Group's owned buildings and land were primarily used as offices, warehouses and logistics industrial parks. The Group's logistics complex in the Ezhou cargo hub has an aggregate GFA exceeding 700,000 sq.m. As of the same date, the Group's leased properties were primarily used as offices, warehouses, service outlets and logistics industrial parks, with relevant lease agreements to expire between 2024 to 2035. The Group believes that its existing facilities are generally adequate to meet its current needs, but it expects to expand its logistics network by leasing, building, or purchasing additional properties in the PRC and overseas over the next several years.

As of the date of this Offering Circular, the Group is in the process of obtaining land use right certificates for two parcels of land, where no construction activities had been carried out yet on these two parcels of land. In addition, as of the date of this Offering Circular, the Group has certain properties with each having a GFA exceeding 1,000 sq.m. that had not obtained ownership certificates in the PRC. For more details of the risks and uncertainties associated with such defects, see *"Risk Factors – Risks Relating to the Group's Business and Industry – Title defects with respect to or encumbrances on certain land and buildings may cause interruptions to the Group's business operations"*.

## **INSURANCE**

The Group considers its insurance coverage adequate and in accordance with the commercial practices in the industries in which it operates. The Group provides social security insurance, including pension insurance, work injury insurance, maternity insurance, medical insurance and unemployment insurance for its employees. Additionally, the Group provides group accident insurance for the couriers it employs and liability insurance for third-party service providers. The Group does not maintain business interruption insurance or key-man insurance. The Group's management evaluates the adequacy of its insurance coverage from time to time and purchases additional insurance policies as needed.

## **LICENSES AND PERMITS**

As of the date of this Offering Circular, the Group has obtained all licenses and permits that are material for its business operations in the PRC and overseas, and such licenses and permits are valid and subsisting.

## **LEGAL PROCEEDINGS AND COMPLIANCE**

### **Legal Proceedings**

The Group may from time to time be subject to various legal claims and proceedings arising in the ordinary course of its business. As of the date of this Offering Circular, the Group has not been and is not a party to any material legal, arbitral or administrative proceedings, and the Group is not aware of any pending or threatened legal, arbitral or administrative proceedings against the Group or the Directors that could, individually or in the aggregate, have a material adverse effect on its business, financial condition and results of operations.

### **Compliance**

The Group keeps abreast of regulatory requirements applicable to its operations. The Group always endeavours to comply with all applicable laws and regulations, and regularly conducts internal inspections to identify potential risks and promptly addresses these risks once spotted. As of the date of this Offering Circular, the Group has not been and is not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on the Group's business, financial condition and results of operations.

## **DATA PRIVACY AND PROTECTION**

The Group is dedicated to securing information about its customers' delivery and protecting its customers' and employees' privacy, and it strives to provide a safe, secure environment for its customers. The Group is committed to compliance with applicable personal information protection laws, regulations and industry standards. The Group has formulated comprehensive response measures over information system risks.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The Group has established a robust internal control and risk management system to strengthen and standardise its internal management and to promote its sustainable development.

The Group's risk management is led by the Risk Management Committee of the Board. The risk committee under the Risk Management Committee of the Board is responsible for the overall management and control of its risks at the Group level. Its main responsibilities include deliberation and decision-making of the Group's risk management system and policies, preventing of major risk and responding to major crises. The risk committee reports to the Risk Management Committee of the Board quarterly and annually. The Group's chief financial officer is responsible for implementing the Group's risk management strategy, guiding and evaluating the establishment and improvement of risk management and control mechanisms in functional departments, business departments, business units and different regions. The Group's risk control compliance department coordinates risk control and compliance work among its different departments. The leaders of each functional department, business department, business unit, and region are responsible for related risk control in their work area. They are also responsible for identifying and evaluating daily risks as well as the implementation of risk management and control measures.

## AWARDS AND RECOGNITION

The Group is recognised for the quality and market reception of its services. The following table sets forth major awards and recognitions the Group has received over the years:

Year	Name of Award or Recognition	Awarding Entity
2024. . . . .	415th of Fortune Global 500	Fortune Magazine
2024. . . . .	China ESG 50 List	Fobest China
2022 – 2024 . . . . .	China ESG Influential Listing	Fortune Magazine
2017 – 2024 . . . . .	Fortune Magazine’s Most Admired Chinese Companies	Fortune Magazine
2022 – 2023 . . . . .	2022 Most Influential IoT Innovation List	Fortune Magazine
2009 – 2024 . . . . .	1st in overall customer satisfaction	the State Post Bureau
2013 – 2021* . . . . .	1st in delivery timeliness (within 48 hours)	the State Post Bureau
2013 – 2021* . . . . .	1st in delivery punctuality (within 72 hours)	the State Post Bureau
2019 – 2023 . . . . .	1st of Chinese Top 50 Private Logistics Enterprises	China Federation of Logistics and Purchasing

*Note:*

\* The State Post Bureau has not published new rankings for delivery timeliness and delivery punctuality since 2021.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS

The Board of Directors consists of seven Directors, including four executive Directors and three independent non-executive Directors. Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six consecutive years pursuant to the relevant PRC laws and regulations.

The following table sets forth the Directors as of 31 December 2024:

Name	Age	Position/Title
Wang Wei (王衛) . . . . .	54	Chairman of the Board of Directors, Executive Director
Ho Chit (何捷) . . . . .	50	Executive Director
Wang Xin (王欣) . . . . .	52	Executive Director
Xu Bensong (徐本松) . . . . .	39	Executive Director
Chan Charles Sheung Wai (陳尚偉) . . . .	71	Independent Non-Executive Director
Lee Carmelo Ka Sze (李嘉士) . . . . .	64	Independent Non-Executive Director
Ding Yi (丁益) . . . . .	60	Independent Non-Executive Director

### Executive Directors

**Mr. WANG Wei (王衛先生)**, aged 54, is the founder, de facto controller of the Company, and was appointed as chairman of the Board of Directors, executive Director, general manager and chief executive officer of the Company. Mr. Wang has also been the chairman of the board of directors and a non-executive director of KLN since October 2021.

**Mr. HO Chit (何捷先生)**, aged 50, graduated from The University of Hong Kong and Tsinghua University. He is a certified public accountant of Hong Kong and an American certified public accountant, with extensive experience in financial management, corporate finance, auditing and business management. Mr. Ho was a senior manager in the auditing and advisory division of Arthur Andersen and PricewaterhouseCoopers from 1997 to 2005, the senior financial director of Sohu.com Limited (SOHU.US) from 2005 to 2008, the chief financial officer of Changyou.com Limited (CYOU.US) from 2009 to 2014, the chief executive officer of Fox Financial Technology Group Limited from 2014 to 2021. He has been a deputy general manager and the head of finance of the Company since September 2021. Mr. Ho was appointed as a Director of the Company in November 2021 and was re-designated as an executive Director in August 2023. Mr. Ho served as a non-executive director of KLN from October 2021 to August 2024, and as an executive director and chief strategy officer since September 2024. Mr. Ho has been a non-executive director and the chairman of the board of directors of SF REIT Asset Management Limited (the manager of SF REIT) respectively since April 2022 and August 2023.



**Ms. WANG Xin (王欣女士)**, aged 52, obtained a master's degree in Business Administration from China Europe International Business School (CEIBS). Ms. Wang was the senior project manager and the associate partner of Mercer Management Consulting (now named Oliver Wyman) from 2000 to 2008, a director of A.T. Kearney (Shanghai) Management Consulting Co., Ltd. from 2008 to 2011, and a senior partner of Roland Berger Enterprise Management from 2011 to 2021. Ms. Wang served as the assistant chief executive officer and chief human resources officer of the Company from January 2022 to January 2024, and has been the assistant chief executive officer and chief strategy officer of the Company since January 2024. She was appointed as a Director since December 2022 and was re-designated as an executive Director in August 2023. Ms. Wang has also been a director and the chairman of the board of directors of KEX (KEX.BK) since May 2024.

**Mr. XU Bensong (徐本松先生)**, aged 39, obtained a master's degree in Business Administration from Sichuan University and an executive master of Business Administration (EMBA) degree from Peking University. Mr. Xu joined the Group in 2007 and successively held various positions, including the operation manager of Yunnan district, senior operation manager of Sichuan district, general manager of Chongqing district, head of Group sales centre, general manager of Beijing district, and assistant chief operating officer. He was appointed as the chief marketing officer of the Company in May 2024. Mr. Xu has served as an executive Director of the Company since October 2024.

#### **Independent Non-executive Directors**

**Mr. CHAN Charles Sheung Wai (陳尚偉先生)**, aged 71, graduated from the University of Manitoba, Canada. Mr. Chan is a member of both the Chartered Professional Accountants of Canada and the Hong Kong Institute of Certified Public Accountants. Mr. Chan has various experience in auditing, finance and risk management. He was an audit partner of Mainland China & Hong Kong office of Arthur Andersen, a managing partner of audit department of Mainland China & Hong Kong office of PricewaterhouseCoopers, and a senior managing director of Protiviti (a risk management and consulting firm). Mr. Chan was also a member of the Listing Committee of the Hong Kong Stock Exchange and a member of the Election Committee for the first Legislative Council of Hong Kong. He was an independent non-executive director of CITIC SEC (stock codes: 600030.SH, 6030) and Bio-heart (stock code: 2185). Mr. Chan is currently serving as an independent non-executive director of Maoyan Entertainment (stock code: 1896), Hansoh PHARMA (stock code: 3692), and Sun Art Retail (stock code: 6808). Mr. Chan was appointed as an independent non-executive Director in December 2022.

**Mr. LEE Carmelo Ka Sze (李嘉士先生)**, aged 64, obtained a bachelor's degree and master's degree in Laws from The University of Hong Kong. Mr. Lee is qualified as a solicitor in Hong Kong, England and Wales, Singapore and the Australian Capital Territory. Mr. Lee has rich legal experience, and has been a partner and senior partner of Woo Kwan Lee & Lo since 1989, and its Managing Partner since 2022. Mr. Lee is also a member of the Campaign Committee of the Community Chest of Hong Kong and the co-chairman of the Community Chest Corporate Challenge Half Marathon Organising Committee. Mr. Lee had been a committee member of HKSAR InnoHK Steering Committee of the Innovation and Technology Commission of Hong Kong, the chairman of the Appeal Tribunal Panel (Buildings), one of the members of chairmen pool of the Listing Review Committee of the Hong Kong Stock Exchange, chairman of the Listing Committee of the Hong Kong Stock Exchange, and an independent non-executive director of KWG Group (stock code: 1813). Mr. Lee is currently serving as an independent non-executive director of China Mobile (stock codes: 600941.SH, 0941) and a non-executive director of Safety Godown (stock code: 0237) and Playmates (stock code: 0635). Mr. Lee has served as an independent non-executive Director of the Company since December 2022.

**Dr. DING Yi (丁益博士)**, aged 60, Ph.D. in Economics of Renmin University of China and Senior Economist, has extensive experience in financial management, and served as a lecturer at the School of Finance of Renmin University of China, the deputy general manager of the investment management department of PICC Group (stock codes: 601319.SH, 1339), a director and the assistant general manager of PICC Asset Management Company Limited\* (中國人保資產管理有限公司), the general manager and chairwoman of Huaneng Capital Services Corporation Ltd. (華能資本服務有限公司), the chairwoman of Invesco Great Wall Fund Management Company Limited\* (景順長城基金管理有限公司). Dr. Ding has been a director of Tongwei Co., Ltd. (通威股份有限公司) (600438.SH) and independent director of Hua Xia Bank Co., Limited\* (華夏銀行股份有限公司) (600015.SH) and Huatai Asset Management Company Limited\* (華泰資產管理有限公司). Dr. Ding has served as an independent non-executive Director of the Company since December 2022.

## BOARD OF SUPERVISORS

The Board of Supervisors consists of four Supervisors, including two employee representative Supervisors.

The following table sets forth the Supervisors as of the date of 31 December 2024:

Name	Age	Position/Title
Wang Jia (王佳) . . . . .	45	Supervisor
Liu Jilu (劉冀魯) . . . . .	78	Supervisor
Li Juhua (李菊花) . . . . .	45	Employee Representative Supervisor
Zhang Shun (張順) . . . . .	33	Employee Representative Supervisor

**Ms. WANG Jia (王佳女士)**, aged 45, graduated from Shenzhen University with a bachelor's degree in Economics. She worked at Deloitte Touche Tohmatsu Certified Public Accountants LLP Shenzhen Branch from 2002 to 2006. She also worked at Ernst & Young (China) Advisory Limited Shenzhen Branch from 2007 to 2014. Ms. Wang joined the Group in 2014 and she successively held various positions within the Group, including the financial planning expert and the head of internal control, and is now the head of risk control and compliance. Ms. Wang has been a Supervisor of the Company since April 2021.

**Mr. LIU Jilu (劉冀魯先生)**, aged 78, graduated from Anhui University and specialised his studies in Economics and Management. Mr. Liu was the person in charge of Ma'anshan Dingtai Metal Products Co., Ltd.\* (馬鞍山市鼎泰金屬製品公司), the chairman and general manager of Ma'anshan Dingtai Technology Co., Ltd.\* (馬鞍山市鼎泰科技有限責任公司) and Ma'anshan Dingtai Rare Earth New Materials Co., Ltd.\* (馬鞍山鼎泰稀土新材料股份有限公司) from 1994 to 2016. Mr. Liu has been a Supervisor of the Company since December 2016.

**Ms. LI Juhua (李菊花女士)**, aged 45, obtained a bachelor's degree in Management from Tongji University, is a Senior Certified Public Accountant in Australia, a Fellow of the Chartered Management Accountants and the Chartered Global Management Accountant. Ms. Li was an accountant and finance manager of Shanghai Totole Flavoring Food Co., Ltd. under Nestlé from 2002 to 2004, an assistant accountant and an assistant finance manager of Wal-Mart China's headquarter from 2004 to 2008, a finance manager of B&Q Shenzhen from 2008 to 2010, and the financial director of Maoye International (stock code: 0848) from 2011 to 2012. Ms. Li successively held various key positions within the Group from May 2012 to December 2023, including the head of accounting department, head of tax department, head of financial shared service centre and head of the Chief Financial Officer office. She has also been assistant to the Chief Financial Officer of the Company since January 2024. She has been a non-executive director of SF REIT Asset Management Limited (the manager of SF REIT) from August 2023 to April 2024. She is also a non-executive director of SF Intra-city since November 2023. Ms. Li has been an employee representative Supervisor of the Company since December 2019.

**Mr. ZHANG Shun** (張順先生), aged 33, obtained his master’s degree in Economics from Sun Yat-sen University. He joined the Group in 2015 and successively held various positions, including procurement management senior coordinator, operation management senior coordinator, the head of culture and employee relations division and the assistant head of S.F. Express business region, and is now the head of government affairs section of the public affairs department of the Group. Mr. Zhang has been an employee representative Supervisor of the Company since December 2022.

## SENIOR MANAGEMENT

The following table sets forth the Company’s senior management as of 31 December 2024:

Name	Age	Position/Title
Wang Wei (王衛) . . . . .	54	General Manager
Ho Chit (何捷) . . . . .	50	Deputy General Manager
Li Sheng (李勝) . . . . .	58	Deputy General Manager
Zhou Haiqiang (周海強) . . . . .	47	Deputy General Manager
Geng Yankun (耿豔坤) . . . . .	39	Deputy General Manager
Gan Ling (甘玲) . . . . .	50	Deputy General Manager

For biographical details of **Mr. WANG Wei** (王衛先生) – please see the profile of Mr. Wang in “*Executive Directors*”.

For biographical details of **Mr. HO Chit** (何捷先生) – please see the profile of Mr. Ho in “*Executive Directors*”.

**Mr. LI Sheng** (李勝先生), aged 58, obtained his bachelor of laws from Sichuan Normal University. He served as a senior regional manager from 1998 to 2005 at Wal-Mart China. He joined the Group in 2005 and successively held various positions, including general manager of Hubei region, general manager of Sichuan region, vice president of the Group, president of Central China operation and president of West China operation, and is currently president and chairman of SF Airlines Company Limited. Mr. Li has been a director of the SF Foundation since October 2016 and an assistant chief executive officer of the Company since May 2024. He has been a deputy general manager of the Company since December 2016.

**Mr. ZHOU Haiqiang** (周海強先生), aged 47, joined the Group in 2001 and successively held various positions, including senior manager of general affairs department of East China region operation headquarters, general manager of Hangzhou region, deputy president of e-commerce logistics business unit, assistant chief human resources officer and head of Shanghai operations. Mr. Zhou has been an assistant chief executive officer of the Company since November 2020, the chief human resources officer of the Company since November 2024 and a deputy general manager of the Company since December 2022.

**Mr. GENG Yankun** (耿豔坤先生), aged 39, graduated from Harbin Institute of Technology and Peking University with a master's degree in Engineering. After graduating in 2009, he joined Baidu, and was successively responsible for the technical R&D and management of Baidu Wiki, Baidu Knows, Baidu Travel and Baidu LBS, among others. He was the chief technology officer of Beijing Xiaodu Information and Technology Co., Ltd.\* (北京小度信息科技有限公司) from 2015 to 2017. He joined the Group in 2017, and currently holds various positions within Group, including the chief information and technology officer of the Company, the chairman and chief executive officer of SF Technology and Beijing S.F. Intracity Technology Co., Ltd., and is responsible for the technology R&D and relevant management. He has been served as the deputy general manager of the Company since December 2022 and as a non-executive director of SF Intra-city since September 2023.

**Ms. GAN Ling** (甘玲女士), aged 50, obtained a master's degree in Business Administration from The University of Texas at Austin in the United States of America and an executive master of Business Administration (EMBA) degree from PBCSF Tsinghua University. She has extensive experience in equity investment, public listing and corporate finance. Ms. Gan was an analyst at Coatue Management, LLC, one of the Tiger cub funds in New York, from 2006 to 2010, the deputy general manager of Maoye International (stock code: 0848) from 2010 to 2015. She has been a member of the Appeal Review Committee of the Shenzhen Stock Exchange. She joined the Group in 2015, and serves as a deputy general manager and the secretary of the Board of Directors of the Company since 2016, a joint company secretary of the Company since October 2024, and a non-executive director of SF REIT Asset Management Limited (the manager of SF REIT) since 2022.

## **RECENT DEVELOPMENTS**

### **FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED 31 MARCH 2025**

For the three months ended 31 March 2025, the Group recorded an increase in operating profit when compared to the corresponding period in 2024 primarily due to an increase in operating revenue from its (i) express and freight delivery and (ii) supply chain and international segments. The Group also recorded an increase in total operating costs for the three months ended 31 March 2025 when compared to the corresponding period in 2024, primarily due to an increase in (i) operating costs and (ii) sales expenses, as a result of increased market promotion and recruitment of its sales team for business development opportunities. In addition, the Group recorded a decrease in other income, primarily due to a reduction in tax incentives, and a decrease in investment income, primarily due to disposal of the Group's subsidiaries.

As at 31 March 2025, as compared to their respective balances as at 31 December 2024, the Group recorded (i) a decrease in total assets, primarily due to a decrease in cash and cash equivalents and accounts receivables, and (ii) a decrease in total liabilities, primarily due to a decrease in short-term borrowings, accounts payables and employee wages payables.

The financial information of the Group as at and for the three months ended 31 March 2025 is prepared in accordance with generally accepted accounting principles of the PRC and has not been subject to an audit or review by the Group's independent auditors and should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. Such financial information as at and for the three months ended 31 March 2025 should not be taken as an indication of the Group's expected financial condition or results of operations as at and for the full financial year ended 31 December 2025.

### **ISSUE OF RMB500 MILLION ULTRA-SHORT-TERM FINANCING BILLS BY TAISEN HOLDINGS**

The Group's wholly owned subsidiary S.F. Taisen Holding (Group) Co., Ltd.\* (深圳順豐泰森控股(集團)有限公司) completed the issuance of RMB500 million ultra-short-term financing bills on 3 January 2025.

### **PARTIAL REPURCHASE OF U.S. DOLLAR DENOMINATED GUARANTEED NOTES BY WHOLLY-OWNED SUBSIDIARIES**

SFHI, a wholly-owned subsidiary of the Company, issued the 2030 Notes in February 2020. SFHI 2021, a wholly-owned subsidiary of the Company, issued the 2031 Notes in November 2021 and January 2022. Both the 2030 Notes and the 2031 Notes are unconditionally and irrevocably guaranteed by the Company.

On 22 May 2025, SFHI and SFHI 2021 respectively announced the launch of the Offers, with a maximum aggregate acceptance amount up to US\$350,000,000 in principal amount of the 2030 Notes and the 2031 Notes.

Upon the settlement of the Offers on 4 June 2025, (i) U.S.\$101,371,000 in aggregate principal amount of the 2030 Notes were purchased and redeemed by SFHI, (ii) U.S.\$78,306,000 in aggregate principal amount of the 2031 Notes were purchased and redeemed by SFHI 2021 and cancelled pursuant to the terms and conditions of the respective Notes, and (iii) U.S.\$552,838,000 in aggregate principal amount of the 2030 Notes and U.S.\$641,694,000 in aggregate principal amount of the 2031 Notes remain outstanding, respectively.

## **REPURCHASE OF A SHARES**

The Company held the 13th meeting of the sixth Board of Directors on 29 April 2024, and launched its 2024 A Shares Repurchase Plan, whereby the Company would repurchase its A Shares from the secondary market with its own funds for the purpose of “employee share ownership plan or equity incentives”. The Company thereafter repurchased the Repurchased Shares pursuant to the 2024 A Shares Repurchase Plan.

Pursuant to the 19th meeting of the sixth Board of Directors held on 28 March 2025 and the 2024 annual general meeting held on 13 June 2025, the purpose of the 2024 A Shares Repurchase Plan was amended to “cancellation and reduction of share capital”. As of the date of this Offering Circular, the Company is in the process of cancelling the Repurchased Shares.

## **PLACING OF NEW H SHARES UNDER GENERAL MANDATE**

Concurrent with the Offering, there is an Equity Placement comprising of the issuance of 70,000,000 H Shares at a placing price of HK\$42.15 per H Share, for a total offer size of approximately HK\$2,950.5 million by way of new share issuance. The Guarantor has entered into a Placing Agreement with Goldman Sachs (Asia) L.L.C. and Huatai Financial Holdings (Hong Kong) Limited as placing agents. The Equity Placement is conducted concurrently with the offering of the Bonds but the completion of the issuance of the Bonds and the Equity Placement are not inter-conditional. The closing for the Follow-on Offering took place on 4 July 2025.

## MARKET PRICE INFORMATION

The H Shares have been listed on Main Board of the Hong Kong Stock Exchange (Code: 6936) since the Guarantor's initial public offering on 27 November 2024. Prior to that time, there was no public market for the Guarantor's H Shares. Pursuant to the Material Asset Restructuring, the Group's business has been listed on the Shenzhen Stock Exchange (Code: 002352.SZ) since 23 January 2017.

The table below sets forth, for the periods indicated, the high and low closing prices per H share, as reported on the Hong Kong Stock Exchange, and per A Share, as reported on the Shenzhen Stock Exchange:

Year	Closing Share Price			
	H Shares (HKD per share)		A Shares (RMB per share)	
	High	Low	High	Low
	(HK\$)		(RMB)	
<b>2023</b>				
First quarter ended 31 March 2023 . . . . .	N/A	N/A	61.09	51.73
Second quarter ended 30 June 2023 . . . . .	N/A	N/A	58.00	44.76
Third quarter ended 30 September 2023 . . .	N/A	N/A	49.79	40.15
Fourth quarter ended 31 December 2023 . .	N/A	N/A	42.26	38.43
<b>2024</b>				
First quarter ended 31 March 2024 . . . . .	N/A	N/A	39.45	34.08
Second quarter ended 30 June 2024 . . . . .	N/A	N/A	39.06	34.13
Third quarter ended 30 September 2024 . . .	N/A	N/A	44.98	33.23
Fourth quarter ended 31 December 2024 . .	34.50	32.35	46.09	40.10
<b>2025</b>				
First quarter ended 31 March 2025 . . . . .	40.50	33.00	44.10	38.53
Second quarter ended 30 June 2025 . . . . .	46.80	33.00	50.70	40.07



## EXCHANGE RATE

### PRC

The PBOC sets and publishes on a daily basis a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2.0 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the following business day. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system in the future.

The table below sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and U.S. dollars which reflect the central parity rate published by the CFETS as authorised by the PBOC:

Period	Exchange Rates between Renminbi and U.S. Dollar			
	End	Average <sup>(1)</sup>	High	Low
	(RMB per U.S.\$1.00)			
2021 .....	6.3757	6.4474	6.5713	6.3498
2022 .....	6.9646	6.7573	7.2555	6.3014
2023 .....	7.0827	7.0558	7.2258	6.7130
2024 .....	7.1884	7.1167	7.1996	7.0074
2025				
January .....	7.1698	7.1833	7.1891	7.1696
February .....	7.1738	7.1711	7.1740	7.1691
March .....	7.1782	7.1737	7.1788	7.1688
April .....	7.2014	7.2034	7.2133	7.1775
May .....	7.1848	7.1950	7.2095	7.1833
June .....	7.1586	7.1757	7.1886	7.1586

*Note:*

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

## HONG KONG

The HK dollar is freely convertible into the U.S. dollar. Since 1983, the HK dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to U.S.\$1.00. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the “**Basic Law**”), which came into effect on 1 July 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the HK dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to U.S.\$1.00. The Hong Kong government has indicated its intention to maintain the link at that rate. Under the Basic Law, the HK dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the HK dollar will remain freely convertible into other currencies, including the U.S. dollar. However, the Guarantor cannot assure you that the Hong Kong government will maintain the link at HK\$7.80 to U.S.\$1.00, or at all.

The table below sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and Hong Kong dollars which reflect the central parity rate published by the CFETS as authorised by the PBOC:

Period	Exchange Rates between Hong Kong dollar and U.S. Dollar			
	End	Average <sup>(1)</sup>	High	Low
	(HK\$ per U.S.\$1.00)			
2021 .....	7.7981	7.7742	7.8034	7.7514
2022 .....	7.7967	7.8317	7.8501	7.7690
2023 .....	7.8157	7.8305	7.8499	7.7897
2024 .....	7.7625	7.8016	7.8373	7.7625
2025				
January .....	7.7886	7.7827	7.7903	7.7716
February .....	7.7756	7.7814	7.7928	7.7695
March .....	7.7785	7.7727	7.7785	7.7675
April .....	7.7590	7.7637	7.7842	7.7565
May .....	7.8401	7.8068	7.8401	7.7509
June .....	7.8498	7.8484	7.8499	7.8445

*Note:*

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

## **DIVIDENDS**

### **PRINCIPLES FOR PROFIT DISTRIBUTION**

The Company's profit distribution shall emphasise a reasonable return to public shareholders, with the purpose of sustainable development and safeguarding shareholders' rights and interests, maintain the continuity and stability of profit distribution policies, and comply with the relevant provisions of laws and regulations.

### **WAY OF PROFIT DISTRIBUTION**

Dividends can be distributed in the form of cash, shares or a combination of both, and distribution of profits by way of cash dividends should be given priority.

### **CONDITIONS FOR CASH DIVIDENDS**

For distribution of cash dividends, the following conditions shall be satisfied:

1. The distributable profit (i.e. the after-tax profit remaining after making up for the losses and making contributions to the common reserve fund) realised by the Company in a year is positive;
2. The auditor issues a standard unqualified audit report on the annual financial report of the Company; and
3. The Company has no material investment plans or significant cash expenditures (except for fundraising investment projects) within the next 12 months.

Material investment plans or significant cash expenditures refer to the total accumulative expenditures for external investment, acquisition of assets or purchase of equipment by the Company within the next 12 months reaching or exceeding 20% of the latest audited net assets of the Company, and exceeding RMB50 million.

### **CASH DIVIDEND PAYOUT RATIO AND TIME**

Subject to the compliance of the profit distribution principles, the maintenance of the normal operation and the long-term development of the Company, where cash distribution conditions are met, the Company, in principle, makes the cash dividend payment once a year. Cash dividend for each year shall not be less than 10% of the distributable profit realised for that same year, the aggregate cash dividend for any three consecutive years shall not be less than 30% of the average distributable profits realised during such three years. Under certain conditions, the Company may distribute interim dividends according to its actual operating conditions.

When the Company convenes an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, maximum proportion and maximum amount of cash dividends for the interim period of the next year. The maximum amount of interim dividend for the next year considered at the annual general meeting shall not exceed the net profit attributable to shareholders of the listed company for the corresponding period. The Board of Directors shall formulate a specific interim dividend plan in accordance with the resolutions of the shareholders' general meeting, subject to the conditions of profit distribution.

The Board has formulated the Shareholders' Return Plan for 2024-2028 according to which the total amount of cash dividends of the Company in 2023 accounted for about 35% of the profit attributable to owners of the Company in that year, and the proportion of cash dividends of the Company from 2024 to 2028 will increase steadily on the basis of that in 2023. Decisions to declare or to pay any dividends in the future, will depend on, among other things, the Company's profitability, operations and development plans, external financing environment, costs of capital, the Company's cash flows and other factors that the Directors may consider relevant.

## SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, so far as is known to the Directors, the following persons (not being Directors, Supervisors or chief executive 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 Hong Kong 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:

Name of substantial Shareholder	Class of shares	Nature of interest	Number of shares interested <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of shares	Approximate percentage of shareholding in the total issued shares of the Company
Wang Wei <sup>(2)</sup> . . . . .	A Shares	Interest of controlled corporation	2,661,927,139 (L)	55.27%	53.39%
Mingde Holding <sup>(2)</sup> . . . . .	A Shares	Beneficial owner <sup>(3)</sup>	2,561,927,139 (L)	53.19%	51.38%
	A Shares	Interest of controlled corporation	100,000,000 (L)	2.08%	2.01%
Morgan Stanley <sup>(4)</sup> . . . . .	H Shares	Interest of controlled corporation	11,750,083 (L) 2,664,973 (S)	6.91% 1.57%	0.24% 0.05%
Morgan Stanley International Holdings Inc. <sup>(4)</sup> . . . . .	H Shares	Interest of controlled corporation	11,636,083 (L) 1,931,329 (S)	6.84% 1.14%	0.23% 0.04%
Morgan Stanley International Limited <sup>(4)</sup> . . . . .	H Shares	Interest of controlled corporation	11,636,083 (L) 1,931,329 (S)	6.84% 1.14%	0.23% 0.04%
Morgan Stanley Investments (UK) <sup>(4)</sup> . . . . .	H Shares	Interest of controlled corporation	11,636,083 (L) 1,931,329 (S)	6.84% 1.14%	0.23% 0.04%
Morgan Stanley & Co. International plc <sup>(4)</sup> . . . . .	H Shares	Beneficial owner	11,636,083 (L) 1,931,329 (S)	6.84% 1.14%	0.23% 0.04%
RWC Asset Advisors (US) LLC . . . . .	H Shares	Investment manager	10,186,000 (L)	5.99%	0.20%

Notes:

- (1) The letter "L" denotes the person's long position in the shares.
- (2) Mr. Wang Wei held the A Shares of the Company through Mingde Holding. Mingde Holding directly held 2,561,927,139 A Shares of the Company and indirectly held 100,000,000 A Shares of the Company through Shenzhen Weishun, its wholly-owned subsidiary. Mr. Wang held 99.90% of the equity interest in Mingde Holding. Accordingly, Mr. Wang shall be deemed to be interested in the A Shares of the Company held by Mingde Holding under Part XV of the SFO.

- (3) As at December 31, 2024, Mingde Holding held a total of 2,561,927,139 A Shares in the capacity of beneficial owner. Among them, an aggregate of another 895,600,000 A Shares held by Mingde Holding were subject to pledges granted under certain loan and credit facilities in favour of certain PRC financial institutions regulated by NAFR and/or CSRC.
- (4) As at December 31, 2024, (i) Morgan Stanley & Co. International plc is a wholly-owned subsidiary of Morgan Stanley Investments (UK), and Morgan Stanley Investments (UK) is wholly owned by Morgan Stanley International Limited. Morgan Stanley International Limited is a wholly-owned subsidiary of Morgan Stanley International Holdings Inc., and Morgan Stanley International Holdings Inc. is wholly owned by Morgan Stanley. Therefore, each of Morgan Stanley, Morgan Stanley International Holdings Inc., Morgan Stanley International Limited and Morgan Stanley Investments (UK) was deemed to be interested in the H Shares and short positions held by Morgan Stanley & Co. International plc.; (ii) Morgan Stanley Capital Services LLC held 733,644 short positions in the Company and is a wholly-owned subsidiary of Morgan Stanley Domestic Holdings, LLC. Morgan Stanley Domestic Holdings, LLC is wholly owned by Morgan Stanley Capital Management, LLC, and Morgan Stanley Capital Management, LLC is wholly owned by Morgan Stanley. Therefore, Morgan Stanley is deemed to be interested in the 733,644 short positions held by Morgan Stanley Capital Services LLC; (iii) Morgan Stanley & Co. LLC was interested in 114,000 H Shares of the Company and is a wholly-owned subsidiary of Morgan Stanley Capital Management, LLC. As Morgan Stanley Capital Management, LLC is wholly owned by Morgan Stanley, Morgan Stanley is deemed to be interested in the 114,000 H Shares held by Morgan Stanley & Co. LLC.

Save as disclosed above, as at 31 December 2024, the Directors 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 Divisions 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.

## DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at 31 December 2024, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were held 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 Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

### Interest in shares or underlying shares of the Company

Name of Director, Supervisor and chief executive	Class of shares	Nature of interest	Number of shares interested <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of shares <sup>(2)</sup>	Approximate percentage of shareholding in the total issued shares of the Company <sup>(2)</sup>
Wang Wei . . . . .	A Shares	Interest of controlled corporation <sup>(3)</sup>	2,661,927,139 (L) <sup>(3)</sup>	55.27%	53.39%
Ho Chit . . . . .	A Shares	Beneficial Owner	488,000 (L) <sup>(4)</sup>	0.01%	0.01%
Wang Xin . . . . .	A Shares	Beneficial Owner	477,000 (L) <sup>(5)</sup>	0.01%	0.01%
Xu Bensong . . . . .	A Shares	Beneficial Owner	258,200 (L) <sup>(6)</sup>	0.005%	0.005%
Lee Carmelo Ka Sze . . . . .	A Shares	Beneficial Owner	38,000 (L)	0.001%	0.001%

Notes:

- (1) The letter “L” denotes the person’s long position in the shares.
- (2) The calculation is based on the issued shares of the Company, comprised of 4,816,186,983 A Shares (including A Shares in the Company’s repurchase securities account) and 170,000,000 H Shares as at 31 December 2024.
- (3) Including (i) 2,561,927,139 A Shares held by Mingde Holding, and (ii) 100,000,000 A Shares held by Shenzhen Weishun, a wholly-owned subsidiary of Mingde Holding. As at 31 December 2024, Mr. Wang held 99.90% of the equity interests in Mingde Holding. Therefore, Mr. Wang shall be deemed to be interested in the A Shares of the Company held by Mingde Holding under the SFO.
- (4) Including (i) 122,000 A Shares held by Mr. Ho Chit, and (ii) 366,000 options granted to Mr. Ho Chit under the 2022 Stock Option Incentive Plan.
- (5) Including (i) 172,000 A Shares held by Ms. Wang Xin, and (ii) 305,000 options granted to Ms. Wang Xin under the 2022 Stock Option Incentive Plan.
- (6) Including (i) 54,200 A Shares held by Mr. Xu Bensong, and (ii) 204,000 options granted to Mr. Xu Bensong under the 2022 Stock Option Incentive Plan.

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

Name of Director, Supervisor	Name of associate corporation	Nature of interest	Class of shares	Number of shares interested <sup>(1)</sup>	Total number of shares of the associated corporation	Percentage of the issued share capital of the associated corporation <sup>(2)</sup>
Wang Wei. . .	Mingde Holding	Beneficial owner	Unlisted domestic shares	113,286,600 (L)	113,400,000	99.90%
Wang Wei. . .	SF Intra-city	Interest in a controlled corporation and others <sup>(2)</sup>	H Shares Unlisted domestic shares	364,738,662 (L) 171,764,898 (L)	745,610,609 171,764,898	48.92% 100.00%
Wang Wei. . .	KLN	Interest in a controlled corporation and others <sup>(3)</sup>	H Shares	972,698,478 (L)	1,807,429,342	53.82%

Notes:

- (1) The letter “L” denotes the person’s long position in the shares.
- (2) Including 171,764,898 H Shares and 171,764,898 domestic shares held by SF Taisen, 75,000,000 H Shares held by Beijing SF Intra-city Technology Co., Ltd. (北京順豐同城科技有限公司), 117,076,764 H Shares held by SF Holding (HK), and 897,000 H Shares held by Celestial Ocean Investment Limited. Beijing SF Intra-city Technology Co., Ltd. is a non-wholly owned subsidiary of SF Technology, while Celestial Ocean Investment Limited is a wholly-owned subsidiary of SF Holding (HK), and both SF Technology and SF Holding (HK) are wholly-owned subsidiaries of SF Taisen. SF Taisen is a wholly-owned subsidiary of the Company and therefore a non-wholly owned subsidiary of Mingde Holding, which is held by Mr. Wang as to approximately 99.90%. As such, Mr. Wang is deemed to be interested in the shares of SF Intra-city which SF Taisen is deemed to be interested in.
- (3) Including the subscribed convertible interests in 41,489,361 shares of KLN, which have been repurchased on 27 January 2025, and 931,209,117 shares of KLN held by Flourish Harmony Holdings Company Limited, which is an indirect wholly-owned subsidiary of the Company through Advance Harmony Holdings Company Limited and SF Holding (HK). As such, Mr. Wang is deemed to be interested in the shares of KLN which SF Holding (HK) is deemed to be interested in.



Save as disclosed above and so far as is known to the Directors, Supervisors and chief executive of the Company, as at 31 December 2024, none of the Directors, Supervisors or chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code.

## DESCRIPTION OF THE SHARES

The following information is a summary of certain provisions of the Articles of Association currently effective and certain other information concerning the Company. This summary does not purport to be complete and is qualified in its entirety by reference to the Articles of Association and the PRC Company Law. Any provision of the Articles of Association may be varied by special resolution passed at a general meeting of shareholders of the Company as approved by the relevant competent authority according to the applicable laws and rules.

### GENERAL

The Group was founded in Shunde, Guangdong Province in 1993. Pursuant to the Material Asset Restructuring, the Group's business has been listed on the Shenzhen Stock Exchange (Code: 002352.SZ) since 23 January 2017. The H Shares have been listed on the Main Board of the Hong Kong Stock Exchange (Code: 6936) since 27 November 2024.

### SHARES AND REGISTERED CAPITAL

As of 30 June 2025, the registered share capital of the Company is RMB4,992,692,017. The nominal value of shares issued by the Company is denominated in RMB, with a par value of RMB1.00 each.

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by any entity or individual.

Unless otherwise stipulated by laws, administrative regulations, the relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed and the Hong Kong Stock Exchange, the shares of the Company which have been fully paid may be freely transferred without any lien attached. The transfer of the Company's shares shall be conducted in accordance with the applicable national laws, administrative regulations and the listing rules of the place where the Company's shares are listed or the relevant provisions of the securities regulatory authorities.

### INCREASE, DECREASE, REPURCHASE AND TRANSFER OF SHARES

#### Increase and Decrease of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the registered capital by the following ways upon approval by way of resolutions at the shareholders' general meeting, respectively:

- (I) public offering of shares;
- (II) non-public offering of shares;
- (III) distributing bonus shares to existing shareholders;
- (IV) converting capital reserve into share capital;
- (V) other means stipulated by laws and administrative regulations or approved by government authorities.

The Company shall prepare a balance sheet and an inventory list for its assets in the event it is required to reduce its registered capital. The Company shall notify its creditors within 10 days after the adoption of the relevant resolution on the reduction of the registered capital and publish announcements in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, Juchao Information Website (<http://www.cninfo.com.cn>) and HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) as designated by the Company within 30 days. The creditors may require the Company to repay its debt or provide corresponding guarantees within 30 days after receiving such notice, or if they fail to receive such notice, within 45 days after the publication of such announcement.

### **Repurchase of Shares**

The Company may not repurchase its own shares except in any of the following circumstances:

- (I) reducing the Company's registered capital;
- (II) merging with other companies holding shares of the Company;
- (III) issuing shares under employee stock ownership scheme or share incentive scheme;
- (IV) purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' general meeting upon their request;
- (V) use of shares for converting the convertible bonds issued by the Company into shares;
- (VI) where it is necessary for the Company to maintain its value and protect the interests of the shareholders.

A resolution at the shareholders' general meeting is required when the Company repurchases its own shares under the circumstances set out in (I) and (II) above. When the Company repurchases its own shares under the circumstances set out in (III), (V) and (VI) above, a board resolution shall be passed by more than two-thirds of the directors attending the board meeting, provided that it complies with the securities regulatory rules of the place where the Company's shares are listed. After the share repurchase, the Company shall adhere to the information disclosure obligations as stipulated in the Securities Law of the People's Republic of China, the rules of the place where the Company's shares are listed and the provisions of other securities regulatory rules.

After the Company repurchases its own shares in accordance with the above, in case of the circumstance set out in (I) above, the shares shall be cancelled within 10 days from the date of repurchase; in case of the circumstances set out in (II) and (IV) above, the shares shall be transferred or cancelled within 6 months thereafter; and in case of the circumstances set out in (III), (V) and (VI) above, the shares held by the Company in aggregate shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within 3 years.

The Company may repurchase its own shares in one of the following ways:

- (I) open centralised trading;
- (II) other ways recognised by laws, administrative regulations, the CSRC and other stock exchanges of the place where the Company's shares are listed, in compliance with the provisions of applicable laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's shares are listed.

## **Transfer of Shares**

Shares of the Company held by promoters shall not be transferred within 1 year from the date of establishment of the Company. Shares issued by the Company prior to the public offering shall not be transferred within 1 year from the date on which the shares of the Company are listed and traded on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange.

The directors, supervisors and senior management members of the Company shall notify the Company of their holdings of shares in the Company and the changes therein, and the shares transferred by them during each year of their term of office shall not exceed 25% of their total holdings of shares in the Company. The shares in the Company held by them shall not be transferred within 1 year from the date on which the Company's shares are listed for trading.

The shares in the Company held by them shall not be transferred within half a year after they have terminated their employment with the Company. Where the listing rules of the place where the Company's shares are listed provide otherwise in respect of the restrictions on the transfer of shares of the Company, such rules shall prevail.

All H Shares shall be transferred by way of written transfer instrument in standard form, or any other format acceptable to the Board of Directors (including the standard transfer format or form of transfer as prescribed by the Hong Kong Stock Exchange from time to time. The instruments of transfer may only be signed by hand or (where the transferor or transferee is a corporation) by an effective company seal. If the transferor or transferee is a recognised clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its agent, the instruments of transfer may be signed by hand or in a machine-printed format. All instruments of transfer shall be kept at the legal address of the Company or such places as the Board of Directors may designate from time to time.

## **SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETINGS**

### **Shareholders**

The Company shall establish a register of shareholders based on the certificates provided by the securities registration authority and the register of shareholders is sufficient evidence to prove that the shareholders hold the shares of the Company. The original copy of the register of holders of H Shares listed in Hong Kong is kept in Hong Kong and is available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with the applicable laws and regulations and the securities regulatory rules of the place where the Company's shares are listed. In the event that any shareholder whose name is recorded in or any person who requests to have its name entered in the register of holders of H Shares loses his/her share certificate(s), he/she may apply to the Company for replacement of new share certificate(s) in respect thereof. Where a holder of overseas-listed foreign shares loses his/her share certificate(s) and applies for replacement, such application shall be dealt with in accordance with the laws, rules of the stock exchange or other relevant regulations of the place where the original copy of the register of shareholders of overseas-listed foreign shares is maintained. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

Shareholders of the Company enjoy the following rights:

- (I) to receive dividends and other forms of interest distributions in proportion to their shareholdings;
- (II) to request, convene, hold and attend or appoint proxies to attend shareholders' general meetings and exercise their corresponding voting rights according to laws;

- (III) to supervise, provide recommendations on or make inquiries about the operations of the Company;
- (IV) to transfer, donate or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;
- (V) to inspect the Articles of Association, register of shareholders, counterfoils of the bonds of the Company, minutes of shareholders' general meetings, resolutions of the board meetings, resolutions of the meetings of Board of Supervisors, financial and accounting reports;
- (VI) to participate in the distribution of the remaining properties of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;
- (VII) to request the Company to acquire their shares for the shareholders who voted against any resolution adopted at the shareholders' general meeting concerning the merger or division of the Company;
- (VIII) to enjoy other rights stipulated by laws, administrative regulations, departmental rules, the Articles of Association or securities regulatory rules of the place where the Company's shares are listed.

In the event that any resolution of the shareholders' general meetings or resolution of the Board of Directors violates laws or administrative regulations, the shareholders shall be entitled to request the People's Court to invalidate the said resolution, whereas in the case of holders of H Shares, the applicable rules under the Settlement of Disputes chapter of the Articles of Association shall be applied. In the event that the convening procedure or voting method of the shareholders' general meeting or the board meeting violates any of the laws, administrative regulations or the Articles of Association, or the content of any resolution violates the Articles of Association, the shareholders shall be entitled to request the People's Court to revoke the resolution within 60 days upon the date on which the resolution was adopted, whereas in the case of holders of H Shares, the applicable rules under the Settlement of Disputes chapter of the Articles of Association shall be applied.

Shareholders of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay capital contribution according to the number of shares subscribed for and the method of subscription;
- (III) not to withdraw the shares unless required by the laws and administrative regulations;
- (IV) not to abuse their shareholders' rights to jeopardise the interests of the Company or other shareholders, and not to abuse the status of the Company as an independent legal entity and the limited liability of shareholders to jeopardise the interests of any creditors of the Company;
- (V) to keep business secrets of the Company confidential;
- (VI) other obligations imposed by the laws, administrative regulations and the Articles of Association.

Where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages according to laws. Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability of shareholders for the purposes of evading debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

## **General Provisions for Shareholders' General Meetings**

The shareholders' general meeting is the power of authority of the Company, which shall exercise the following functions and powers in accordance with the law:

- (I) to decide on the Company's operational policies and investment plans;
- (II) to elect or replace the directors and supervisors (other than the employee representatives) and to decide on matters relating to the remuneration of directors and supervisors;
- (III) to examine and approve reports of the Board of Directors;
- (IV) to examine and approve reports of the Board of Supervisors;
- (V) to examine and approve the Company's proposed annual financial budget and final accounts;
- (VI) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;
- (VII) to decide on any increase or reduction of the Company's registered capital;
- (VIII) to decide on the issue of securities or bonds by the Company;
- (IX) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (X) to amend the Articles of Association;
- (XI) to decide on the purchase of the Company's shares under the circumstances stipulated in Article 24 (I) and (II) of the Company's Articles of Association;
- (XII) to resolve on the appointment and dismissal of accounting firms by the Company;
- (XIII) to examine and approve the provision of guarantees stipulated in Article 42;
- (XIV) to examine matters relating to the purchases and disposals of the Company's material assets within 1 year, which exceed 30% of the Company's latest audited total assets;
- (XV) to examine and approve the related transactions which the Company intends to enter into with related parties with a transaction amount of more than RMB30 million and accounting for more than 5% of the absolute value of the latest audited net assets of the Company;
- (XVI) to examine and approve matters relating to changes in the use of proceeds;
- (XVII) to examine and approve the share incentive scheme and employee stock ownership scheme;
- (XVIII) to examine other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, which shall be decided by the shareholders' general meeting.

The following external guarantees of the Company shall be submitted to shareholders' general meeting for consideration and approval.

- (I) any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries has exceeded 50% of the Company's latest audited net assets;
- (II) any guarantee provided after the total amount of external guarantees of the Company and its controlled subsidiaries has exceeded 30% of the Company's latest audited total assets;
- (III) the cumulative guarantee amount in the last 12 months has exceeded 30% of the Company's latest audited total assets;
- (IV) a guarantee provided to a party with a gearing ratio of over 70% as shown in its latest financial statement;
- (V) a single guarantee that exceeds 10% of the Company's latest audited net assets;
- (VI) the guarantee to be provided to shareholders, de facto controllers and their related parties;
- (VII) other guarantees required by the laws, administrative regulations, rules, securities regulatory rules of the place where the Company's shares are listed or other regulatory documents that shall be considered by the shareholders' general meeting.

The guarantee in item (III) of the preceding paragraph shall be approved by more than two-thirds of the voting rights held by the shareholders attending the meeting.

Where a director, general manager, other senior management member or other personnel of the Company fails to perform the procedures for reviewing external guarantees as required and signs a guarantee contract without authorisation, the parties concerned shall be held accountable.

Shareholders' general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meeting is convened once a year and shall be held within 6 months after the end of the previous financial year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (I) where the number of directors falls short of the number required by the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (II) where the unrecovered losses of the Company reach one-third of the total paid-up share capital;
- (III) where it is requested by a shareholder individually or shareholders collectively holding more than 10% of the Company's shares;
- (IV) the Board of Directors considers it necessary;
- (V) the Board of Supervisors proposes that such a meeting shall be held;
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.



## **Convening of Shareholders' General Meetings**

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting, and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary general meeting within 10 days after receiving the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the meeting within 5 days after the board passes the resolution, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to propose to the Board of Supervisors to hold an extraordinary general meeting, and shall make a written request to the Board of Supervisors.

Where the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening the meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Supervisors fails to issue a notice of the meeting within the prescribed time limit, it shall be deemed that the Board of Supervisors has not convened and presided over the meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own initiatives.

Where the Board of Supervisors or shareholders decide to convene a shareholders' general meeting on their own initiatives, they shall notify the Board of Directors in writing and file the records with the Shenzhen Stock Exchange at the same time. Prior to the announcement of the resolution of the shareholders' general meeting, the shareholding of the convening shareholders shall not be less than 10%. The Board of Supervisors or the convening shareholders shall submit the relevant supporting materials to the Shenzhen Stock Exchange when issuing the notice of the shareholders' general meeting and the announcement of the resolution of the shareholders' general meeting.

The expenses necessary for the shareholders' general meeting convened by the Board of Supervisors or the shareholders on their own initiatives shall be borne by the Company.

A shareholders' general meeting shall be presided over by the chairman of the Board of Directors. If the chairman is unable to or fails to perform his/her duties, a director jointly elected by more than half of the directors shall preside over the meeting.

The chairman of the Board of Supervisors shall preside over the shareholders' general meeting that is convened by the Board of Supervisors. If the chairman of the Board of Supervisors is unable to or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting. A shareholders' general meeting convened by the shareholders shall be presided over by a representative elected by the conveners. Where the chairman of the shareholders' general meeting violates the rules of procedure when holding the meeting and as a result, the shareholders' general meeting is unable to continue, subject to the consent of the shareholders with more than half of voting rights of all the shareholders attending the shareholders' general meeting, a person may be nominated in the shareholders' general meeting to act as the chairman of the meeting and such meeting may continue.

## **Notice of Shareholders' General Meeting**

The convener shall notify all shareholders by way of announcement 21 days prior to the convening of the annual general meeting, and each shareholder shall be notified by way of announcement 15 days prior to the convening of the extraordinary general meeting. The date of the meeting shall not be included in the calculation of the commencement period.

The notice of a shareholders' general meeting shall include the following:

- (I) the time, venue and duration of the meeting;
- (II) matters and proposals submitted to the meeting for consideration;
- (III) the notice shall state clearly that all shareholders are entitled to attend the shareholders' general meeting or appoint proxies in writing to attend and vote at such meeting on their behalf and that such proxies need not be a shareholder of the Company;
- (IV) the shareholding registration date for the shareholders who are entitled to attend the shareholders' general meeting;
- (V) the names and telephone numbers of the contact person for the meeting affairs;
- (VI) voting time of and procedures via online or other methods.

The notice and supplemental notice of the shareholders' general meeting shall fully and completely disclose all the specific contents of all proposals. Where the opinions of an independent non-executive director are required on matters to be discussed, the opinions and reasons thereof shall be disclosed at the same time when the notice of shareholders' general meeting and the supplemental notice are issued.

## **Proposals at Shareholders' General Meetings**

When the Company convenes a shareholders' general meeting, the Board of Directors, the Board of Supervisors and shareholders who individually or collectively hold more than 3% of the shares of the Company shall have the right to put forward proposals to the Company. Shareholders who individually or collectively hold more than 3% of the shares of the Company may submit a provisional proposal in writing to the convener 10 days prior to the convening of the shareholders' general meeting. The convener shall issue a supplemental notice of the shareholders' general meeting within 2 days after receiving the proposal and announce the contents of the provisional proposal. Where the shareholders' general meeting is postponed in accordance with the requirements of the securities regulatory rules of the place where the Company's shares are listed due to the issuance of a supplemental notice of the shareholders' general meeting, the convening of the shareholders' general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

## **Proxy for the Shareholders' General Meeting**

Shareholders may attend a shareholders' general meeting in person, or may appoint other persons as his/her proxies to attend and vote on his/her behalf.

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents or proof of shareholding. Proxies attending the meeting shall present their valid personal identity cards and the proxy forms from the shareholders.

Where a shareholder is a legal entity, its legal representative or proxies authorised by the legal representative shall attend the meeting. Legal representatives attending the meeting shall present their personal identity cards and valid documents that can prove their identities as legal representatives. Proxies authorised to attend the meeting shall present their personal identity cards and the proxy forms in writing provided by the legal representative of the legal entity shareholder in accordance with the law, except for shareholder who is a recognised clearing house as defined in the relevant ordinances in force from time to time under the laws of Hong Kong or the securities regulatory rules of the place where the shares of the Company are listed (the “**Recognised Clearing House**”).

If the shareholder is a Recognised Clearing House, the Recognised Clearing House may authorise one or more persons it deems fit to act as its representative at any shareholders’ general meeting or any meeting of creditors; however, if more than one person is so authorised, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised may act on behalf of the Recognised Clearing House (or its nominees) (no shareholding voucher, notarised authorisation and/or further evidence to the duly authorisation is required) as if such person is an individual shareholder of the Company.

If the proxy form for appointing a voting proxy is signed by another person authorised by the appointing shareholder, the authorisation letter or other authorisation document shall be notarised. The notarised authorisation letter or other authorisation document, together with the proxy form, shall be kept at the domicile of the Company or at such other place as specified in the notice of the meeting.

If the appointing shareholder is a legal entity, its legal representative or the person authorised by a resolution of the Board of Directors or other decision-making body shall attend the shareholders’ general meeting of the Company as the representative of such legal entity shareholder.

The proxy form provided by a shareholder to appoint another person to attend a shareholders’ general meeting shall contain the following particulars:

- (I) name of the proxy;
- (II) indication of whether voting power is granted;
- (III) instruction of voting for, against or abstain for each resolution proposed at any shareholders’ general meeting;
- (IV) date of signing the proxy form and the effective period for such appointment;
- (V) signature (or seal) of the appointing shareholder. If the appointing shareholder is a legal entity, the seal of the legal entity shall be affixed.

The proxy form shall state whether the proxy may vote as he/she thinks fit in the absence of instructions from the shareholder. If no such instruction is given, it is deemed that the proxy of the shareholder may vote as he/she thinks fit.

### **Voting at the Shareholders’ General Meeting**

Resolutions at the shareholders’ general meeting are classified into ordinary resolutions and special resolutions. An ordinary resolution put forward at a shareholders’ general meeting shall be passed by votes representing more than half of the voting rights held by the shareholders (including their proxies) attending the shareholders’ general meeting. Special resolutions put forward at a shareholders’ general meeting shall be passed by votes representing more than two-thirds of voting rights held by the shareholders (including their proxies) attending the meeting.

Shareholders (including proxies) shall exercise their voting rights based on the number of the shares with voting rights they represent, each share shall carry one vote. On a poll, shareholders (including proxies) with two or more votes need not use all their voting rights in the same way. When the shareholders' general meeting considers material matters affecting the interests of small and medium-sized investors, votes of small and medium-sized investors shall be counted separately. The separate voting results shall be disclosed publicly in a timely manner. The Company's own shares held by the Company do not carry voting rights and such shares shall not count towards the total number of shares with voting rights present at shareholders' general meetings.

When related transactions are considered at the shareholders' general meeting, the related shareholders shall abstain from voting, and the voting shares represented by them shall not be included in the total number of valid votes. The announcement on the resolutions of the shareholders' general meeting shall fully disclose the details of voting by non-related shareholders.

Where any shareholder is required to abstain from voting on any particular resolution or is restricted to voting only for (or only against) any resolution in accordance with applicable laws and regulations and the Listing Rules, any vote cast by a shareholder (or his proxy) in contravention of such requirement or restriction shall not be counted towards the total number of shares with voting rights.

If a shareholder's purchase of shares with voting rights of the Company violates the provisions of Article 63(1) and (2) of the Securities Law of the People's Republic of China, the voting rights of such shares in excess of the prescribed proportion shall not be exercised and shall not be counted towards the total number of shares with voting rights present at the shareholders' general meeting within 36 months after the purchase.

The Board of Directors, independent non-executive directors and shareholders holding more than 1% of the shares with voting rights or investor protection agencies established in accordance with laws, administrative regulations or the regulations of the CSRC may solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall provide full disclosure of information such as specific voting intentions to the shareholders from whom voting rights are being solicited. The solicitation of shareholders' voting rights by way of compensation or disguised compensation is prohibited. Except for statutory conditions, the Company shall not impose minimum shareholding restrictions on the solicitation of voting rights.

The following matters shall be approved by ordinary resolutions at a shareholders' general meeting:

- (I) work reports of the Board of Directors and the Board of Supervisors;
- (II) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (III) appointment and dismissal of the members of the Board of Directors and the Board of Supervisors who are not employee representative, their remunerations and the method of payment thereof;
- (IV) annual budgets and final accounts report of the Company;
- (V) annual report of the Company;
- (VI) matters other than those prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association that shall be approved by special resolutions.

The following matters shall be approved by special resolutions at the shareholders' general meeting:

- (I) increase or reduction of the registered capital of the Company;
- (II) division, spin-off, merger, dissolution and liquidation of the Company or change of corporate form of the Company;
- (III) amendments to the Articles of Association;
- (IV) purchase or sale of material assets or guarantees by the Company in excess of 30% of the Company's latest audited total assets within a period of 1 year;
- (V) share incentive schemes;
- (VI) adjustment of profit distribution policy;
- (VII) other matters prescribed by the laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, and those matters determined by ordinary resolutions at a shareholders' general meeting to have a material impact on the Company and required to be approved by special resolutions.

## TAXATION

*The following summary of certain BVI, PRC and Hong Kong tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any person acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds.*

Persons considering the purchase of the Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Bonds.

### **BVI**

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest (if any) in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Bonds.

All instruments relating to transactions in respect of the Bonds are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

### **PRC**

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, rules and regulations in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

## Income Tax

Pursuant to the EIT Law effective on 1 January 2008 and amended on 29 December 2018 and the IIT Law of the PRC amended on 31 August 2018 and effective on 1 January 2019 and their implementation rules respectively, an income tax is imposed on the interests by way of withholding in respect of the bonds, and is paid by the Issuer (if such interests are regarded as income derived from sources within the PRC under the EIT Law or the IIT Law, as the case may be) to non-resident bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20% (for non-resident individuals) and 10% (for non-resident enterprises) of the gross amount of the interests, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise which is established under the laws of a jurisdiction other than the PRC, whose actual administrative organisation is not in the PRC, and which has established offices or premises in the PRC or has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax under the IIT Law and its implementation rules. If such gains are subject to PRC income tax, the 10% enterprise income tax rate and 20% individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

If the Issuer is not able to make payments under the Bonds, the Guarantor fulfils the payment obligations of the Guarantee and the PRC tax authority views such payment as an interest income arising within the territory of the PRC, the Guarantor might need to withhold PRC income tax on payments with respect to the Bonds to non-PRC resident enterprises bondholders at the rate of 10% and to non-PRC resident individuals bondholders at a rate of 20%, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax.

## Value-add Tax

According to the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) (關於全面推行營業稅改徵增值稅試點的通知) (“**Circular 36**”), the entities and individuals providing services within the PRC shall be subject to value-added tax (“**VAT**”). The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refer to the activity of lending capital for another’s use and receiving the interest income thereon. It is not clear from the interpretation of Circular 36 whether the provision of loans to the Issuer could be considered as services provided within the PRC which could be regarded as the provision of financial services subject to VAT. Furthermore, there is no assurance that the Issuer will not be treated as resident enterprises under the EIT Law. PRC tax authorities could take the view that the Bondholders are providing loans within the PRC because the Issuer is treated as PRC tax residents. In which case, the issuance of the Bonds could be regarded as the provision of financial services within the PRC that is subject to VAT.



## **Stamp duty**

No PRC stamp duty will be chargeable upon the issue or transfer of the Bonds (as long as the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC).

## **HONG KONG**

### **Withholding Tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest (if any) on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

### ***Profits Tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest (if any) on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest (if any) on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest (if any) on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest (if any) on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest (if any) on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “**FSIE Amendments**”), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

### **Stamp Duty**

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

## SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with Goldman Sachs (Asia) L.L.C. and Huatai Financial Holdings (Hong Kong) Limited as Managers dated 25 June 2025 (the “**Subscription Agreement**”) pursuant to which, and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Managers, and the Managers have agreed to severally, but not jointly, subscribe and pay for the aggregate principal amount of the Bonds set forth opposite their respective names below.

	<b>Principal amount of the Bonds to be subscribed</b>
	<b>(HK\$)</b>
Goldman Sachs (Asia) L.L.C. . . . .	2,360,000,000
Huatai Financial Holdings (Hong Kong) Limited . . . . .	590,000,000
Total . . . . .	<u>2,950,000,000</u>

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Managers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Managers or their respective affiliates may purchase the Bonds or the H Shares for their own account and enter into transactions, including, without limitation, credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds or the H Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds or the H Shares to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchaser of the Bonds). The Managers or their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective subsidiaries or affiliates from time to time. The Managers may receive customary fees and commissions for these transactions. The Managers or certain of their respective affiliates may purchase Bonds or the H Shares and be allocated Bonds or the H Shares for asset management and/or proprietary purposes but not with a view to distribution. In addition to the transactions noted above, the Managers and their respective affiliates may, from time to time, engage in other transactions with, and perform services for, the Issuer, the Guarantor or their respective subsidiaries or affiliates in the ordinary course of their business. In addition, the Managers and certain of their respective subsidiaries and affiliates may hold shares or other securities in the Issuer or the Guarantor as beneficial owners, on behalf of clients or in the capacity of investment advisers.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer, the Guarantor and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

Each of the Issuer and the Guarantor has agreed in the Subscription Agreement that neither the Issuer, the Guarantor nor any person acting on its or their behalf will (a) effect or arrange or procure placement of, allot or issue or transfer out of treasury or offer to allot or issue or transfer out of treasury or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Guarantor or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Guarantor, (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Ordinary Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise, or (c) publicly announce an intention to effect any such transaction, in any such case without the prior written consent of the Managers between the date hereof and the date which is 90 days after the Issue Date (both dates inclusive); except for (i) the Bonds and the New Shares issued on conversion of the Bonds, (ii) any Ordinary Shares or other securities (including rights or options) which are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of employees (including directors) of the Guarantor or any of its subsidiaries pursuant to the Share Schemes or (iii) the issuance of the 70,000,000 new H Shares to be placed pursuant to the Placing Agreement dated 25 June 2025 between the Guarantor, Goldman Sachs (Asia) L.L.C. and Huatai Financial Holdings (Hong Kong) Limited as the placing agents.

Concurrent with the Offering, there is an Equity Placement comprising of the issuance of 70,000,000 H Shares at a placing price of HK\$42.15 per H Share, for a total offer size of approximately HK\$2,950.5 million by way of new share issuance. The Guarantor has entered into a Placing Agreement with Goldman Sachs (Asia) L.L.C. and Huatai Financial Holdings (Hong Kong) Limited as placing agents. The Equity Placement is conducted concurrently with the offering of the Bonds but the completion of the issuance of the Bonds and the Equity Placement are not inter-conditional. The closing for the Follow-on Offering took place on 4 July 2025.

**Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks):** This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs. Certain CMIs may also be acting as OC for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMIs or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders. CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMI should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMI (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer, the Guarantor. In addition, CMI (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, the Managers in control of the order book should consider disclosing order book updates to the CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: SyndicateExecutionHK@ny.email.gs.com and ProjectPhoenix2026@htsc.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the Managers with such evidence within the timeline requested.

## GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

## UNITED STATES

The Bonds, the Guarantee and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds, the Guarantee and the Shares to be issued upon conversion of the Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds, the Guarantee or the Shares to be issued upon conversion of the Bonds within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

## PROHIBITION OF SALES TO THE EEA RETAIL INVESTORS

Each of the Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

## **PROHIBITION OF SALES TO UK RETAIL INVESTORS**

Each of the Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
  - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

## **UNITED KINGDOM**

Each of the Managers has represented and agreed that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantee; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK.

## **HONG KONG**

Each of the Managers has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and



- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **PRC**

Each of the Managers has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by applicable laws of the People’s Republic of China.

## **SINGAPORE**

Each of the Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

## **BRITISH VIRGIN ISLANDS**

Each of the Managers has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the BVI or to the public in the BVI to purchase the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the BVI, except as otherwise permitted by BVI law. This Offering Circular does not constitute, and there will not be, an offering of the Bonds to any person in the BVI.

## **JAPAN**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream. The Legal Entity Identifier of the Issuer is 836800YIDYE5HS47RZ68. The Common Code of the Bonds is 310836303 and the International Securities Identification Number of the Bonds is XS3108363030.
2. **Authorisations:** The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Bonds and the Guarantee. The issue of the Bonds was authorised by resolutions passed in a meeting of the Issuer held on 25 June 2025 and the guarantee of the Bonds and the right of conversion into H Shares were authorised by the resolutions of the Board passed on 25 June 2025. The Issuer and the Guarantor will execute and deliver each of the Trust Deed, the Deed of Guarantee (in the case of the Guarantor) and the Agency Agreement and perform their obligations thereunder, and (in the case of the Issuer) to issue, sell and deliver the Bonds as contemplated under the Subscription Agreement.
3. **No Material Adverse Change:** There has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), trading position, prospects, results of operations, business or general affairs of the Issuer or the Guarantor since 31 December 2024.
4. **Litigation:** The Guarantor may from time to time be involved in contractual disputes or legal proceedings arising out of the ordinary course of business or otherwise. As at the date of this Offering Circular, there were no pending actions, suits or proceedings against or affecting the Guarantor or any other member of the Group or any of their respective properties, which if determined adversely to the Guarantor or any other member of the Group would individually or in the aggregate adversely affect the ability of the Guarantor to perform its obligations under the Subscription Agreement, the Trust Deed, the Deed of Guarantee, the Agency Agreement or the Bonds, or which are otherwise material in the context of the issue, offering and distribution of the Bonds and, to the best of the Guarantor's knowledge (after due and careful enquiry), no such actions, suits or proceedings are threatened or contemplated.
5. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and such permission is expected to become effective on 11 July 2025.
6. **Listing of Shares:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon conversion of the Bonds and such permission is expected to become effective when such Shares are issued.
7. **Available Documents:** As long as any of the Bonds are outstanding, copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement will be available (i) for inspection by the Bondholders at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity to the satisfaction of the Trustee at the principal place of business in Hong Kong of the Trustee, being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, or (ii) electronically to the requesting Bondholder from the Principal Agent following prior written request and proof of holding and identity to the satisfaction of the Principal Agent and, in the case of the documents referred to below, copies may be obtained during normal business hours at the specified office of the Guarantor at TK Chuangzhi Tiandi Building, Keji South 1st Road, Nanshan District, Shenzhen, Guangdong Province, the PRC:
  - Articles of Association;
  - copies of the 2023 Financial Statements and the 2024 Financial Statements;
  - the Deed of Guarantee;

- the Agency Agreement; and
  - the Trust Deed.
8. **Independent Auditor:** The financial information of the Guarantor as of and for the years ended 31 December 2022 and 2023 have been audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong in accordance with HKSIR 200 issued by HKICPA, and the consolidated financial statements as of and for the year ended 31 December 2024 has been audited by PricewaterhouseCoopers in accordance with International Standards on ISAs issued by the IAASB.

**ISSUER**

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 Ritter House, Wickhams Cay II, PO Box 3170  
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 British Virgin Islands

**GUARANTOR**

**S.F. Holding Co., Ltd.**  
 (順豐控股股份有限公司)  
 TK Chuangzhi Tiandi Building  
 Keji South 1st Road  
 Nanshan District, Shenzhen  
 Guangdong Province, the PRC

**PRINCIPAL PAYING AGENT,  
 PRINCIPAL CONVERSION AGENT,  
 PRINCIPAL TRANSFER AGENT  
 AND REGISTRAR**

**TRUSTEE**

**China Construction Bank (Asia)  
 Corporation Limited**  
 (中國建設銀行(亞洲)股份有限公司)  
 28/F, CCB Tower  
 3 Connaught Road Central  
 Central  
 Hong Kong

**China Construction Bank (Asia)  
 Corporation Limited**  
 (中國建設銀行(亞洲)股份有限公司)  
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 3 Connaught Road Central  
 Central  
 Hong Kong

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*To the Issuer and the  
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**PricewaterhouseCoopers**  
*Certified Public Accountants and  
 Registered Public Interest Entity Auditor*  
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 Hong Kong