
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business—Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$41.36 per Share (being the mid-point of the Offer Price Range of between HK\$39.36 and HK\$43.36 per Share), we estimate that we will receive net proceeds of approximately HK\$24,713 million from the Global Offering after deducting the underwriting commissions and other estimated expenses paid and payable by us in connection with the Global Offering and assuming that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 55% (approximately HK\$13,592 million) of the net proceeds is expected to be used for the upgrade and expansion of our logistics networks in the next 12 to 36 months. Specifically, we expect to invest in the following networks in order to continue to maintain our competitive advantages:
 - i. Warehouse network: (a) increase the number of smart warehouses in our network, including additional Asia No. 1 smart mega warehouses in suitable locations. While we typically lease our warehouses, significant investments are required for the installation of logistics equipment including robotic picking and packaging, storage, goods-to-person systems and equipment, among others; (b) broaden our warehouse network and extend penetration with smaller scale warehouses; and (c) expand into lower tier cities and potentially rural areas in order to facilitate the increasing e-commerce traffic and demand for supply chain services into those regions.
 - ii. Line-haul network: (a) strengthen our line-haul network by adding the number of routes and enhance the efficiency of existing routes by purchasing our own transportation resources and selectively evaluating and upgrading our outsourcing partners. We also plan to invest in and expand our air cargo network by increasing the number of destinations and flight frequencies, either through charter flights or charter cabin, and (b) in addition, we plan to increase the number of automated sorting centers and upgrade existing sorting centers with our latest automation equipment and technologies, which will further increase the efficiency of our line-haul network.
 - iii. Cold-chain network: As Chinese consumers increasingly switch to online channels for certain products such as pharmaceutical products and fresh produce, there is increasing demand for high-quality and customized cold-chain solutions. As such, we plan to invest in upgrading our existing cold chain network through (a) adding more temperature-controlled warehouses and sorting centers in order to increase the capacity and broaden the coverage of our existing network; and (b) adding more specialized delivery vehicles for cold-chain transportation.
 - iv. Cross-border network: In order to benefit from for the increasing cross-border flow of e-commerce traffic, we plan to (a) increase additional bonded warehouses in China to facilitate inbound flow, as demands from Chinese consumers for foreign products continue to remain robust, (b) grow the number of overseas warehouses in key growth region, including North America, Europe and Southeast Asia, to facilitate

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Chinese merchants selling directly to overseas consumers, and (c) partnerships with foreign local logistics players so as to provide end-to-end solutions for our customers.

- v. Bulky item logistics network: (a) grow the number of delivery and installation stations in order to increase coverage and density of the network; and (b) train our delivery and installation personnel to improve their skills and provide them with technical support in order to strengthen our service capabilities.
- vi. Last-mile delivery network: (a) prudently invest in new delivery stations in order to broaden the coverage of the network while striking a fine balance between user experiences and operational efficiency; and (b) enhance automation level of our delivery stations and equip the delivery personnel with more smart devices and software applications.

We plan to invest in the expansion and upgrade of our logistics networks primarily on an organic basis but may also pursue opportunistic acquisitions which we believe are complementary to our existing logistics network. When evaluating acquisition targets, we will consider various criteria, including (i) the target's existing logistics infrastructure and if it is complementary to ours, (ii) the target's service capabilities and quality, (iii) the target's existing customer base, (iv) the target's operating history, track record of growth and reputation, and (v) the target's financial performance.

- Approximately 20% (approximately HK\$4,943 million) of the net proceeds is expected to develop advanced technologies to be used in our supply chain solutions and logistics services in the next 12 to 36 months:
 - i. Invest in automation technologies, which we believe are critical to our long-term competitiveness. Such technologies include (i) hardware improvements as well as software and algorithms which power our automation equipment and devices, and (ii) research and development of use cases of our automation technologies, which will allow us to broaden the application of automation and reduce the extent of human involvement.
 - ii. Invest in our data analytic and algorithm capabilities which are at the core of our intelligent decision-making capabilities, which in turn is a key differentiator between our Group and our competitors. Enhanced data analytic and algorithmic capabilities will allow us not only to support our customers' logistics operations but also to drive their consumer experience and potentially financial performance by increasing inventory turnover and sales volume.
 - iii. Invest in other fundamental technologies including 5G, cloud computing, IoT technologies which we expect to drive our long-term service innovation.
- Approximately 15% (approximately HK\$3,707 million) of the net proceeds is expected to be used for expanding the breadth and depth of our solutions, as well as for penetrating existing customers and attracting potential customers in the next 12-36 months:
 - i. Industry solutions: Invest in (a) further enhancing and customizing our existing industry solutions so as to address more industry-specific pain points; (b) modularization of our solutions so as to be able to provide customized solutions to other customers in the same industry with minimum lead time and cost; and

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- (c) expanding our integrated solutions to more industry verticals, such industrial products and electronic components manufactured by corporate customers.
- ii. Sales and marketing: We plan to invest in sales and marketing personnel whose primary responsibilities include engaging existing and potential corporate customers in order to understand their logistics needs and provide suitable solutions from our services offerings.
- Approximately 10% (approximately HK\$2,471 million) of the net proceeds is expected to be used for general corporate purposes and working capital needs in the next 12 to 36 months.

In the event that the Offer Price is set at the Maximum Offer Price or the Minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$1,200 million, respectively. If we make an upward or downward offer price adjustment to set the final Offer Price to be above or below the mid-point of the Offer Price Range, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro rata basis.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) HK\$3,902 million (assuming an Offer Price of HK\$43.36 per Share, being the Maximum Offer Price), (ii) HK\$3,722 million (assuming an Offer Price of HK\$41.36 per Share, being the mid-point of the Offer Price Range) and (iii) HK\$3,542 million (assuming an Offer Price of HK\$39.36 per Share, being the Minimum Offer Price).

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we may hold such funds in short-term deposits in authorized banks or financial institutions so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.