

安能ane

ANE (Cayman) Inc.
安能物流集團有限公司

(A company incorporated in the Cayman Islands with limited liability)

Stock Code : 9956

GLOBAL OFFERING



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

J.P.Morgan  CICC 中金公司

Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

 花旗

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

 農銀國際
ABC INTERNATIONAL

 中國銀河國際
CHINA GALAXY INTERNATIONAL

 CMBI  招銀國際

 CMS  招商證券國際

 富途證券

 海通國際
HAITONG

IMPORTANT

Important: If you have doubt about any of the contents in this Prospectus, you should obtain independent professional advice.



ANE (Cayman) Inc. 安能物流集團有限公司

(A company incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 80,220,000 Offer Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 8,022,000 Offer Shares (subject to reallocation)
Number of International Offer Shares	: 72,198,000 Offer Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$16.88 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	: US\$0.00002 per Offer Share
Stock code	: 9956

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

J.P.Morgan  **CICC 中金公司**

Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

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*Joint Bookrunners and Joint Lead Managers
(in alphabetical order)*



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited, and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, 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 Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this Prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, November 4, 2021 and, in any event, not later than Wednesday, November 10, 2021. The Offer Price will be not more than HK\$16.88 and is currently expected to be not less than HK\$13.88 unless otherwise announced. If, for any reason, the Offer Price is not agreed by Wednesday, November 10, 2021 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.ane56.com) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. For further information, please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged, or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (i) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (ii) outside the United States in offshore transactions in accordance with Regulation S.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.ane56.com). If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

October 30, 2021

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the “HKEXnews>New Listings>New Listing Information” section, and our website at www.ane56.com. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or at www.hkeipo.hk; or
- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
 - (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
 - (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Monday, November 1, 2021 – 9:00 a.m. to 6:00 p.m.
Tuesday, November 2, 2021 – 9:00 a.m. to 6:00 p.m.
Wednesday, November 3, 2021 – 9:00 a.m. to 6:00 p.m.
Thursday, November 4, 2021 – 9:00 a.m. to 12:00 noon

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker** or **agent**, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

Please refer to “How to Apply for Hong Kong Offer Shares” for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>
500	8,525.05	8,000	136,400.80	70,000	1,193,506.98	1,000,000	17,050,099.76
1,000	17,050.10	9,000	153,450.90	80,000	1,364,007.98	2,000,000	34,100,199.52
1,500	25,575.15	10,000	170,501.00	90,000	1,534,508.98	3,000,000	51,150,299.28
2,000	34,100.20	15,000	255,751.50	100,000	1,705,009.98	4,011,000 ⁽¹⁾	68,387,950.13
2,500	42,625.25	20,000	341,002.00	200,000	3,410,019.95		
3,000	51,150.30	25,000	426,252.49	300,000	5,115,029.93		
3,500	59,675.35	30,000	511,502.99	400,000	6,820,039.90		
4,000	68,200.40	35,000	596,753.49	500,000	8,525,049.88		
4,500	76,725.45	40,000	682,003.99	600,000	10,230,059.86		
5,000	85,250.50	45,000	767,254.49	700,000	11,935,069.83		
6,000	102,300.59	50,000	852,504.99	800,000	13,640,079.81		
7,000	119,350.70	60,000	1,023,005.99	900,000	15,345,089.78		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on our website at www.ane56.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences9:00 a.m. on Saturday,
October 30, 2021

Latest time for completing electronic applications under the
HK eIPO White Form service through one of the below ways⁽²⁾:

(1) the **IPO App**, which can be downloaded by searching
“**IPO App**” in App Store or Google Play or downloaded at
www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp

(2) the designated website www.hkeipo.hk11:30 a.m. on Thursday,
November 4, 2021

Application lists open⁽³⁾11:45 a.m. on Thursday,
November 4, 2021

Latest time for (a) completing payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or PPS
payment transfer(s) and (b) giving **electronic application**
instructions to HKSCC⁽⁴⁾12:00 noon on Thursday,
November 4, 2021

If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close⁽³⁾12:00 noon on Thursday,
November 4, 2021

Expected Price Determination Date⁽⁵⁾Thursday, November 4, 2021

Announcement of the Offer Price on our website at
www.ane56.com and the website of the Hong Kong
Stock Exchange at www.hkexnews.hk on or around⁽¹⁰⁾ . .Wednesday, November 10, 2021

EXPECTED TIMETABLE⁽¹⁾

Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our website at www.ane56.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk on or before⁽¹⁰⁾ Wednesday, November 10, 2021

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Hong Kong Stock Exchange at www.ane56.com and www.hkexnews.hk, respectively⁽¹⁰⁾ Wednesday, November 10, 2021

- from the “IPO Results” function in the **IPO App** or the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a “search by ID” function from⁽¹⁰⁾ 8:00 a.m. on Wednesday, November 10, 2021 to 12:00 midnight on Tuesday, November 16, 2021

- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from⁽¹⁰⁾ Wednesday, November 10, 2021 to Monday, November 15, 2021 (excluding Saturday, Sunday and public holiday in Hong Kong)

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before⁽⁷⁾⁽⁹⁾⁽¹⁰⁾ Wednesday, November 10, 2021

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched on or before⁽⁸⁾⁽⁹⁾⁽¹⁰⁾ Wednesday, November 10, 2021

Dealings in the Shares on the Hong Kong Stock Exchange expected to commence at 9:00 a.m. on⁽¹⁰⁾ Thursday, November 11, 2021

EXPECTED TIMETABLE⁽¹⁾

Notes:

- (1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the **IPO App** or the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 4, 2021, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares – C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists”.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS or instructing your **broker** or **custodian** to apply on your behalf via CCASS should refer to the section headed “How to Apply for Hong Kong Offer Shares – A. Applications for Hong Kong Offer Shares – 6. Applying Through the **CCASS EIPO** Service”.
- (5) The Price Determination Date is expected to be on or around Thursday, November 4, 2021 and, in any event, not later than Wednesday, November 10, 2021. If, for any reason, we do not agree with the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by Wednesday, November 10, 2021, the Global Offering will not proceed and will lapse.
- (6) None of the websites set out in this section or any of the information contained on the websites forms part of this Prospectus.
- (7) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination” has not been exercised. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.
- (8) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheques, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund cheques. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund cheques.
- (9) Applicants who have applied on the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares may collect any refund cheques (where applicable) and/or Share certificates in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, November 10, 2021 or such other date as notified by us as the date of dispatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **CCASS EIPO** service should refer to the section headed “How to Apply for Hong Kong Offer Shares – G. Despatch/Collection of Share Certificates/e-Auto Refund Payment Instructions/Refund Cheques – Personal Collection – ii. If you apply through the **CCASS EIPO** service” for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) dispatched to the bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Share certificates and/or refund cheques for applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

Further information is set out in “How to Apply for Hong Kong Offer Shares – F. Refund of Application Monies” and “How to Apply for Hong Kong Offer Shares – G. Despatch/Collection of Share Certificates/e-Auto Refund Payment Instructions/Refund Cheques”.

EXPECTED TIMETABLE⁽¹⁾

- (10) In case a typhoon warning signal no.8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Saturday, October 30, 2021 to Thursday, November 11, 2021, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of Share certificates and refund cheques/**HK eIPO White Form** e-Auto Refund payment instructions; and (iii) dealings in the Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will publish an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This Prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this Prospectus. We have not authorised anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not contained nor made in this Prospectus must not be relied on by you as having been authorised by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, employees, agents or representatives of any of them or any other parties involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We operate a leading express freight network in China’s less-than-truckload (“LTL”) market. The road transportation industry can generally be divided into three segments by weight per shipment, namely express parcel (often referred to as “express delivery”), less-than-truckload (“LTL”) and full-truckload (“FTL”). LTL and FTL transport freights while express delivery mainly transports parcels. In 2020, the market size of China’s LTL industry accounted for 31.4% of that of China’s road transportation industry. Express freight network operators, like us, are LTL service providers who have nationwide coverage, and deliver timely and comprehensive freight transportation services. According to iResearch, our express freight network is the largest in China in terms of total freight volume in each of 2017, 2018, 2019 and 2020, particularly with approximately 10.2 million tons of total freight volume, as compared to approximately 8.4 million tons for the second largest player, and a market share of 17.3% in 2020 among all express freight networks in China. China’s LTL market is highly fragmented and competitive. According to iResearch, we were the largest player in China’s LTL market since 2017, with a market share of 0.5% in 2020 in terms of total freight volume. According to iResearch, the market size of express freight networks in China in 2020 accounted for 3.1% of the LTL market in China in terms total freight volume. We have achieved growth in total freight volume at a CAGR of approximately 31.0% from 2015 to 2020, and a growth rate of 25.9% from 2019 to 2020.

We mainly provide transportation services, value-added services and dispatch services to our freight partners, our direct customers. We, together with our freight partners and agents, served over 3.6 million shippers, our end-customers, across China as of April 30, 2021.

According to iResearch, we are the first one to establish the freight partner platform model in 2012 to draw a large number of local operators to our platform as freight partners and agents, empowering them and our entire network to serve as the infrastructure for China’s new commerce landscape. Several players have followed suit and adopted this model since 2014. Under this model, we directly operate and control all mission-critical sorting and line-haul transportation operations, while our freight partners establish outlets and provide pickup and dispatch services in collaboration with freight agents. Our freight partner platform model is highly scalable and cost-effective, as we are primarily responsible for the mission-critical infrastructure and can leverage the resources of our freight partners and agents and their outlets

SUMMARY

to quickly expand our network. By April 30, 2021, we have collaborated with approximately 7,000 freight partners and 22,400 freight agents to serve shippers across approximately 96% of the counties and townships in China.

Technology is at the core of our operations. We enhance our operational efficiency by empowering our freight partners and agents with innovative technology solutions. Leveraging our advanced technology capabilities, we are able to make real-time decisions on critical operational processes, such as route planning, sorting management and outlet management, among others.

Our freight partner platform model and technology infrastructure have enabled us to achieve industry leading cost and operational efficiency. Our unit cost of revenue for the LTL business of RMB591/ton in 2020 was among the lowest in express freight networks in China, according to iResearch. In addition, our unit line-haul transportation costs, the key component of our cost of revenues, decreased by 22.7% from 2018 to 2020.

We have achieved significant growth in scale and profitability for our LTL business during the Track Record Period. Specifically, our LTL revenue increased by 10.8% from RMB4,813.3 million in 2018 to RMB5,335.0 million in 2019, and further by 32.7% to RMB7,081.8 million in 2020, and increased by 127.0% from RMB1,249.8 million for the four months ended April 30, 2020 to RMB2,836.5 million for the four months ended April 30, 2021. In addition, our gross profit for the LTL business increased by 22.9% from RMB623.4 million in 2018 to RMB766.0 million in 2019, and further increased by 37.3% to RMB1,051.5 million in 2020, and increased by 83.8% from RMB216.2 million for the four months ended April 30, 2020 to RMB397.4 million for the four months ended April 30, 2021.

OUR FREIGHT PARTNER PLATFORM MODEL

We have created a freight partner platform model, where we directly operate and control all mission-critical sorting and line-haul processes while our freight partners and agents are responsible for investing and operating the outlets at their own costs and providing feeder service, pickup and dispatch services. Key components of our freight partner model include our mission-critical sorting and line-haul infrastructure, our freight partners and agents, and our technology systems. Under our freight partner platform model, we enable and empower tens of thousands of local freight operators to connect with more shippers and to provide digitalised, nationwide, reliable, timely, efficient and comprehensive LTL services to shippers. Our direct customers are primarily our freight partners, and we do not have contractual relationship with our freight agents, which are directly managed by our freight partners. We typically do not directly enter into agreements with shippers. To a minor extent, we directly serve some enterprise customers who have high and frequent freight transportation demand.

SUMMARY

Our freight partner platform model is built upon our network of critical infrastructure, strong collaboration with freight partners and agents, enabled by our technology systems. The key components of our freight partner platform are:

- **Direct control of critical infrastructure:**
 - o **Sorting** through our 151 self-operated sorting centres (of which 10 are key transit hubs and 43 are transit hubs) connecting over 2,000 inter-provincial direct line-haul routes across major Tier 1/2/3 cities in China as at April 30, 2021;
 - o **Line-haul transportation operations** through our self-operated fleet consisted of approximately 2,400 high-capacity line-haul truck tractors and over 3,600 trailers, supported by over 1,000 trucks operated by third party fleet as at April 30, 2021, all of which operate under our high operation standards and ANE brand and logo; and
- **Strong collaboration with approximately 29,400 freight partners and freight agents:** we collaborate with our freight partners and freight agents who maintain outlets at their own costs and manage pick up and dispatch services to serve 3.6 million shippers as of April 30, 2021 across the entire commerce landscape in China, covering approximately 96% of the counties and townships as at April 30, 2021.
- **Technology empowerment:** we have developed a suite of proprietary digitalisation tools such as the Compass System, our control tower which integrates and analyses extensive operational data from our various technology systems, including the Luban system for integrated data management, the 360° system for outlet management, the TMS system for line-haul management and the Yitian system for sorting centre management. Our technology systems improve the operational efficiency of our platform, and help us manage the entire network and our platform, and make real-time decisions on critical operational processes, such as route planning, sorting management and outlet management. We also enable our freight partners and agents with technology capabilities to deliver comprehensive and high-quality services to shippers.

We mainly operate and control the mission-critical infrastructure in providing transportation services, while our freight partners and agents are responsible for pick-up and dispatch services. We maintain control over the service quality of our freight partners and agents. Both the freight partners and freight agents operate under our brand and are required to adhere to our service guidelines and policies. We organise trainings and continuously monitor their performance and compliance with our policies.

SUMMARY

OUR OPERATIONS

The following chart shows the typical shipment process under our freight partner platform model:



Freight partners and agents collect the freight from the shipper upon receiving a shipment order. Our freight partners typically consolidate freights collected by themselves and by freight agents, are responsible for feeder transits to our sorting centres. Our freight partners would pick up the freight from the destination sorting centres and arrange for dispatch. Our freight partners may directly dispatch the freights to recipients or through freight agents.

To ensure performance and service qualities of our freight partners, the freight partnership agreements set out terms such as operation process, service standards and quality, maintenance and expansion of outlets, and settlement. While we do not directly enter into agreements with freight agents, they are also required to adhere to our service standards and policies. As a result of our continuing and devoted efforts, we have gained superb shipper satisfaction in our operations. In 2018, 2019, 2020 and the four months ended April 30, 2021, our damage rate was 0.29%, 0.11%, 0.05% and 0.04%, respectively, and our effective complaint rate, which represents the ratio of effective complaints out of our total orders, was 0.35%, 0.48%, 0.07% and 0.03%, respectively.

SUMMARY

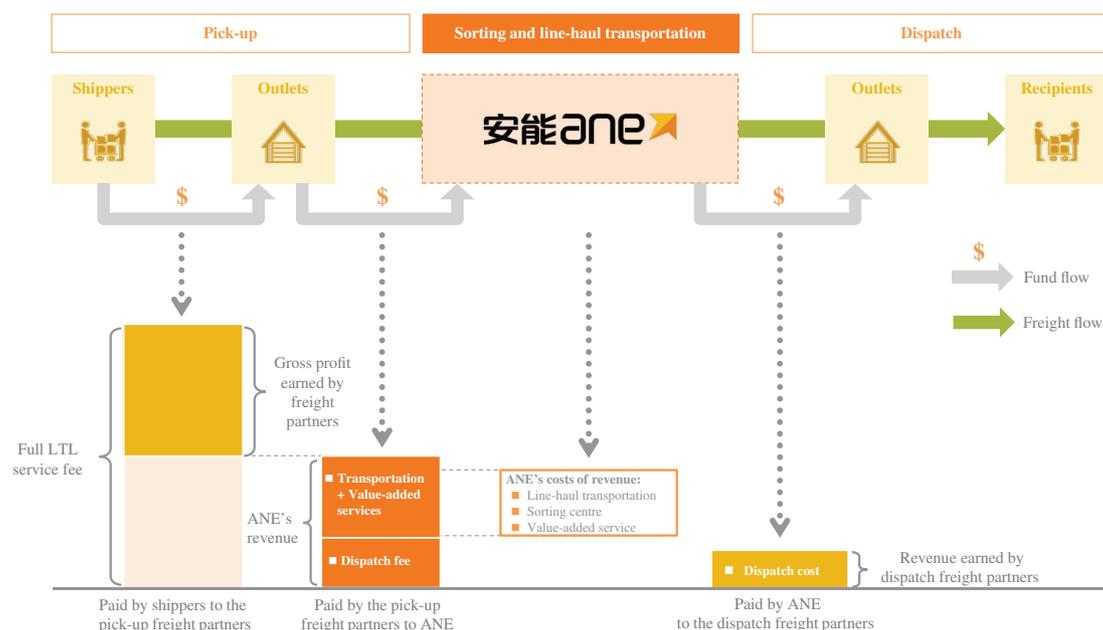
The following table sets forth our total freight volume and average daily freight volume for the same periods, respectively:

	Years Ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(thousand tons)</i>				
Total freight volume	7,326	8,138	10,211	2,138	3,619
Average daily freight volume ⁽¹⁾	25.7	28.9	38.4	31.0	44.1

Note:

- (1) Equals total freight volume for a period divided by the number of working days in such period. We had 285, 282, 266, 69 and 82 working days in 2018, 2019, 2020 and the four months ended April 30, 2020 and 2021, respectively. Non-working days include Sundays, public holidays, and other off days, such as extended holidays following Chinese New Year.

The following chart illustrates the fund flows of a typical shipping transaction from shipper to final destination:



Our revenue generated from freight partners accounted for substantially all of our total revenues during the Track Record Period. In addition, to a minor extent, we directly serve some enterprise customers who have high and frequent LTL transportation demand.

We primarily procure supplies, such as labour outsourcing, fuel, line-haul trucks, line-haul transportation services provided by third-party fleets, software development and premise leasing, through centralised procurement.

SUMMARY

PRICING OF OUR TRANSPORTATION SERVICES

We charge our freight partners transportation service fees primarily determined by volumetric weight, transportation distance, product types, market conditions and competition, among others. We have established a dynamic pricing system that periodically evaluates and adjusts our pricing levels, allowing us to optimise our capacity management and operational efficiency. We may offer discounts to our freight partners when they meet performance targets. Unless otherwise agreed, our freight partners and agents charge the full shipment service fee from shippers at the time of pickup.

OUR MISSION

Our mission is to create infinite possibilities with logistics services (“物流創造無限可能”).

OUR VISION

Our vision is to provide the most efficient logistics infrastructure for commerce in China.

OUR VALUES

Our core values serve as the bedrock of everything we do as we strive towards our mission:

- ***Trust***: We appreciate the trust of our freight partners and agents, shippers, employees and business partners, which has been and will continue to be the foundation for our growth.
- ***Collaborative entrepreneurship***: We cultivate collaborative entrepreneurial spirit among our employees, freight partners and agents, and encourage them to work as one team to deliver outstanding services to shippers.
- ***Perseverance***: We value perseverance in our continuous pursuit of excellence, which has contributed to our leadership in this rapidly evolving industry.

OUR STRENGTHS

We believe our long-term competitive strengths are the result of the implementation of our business strategies, guided by our mission, vision and values, together with strong execution capabilities of our management team.

- The largest express freight network in China with high growth rate and profitability
- Freight partner platform creating significant network effects

SUMMARY

- Strong operational and cost efficiency
- Continuous technology innovation and digitalised operation
- Customer-centric product offerings with high service quality
- Experienced and entrepreneurial management team backed by world-class shareholders

OUR STRATEGIES

Our future strategies focus on serving our core objectives of strengthening our leadership position, accelerating consolidation in China's LTL industry, and sustaining our strong, profitable growth in the years to come:

- Expand shipper base and upgrade product offerings
- Strengthen our platform and collaborations with freight partners and agents
- Invest in our mission-critical infrastructure
- Enhance operational efficiency
- Continue technology innovations

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, which are set out in the section headed "Risk Factors". You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section. Some of the major risks we face include:

- Our historical growth may not be indicative of our future growth, and if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.
- We may not be able to maintain and enhance our platform, which could negatively affect our business and prospects.
- We utilise freight partners and agents to conduct certain aspects of our business, and face risks associated with these relationships, their employees and other personnel.

SUMMARY

- Our business and growth are affected by various macroeconomic and other factors in China, including the continued growth of demand for nationwide LTL services.
- If we are unable to continue to meet evolving market trends, adapt to changing shipper demands and maintain our innovative ability, our ability to sustain and grow our business may suffer.
- We operate in a competitive industry, and if we fail to compete effectively, our business and prospect could be negatively affected.
- Our business, financial condition and results of operations may be materially and adversely affected if we are unable to provide high quality service to our shippers and freight partners.
- Our business depends on our reputation and brand image, and any damage to them could adversely impact our business.
- Any service disruption experienced by our sorting centres or the outlets operated by our freight partners and agents may adversely affect our business operations.
- Our business operations and financial performance was and may in the future continue to be adversely affected by the COVID-19 outbreak, and may face risks related to natural disasters, extreme weather conditions, health epidemics and other unforeseeable catastrophic incidents, which could significantly disrupt our operations.
- We may not be able to successfully upgrade our sorting network through acquisitions.

OUR SHAREHOLDING STRUCTURE

Our Management Shareholders led by Mr. Wang and Mr. Qin are the single largest group of Shareholders combined, taking into account the arrangement with the Acting-in-Concert Shareholders under the AIC Agreement. Through the AIC Agreement, they are deemed to control approximately 36.51% of our total issued share capital as of the Latest Practicable Date, and will control approximately 27.85% of our total issued share capital immediately after the Global Offering (assuming the Over-Allotment Option is not exercised). See “Relationship with Our Largest Shareholders” for details.

Major changes in our shareholding during the Track Record Period and up to the Latest Practicable Date are set out in “History, Development and Corporate Structure – Our Establishment and Major Shareholding Changes”.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this Prospectus. The summary consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this Prospectus, including the related notes. Our consolidated financial information was prepared in accordance with HKFRSs.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income, with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30			
	2018		2019		2020		2020		2021	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(Unaudited)</i>									
	<i>(in thousands, except percentages)</i>									
Revenues	5,331,927	100.0	5,338,201	100.0	7,081,791	100.0	1,249,828	100	2,836,547	100.0
Cost of revenues	(5,916,437)	(111.0)	(4,658,661)	(87.3)	(6,030,325)	(85.2)	(1,033,648)	(82.7)	(2,439,126)	(86.0)
Gross (loss)/profit	(584,510)	(11.0)	679,540	12.7	1,051,466	14.8	216,180	17.3	397,421	14.0
General and administrative expenses	(717,484)	(13.5)	(632,046)	(11.8)	(526,305)	(7.4)	(143,617)	(11.5)	(248,143)	(8.7)
Other income and gains/(losses), net ⁽¹⁾	(262,975)	(4.9)	13,643	0.3	53,161	0.8	8,889	0.7	(12,476)	(0.4)
Operating (loss)/profit	(1,564,969)	(29.4)	61,137	1.1	578,322	8.2	81,452	6.5	136,802	4.8
Finance costs	(96,162)	(1.8)	(96,658)	(1.8)	(81,019)	(1.1)	(27,455)	(2.2)	(64,511)	(2.3)
Fair value change of financial liabilities at fair value through profit or loss	(545,269)	(10.2)	(239,576)	(4.5)	(396,150)	(5.6)	112,239	9.0	(2,207,150)	(77.8)
Changes in expected redemption amount associated with the put option liabilities	90,925	1.7	(43,522)	(0.8)	(18,294)	(0.3)	(3,460)	(0.3)	(191,517)	(6.8)
(Loss)/Profit before tax	(2,115,475)	(39.7)	(318,619)	(6.0)	82,859	1.2	162,776	13.0	(2,326,376)	(82.0)
Income tax credit/(expenses)	(86)	(0.0)	103,692	1.9	135,322	1.9	(12,325)	(1.0)	75,965	2.7
(Loss)/Profit for the year/period	<u>(2,115,561)</u>	<u>(39.7)</u>	<u>(214,927)</u>	<u>(4.0)</u>	<u>218,181</u>	<u>3.1</u>	<u>150,451</u>	<u>12.0</u>	<u>(2,250,411)</u>	<u>(79.3)</u>
(Loss)/Profit for the year/period attributable to:										
Owners of the Company	(2,113,878)	(39.6)	(214,934)	(4.0)	218,123	3.1	150,422	12.0	(2,250,251)	(79.3)
Non-controlling interests	(1,683)	(0.0)	7	0.0	58	0.0	29	0.0	(160)	(0.0)

Note:

- (1) Other income and gains/(losses), net consist primarily of (i) government grants, (ii) foreign exchange (losses)/gains, (iii) interest income, (iv) loss on disposal of long-term assets, (v) asset impairment in relation to our equipment, and (vi) others.

SUMMARY

We have achieved a net profit of RMB218.2 million in 2020, as compared to the net losses of RMB2,115.6 million in 2018 and RMB214.9 million in 2019 which was, in particular, attributable to economies of scale and improved operational efficiency, and the discontinuation of the loss-making express parcel business in the beginning of 2019. We recorded a net loss of RMB2,250.4 million for the four months ended April 30, 2021 as compared to a net profit of RMB150.5 million for the four months ended April 30, 2020, mainly as a result of the loss on fair value change of financial liabilities at fair value through profit or loss of RMB2,207.2 million and the loss on changes in expected redemption amount associated with the put option liabilities RMB191.5 million for the four months ended April 30, 2021 (i) primarily attributable to the significant increase in the Company's valuation in 2021, and (ii) considering the Company's initial public offering process.

Non-HKFRS Measures

To supplement our consolidated financial statements that are presented in accordance with HKFRS, we also use adjusted (loss)/profit for the year/period (a non-HKFRS measure), adjusted net (loss)/profit margin (a non-HKFRS measure) and adjusted EBITDA (a non-HKFRS measure), as additional financial measures, which are not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of these non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS. We define adjusted (loss)/profit for the year/period (a non-HKFRS measure) as (loss)/profit for the year adjusted for share-based payment expenses, fair value change of financial liabilities at fair value through profit or loss, changes in expected redemption amount associated with the put option liabilities and listing expense. We define adjusted net (loss)/profit margin (a non-HKFRS measure) as adjusted (loss)/profit for the year/period (a non-HKFRS measure) as a percentage of total revenues. The following table sets out our non-HKFRS measures, and a reconciliation from (loss)/profit for the year to adjusted (loss)/profit for the year/period (a non-HKFRS measure) for the periods indicated.

SUMMARY

	Years Ended December 31,			Four Months Ended April 30	
	2018	2019	2020	2020	2021
	<i>(RMB in thousands)</i>				
	<i>(Unaudited)</i>				
(Loss)/Profit for the year/period	(2,115,561)	(214,927)	218,181	150,451	(2,250,411)
Add:					
Share-based payment expenses ⁽¹⁾	49,498	141,703	8,962	4,666	29,579
Fair value change of financial liabilities at fair value through profit or loss ⁽²⁾	545,269	239,576	396,150	(112,239)	2,207,150
Changes in expected redemption amount associated with the put option liabilities ⁽³⁾	(90,925)	43,522	18,294	3,460	191,517
Listing expenses ⁽⁴⁾	-	-	12,729	-	5,425
Adjusted (loss)/profit for the year/period	(1,611,719)	209,874	654,316	46,338	183,260

Notes:

- (1) Share-based payment expenses relates to the share rewards we granted to our employees, which is a non-cash item.
- (2) Fair value change of financial liabilities at fair value through profit or loss represent the losses arising from change in fair value of our issued Preferred Shares and convertible loans, which is a non-cash item and is not directly related to our operating activities. Such fair value changes are also non-recurring in nature as the relevant Preferred Shares will be automatically converted into ordinary shares upon the completion of the Listing.
- (3) Changes in expected redemption amount associated with the put option liabilities is a non-cash item and is not directly related to our operating activities. Such changes are also non-recurring in nature as the relevant financial liabilities associated with put option will be classified into non-controlling interest upon the completion of the Listing.
- (4) Listing expenses represent the fees incurred in relation to the Global Offering, which is a non-recurring item.

	Years Ended December 31,			Four Months Ended April 30	
	2018	2019	2020	2020	2021
	<i>(%)</i>				
	<i>(Unaudited)</i>				
Net (loss)/profit margin	(39.7)	(4.0)	3.1	12.0	(79.3)
Adjusted net (loss)/profit margin	(30.2)	3.9	9.2	3.7	6.5

SUMMARY

As our adjusted profit/(loss) for the year (a non-HKFRS measure) in 2018 and 2019 included the performance of our express parcel business, we cannot derive the adjusted unit net profit for the LTL business. As a pure-play LTL carrier, our adjusted unit net profit in 2020 and the four months ended April 30, 2020 and 2021 is RMB64/ton, RMB22/ton and RMB51/ton, respectively.

We define adjusted EBITDA (a non-HKFRS measure) as loss for the year adjusted for depreciation, amortisation, interest income, finance costs, income tax credit, share-based payment expenses, fair value change of financial liabilities at fair value through profit or loss, changes in expected redemption amount associated with the put option liabilities, and listing expense. The following table sets out our non-HKFRS measures, and a reconciliation from (loss)/profit for the year to adjusted EBITDA (a non-HKFRS measure) for the periods indicated.

	Years Ended December 31,			Four Months Ended April 30	
	2018	2019	2020	2020	2021
	<i>(RMB in thousands)</i>				
	<i>(Unaudited)</i>				
(Loss)/Profit for the year/period	(2,115,561)	(214,927)	218,181	150,451	(2,250,411)
Add:					
Depreciation	669,030	683,591	589,293	183,724	252,045
Amortisation of other intangible assets	10,831	10,543	13,694	3,859	6,693
Interest income	(1,812)	(2,121)	(3,430)	(1,974)	(2,244)
Finance costs	96,162	96,658	81,019	27,455	64,511
Income tax expense/(credit)	86	(103,692)	(135,322)	12,325	(75,965)
Share-based payment expenses ⁽¹⁾	49,498	141,703	8,962	4,666	29,579
Fair value change of financial liabilities at fair value through profit or loss ⁽²⁾	545,269	239,576	396,150	(112,239)	2,207,150
Changes in expected redemption amount associated with the put option liabilities ⁽³⁾	(90,925)	43,522	18,294	3,460	191,517
Listing expenses ⁽⁴⁾	-	-	12,729	-	5,425
Adjusted EBITDA	(837,422)	894,853	1,199,570	271,727	428,300

Notes:

- (1) Share-based payment expenses relates to the share rewards we granted to our employees, which is a non-cash item.

SUMMARY

- (2) Fair value change of financial liabilities at fair value through profit or loss represent the losses arising from change in fair value of our issued Preferred Shares and convertible loans, which is a non-cash item and is not directly related to our operating activities. Such fair value changes are also non-recurring in nature as the relevant Preferred Shares will be automatically converted into ordinary shares upon the completion of the Listing.
- (3) Changes in expected redemption amount associated with the put option liabilities is a non-cash item and is not directly related to our operating activities. Such changes are also non-recurring in nature as the relevant financial liabilities associated with put option will be classified into non-controlling interest upon the completion of the Listing.
- (4) Listing expenses represent the fees incurred in relation to the Global Offering, which is a non-recurring item.

Our revenue increased from RMB5,331.9 million in 2018 to RMB5,338.2 million in 2019, and further to RMB7,081.8 million in 2020, and increased from RMB1,249.8 million for the four months ended April 30, 2020 to RMB2,836.5 million for the four months ended April 30, 2021, primarily due to the increase in our LTL revenues, mainly driven by the increase in our freight volume as a result of our network expansion. We have improved our profitability during the Track Record Period as a result of (i) the discontinuation of our loss-making express parcel business, (ii) the economies of scale from the expansion of our network, and (iii) our enhanced operational efficiency. We recorded a gross loss of RMB584.5 million and a gross loss margin of 11.0% in 2018, as compared to a gross profit of RMB679.5 million and a gross profit margin of 12.7% in 2019, and a gross profit of RMB1,051.5 million and a gross profit margin of 14.8% in 2020. We recorded a gross profit of RMB216.2 million and a gross profit margin of 17.3% for the four months ended April 30, 2020, as compared to a gross profit of RMB397.4 million and a gross profit margin of 14.0% for the four months ended April 30, 2021.

SUMMARY

During the Track Record Period, we derive our revenues from: (i) LTL services and (ii) express parcel services. Historically, we operated express parcel business from December 2016 to the beginning of 2019. For details, see “Financial Information – Description of Major Components of Our Results of Operations – Revenue – Express Parcel Revenues.” The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by type of services for the periods indicated:

	Years Ended December 31,				Four Months Ended April 30			
	2018		2019		2020		2021	
	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin	Revenue	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
LTL	4,813,274	13.0	5,334,964	14.4	7,081,791	14.8	1,249,828	17.3
Express parcel	518,653	(232.9)	3,237	(86,493)	-	-	-	-
Total	5,331,927	(584,510)	5,338,201	12.7	7,081,791	14.8	1,249,828	17.3
					<i>216,180</i>		<i>2,836,547</i>	<i>397,421</i>
					<i>(Unaudited)</i>			
					<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>
					<i>1,051,466</i>		<i>2,836,547</i>	<i>397,421</i>
					<i>1,051,466</i>		<i>216,180</i>	<i>216,180</i>
					<i>14.4</i>		<i>17.3</i>	<i>14.0</i>
					<i>(2,672.0)</i>		<i>-</i>	<i>-</i>
					<i>14.8</i>		<i>-</i>	<i>-</i>
					<i>12.7</i>		<i>-</i>	<i>-</i>
					<i>679,540</i>		<i>2,836,547</i>	<i>397,421</i>
					<i>11.0</i>		<i>17.3</i>	<i>14.0</i>
					<i>5,338,201</i>		<i>2,836,547</i>	<i>397,421</i>

SUMMARY

Selected Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our Group's audited consolidated financial statements included in Appendix I to this Prospectus.

	As of December 31,			As of April 30
	2018	2019	2020	2021
	<i>(RMB in thousands)</i>			
Non-current assets				
Property, plant and equipment	333,238	153,722	838,684	1,228,600
Prepayment for property, plant and equipment	55,294	5,663	19,137	32,514
Right-of-use assets	939,716	833,035	856,381	1,029,211
Goodwill	113,910	113,910	113,910	113,910
Other intangible assets	29,155	37,248	34,527	30,110
Deferred tax assets	42,644	159,908	302,368	378,354
Restricted cash	5,258	7,997	14,033	13,378
Other non-current assets	47,608	96,965	66,583	89,046
Total non-current assets	1,566,823	1,408,448	2,245,623	2,915,123
Current assets				
Inventories	8,294	5,711	8,987	6,396
Trade receivables	80,433	52,167	48,550	40,743
Prepayments	53,141	32,019	70,528	96,522
Other receivables and other assets	696,272	701,054	766,132	814,362
Financial assets at fair value through profit or loss	–	–	–	194,016
Restricted cash	41,591	37,729	72,228	69,789
Cash and cash equivalents	135,474	376,015	498,740	1,125,969
Total current assets	1,015,205	1,204,695	1,465,165	2,347,797
Current liabilities				
Trade and bills payables	962,036	990,828	744,310	524,572
Other payables and accruals	1,349,618	1,162,086	1,090,894	1,237,165
Interest-bearing borrowings	410,089	177,394	366,941	478,801
Tax payable	47,695	51,056	40,475	40,036
Convertible loans	474,951	174,692	–	–
Convertible redeemable preferred shares	–	4,754,379	–	–
Lease liabilities	426,744	395,893	402,275	453,800
Total current liabilities	3,671,133	7,706,328	2,644,895	2,734,374
Net current liabilities	(2,655,928)	(6,501,633)	(1,179,730)	(386,577)

SUMMARY

	As of December 31,			As of April 30
	2018	2019	2020	2021
	<i>(RMB in thousands)</i>			
Non-current liabilities				
Interest-bearing borrowings	51,808	5,892	289,025	307,957
Convertible redeemable preferred shares	4,332,128	–	4,806,414	9,290,695
Convertible loans	–	517,670	1,040,970	–
Lease liabilities	574,003	491,439	499,799	612,510
Other non-current liability	384,665	487,862	418,260	370,775
Total non-current liabilities	<u>5,342,604</u>	<u>1,502,863</u>	<u>7,054,468</u>	<u>10,581,937</u>
Total liabilities	<u>9,013,737</u>	<u>9,209,191</u>	<u>9,699,363</u>	<u>13,316,311</u>
Net liabilities	(6,431,709)	(6,596,048)	(5,988,575)	(8,053,391)
Equity attributable to owners of the parent:				
Non-controlling interests	828	835	2,293	104,536
Total equity	(6,431,709)	(6,596,048)	(5,988,575)	(8,053,391)

Our total assets and total liabilities increased during the Track Record Period, which was generally in line with our business expansion.

We had net current liabilities of RMB2,655.9 million, RMB6,501.6 million, RMB1,179.7 million and RMB386.6 million as of December 31, 2018, 2019 and 2020 and April 30, 2021, respectively, mainly arises from (i) the current portion of our convertible loans and convertible redeemable preferred shares, (ii) our other payables and accruals, which mainly consist of deposits from freight partners, payroll and welfare payables, payables for purchase of property, plant and equipment, advances from freight partners, among others, and (iii) our trade and bills payables, which mainly represent outstanding amounts for third-party line-haul transportation services provided to us, fees relating to our sorting centres, and insurance premiums. We expect to improve our net current liabilities position as (i) we expect to further improve our operating cash flow as a result of our enhanced profitability from economies of scale, (ii) we plan to obtain additional long-term financing facilities for working capital purposes and to finance our purchases of self-operated trucks, and (iii) we expect to receive the net proceeds from the Global Offering.

Furthermore, we recorded net liabilities of RMB6,431.7 million, RMB6,596.0 million, RMB5,988.6 million and RMB8,053.4 million as of December 31, 2018, 2019 and 2020, and April 30, 2021, respectively, mainly arises from (i) the non-current portion of our convertible loans and convertible redeemable preferred shares, and (ii) lease liabilities related to our leased properties. We expect to improve our net liabilities position as (i) all the convertible redeemable preferred shares and convertible loans would be reclassified from financial

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liabilities to equity as a result of the conversion into our ordinary shares upon the Listing, so that our net liabilities position would turn in to net assets, (ii) we expect to further improve our operating cash flow as a result of our enhanced profitability from economies of scale, (iii) we plan to obtain additional long-term financing facilities for working capital purposes and to finance our purchases of self-operated trucks, and (iv) we expect to receive the net proceeds from the Global Offering.

Taking into account (i) the financial resources available to us, including cash and cash equivalents, term deposits, short-term financial products, available financing facilities, the rollover of short-term financing facilities, our ability to obtain additional long-term financing facilities, and the portion of the estimated net proceeds from the Global Offering expected to be used for working capital and general corporate purposes, (ii) our net cash generated from operating activities, and (iii) our economies of scale and improved operational efficiency, we believe that we are able to ensure our working capital sufficiency. As of April 30, 2021, we had cash and cash equivalents of RMB1,126.0 million, restricted cash of RMB69.8 million and financial assets at fair value through profit or loss of RMB194.0 million. For 2019, 2020 and the four months ended April 30, 2021, our net cash generated from operating activities amounted to RMB859.3 million, RMB722.6 million and RMB108.3 million, respectively, and we expect to further improve our operating cash flow as a result of our enhanced profitability from economies of scale. Furthermore, as we expect to improve our net current liabilities and net liabilities positions, and we have generated adjusted net profit (a non-HKFRS measure) in 2019, 2020 and the four months ended April 30, 2021, we believe that we possess sufficient working capital to meet our present requirements that is at least 12 months from the date of this prospectus.

We recorded goodwill of RMB113.9 million, RMB113.9 million, RMB113.9 million and RMB113.9 million as of December 31, 2018, 2019 and 2020, and April 30, 2021, respectively, arising from our acquisition of Giantruck in 2018. We may incur significant impairment charges in relation to our goodwill. For details, see “Risk Factors – Risks Relating to Our Business and Industry – We have a large balance of goodwill and other intangible assets and we may incur significant impairment charges which could materially impact our financial position.”

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Selected Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,			Four Months Ended April 30	
	2018	2019	2020	2020	2021
	<i>(RMB in thousands)</i>				
	<i>(Unaudited)</i>				
Net cash (used in)/generated from operating activities:					
Operating cash flow before movements in working capital	(628,253)	910,138	1,210,167	277,452	442,822
Changes in working capital:					
Decrease/(increase) in inventories	9,346	2,583	(3,276)	832	2,591
(Increase)/decrease in trade receivables	(7,599)	33,253	(1,033)	(7,892)	(5,923)
Increase in prepayments, other receivables and other assets	(162,226)	(19,552)	(116,794)	(46,757)	(102,004)
Decrease/(increase) in restricted cash	(10,781)	(23,384)	(31,793)	2,441	(44)
Increase/(decrease) in trade and bills payables	675,958	28,792	(264,521)	(477,083)	(218,839)
Decrease in other payables and accruals	(30,626)	(62,359)	(52,476)	(68,430)	(9,878)
Total changes in working capital	474,072	(40,667)	(469,893)	(596,889)	(334,097)
Cash (used in)/generated from operations	(154,181)	869,471	740,274	(319,437)	108,725
Income tax paid	(1,422)	(10,211)	(17,719)	(855)	(460)
Net cash flows (used in)/generated from operating activities	(155,603)	859,260	722,555	(320,292)	108,265
Net cash flows (used in)/from investing activities	(168,343)	(237,989)	(624,794)	4,309	(437,883)
Net cash flows generated from/(used in) financing activities	113,144	(386,317)	36,353	247,135	971,353
Net (decrease)/increase in cash and cash equivalents	(210,802)	234,954	134,114	(68,848)	641,735
Cash and cash equivalents at the beginning of the period	306,989	135,474	376,015	376,015	498,740
Effects of exchange rate changes	39,287	5,587	(11,389)	11,636	(14,506)
Cash and cash equivalents at the end of the year/period	135,474	376,015	498,740	318,803	1,125,969

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We had cash used in operating activities of RMB155.6 million, which was mainly due to our loss-making express parcel business. We recorded cash generated from operating activities of RMB859.3 million in 2019 and RMB722.6 million in 2020. We also recorded cash used in operating activities of RMB320.3 million for the four months ended April 30, 2020, and cash generated from operating activities of RMB108.3 million for the four months ended April 30, 2021. We expect to further improve our operating cash flow as a result of our enhanced profitability from economies of scale.

RECENT DEVELOPMENTS

Our freight volume increased by 48% during six months ended June 30, 2021 compared to the same period last year. Based on our unaudited management accounts, our revenue for the six months ended June 30, 2021 increased by over 90% as compared to the six months ended June 30, 2020, mainly driven by (i) the increase in our transportation revenues mainly as a result of our increased freight volume, (ii) the increase in our value-added services revenues mainly as a result of our business growth, broadened scope of value-added services, and our increased freight volume and (iii) the increase in our dispatch revenues mainly due to the change in our revenue recognition. From the six months ended June 30, 2020 to the six months ended June 30, 2021, our revenue for transportation and value-added services increased by over 50%, and we also experienced increases in our unit price for transportation and value-added services. In addition, based on our unaudited management accounts, our gross profit for the six months ended June 30, 2021 increased by approximately 40% as compared to the six months ended June 30, 2020. Our gross profit margin for the six months ended 30 June 2021 is not comparable to that during the same period in 2020 as we changed our revenue recognition policy and started recognizing revenue related to dispatch services on a gross basis since July 2020. Adjusting our gross margin for dispatch revenue, the like for like gross profit margin for the six months ended June 30, 2021 declined as the increase in our cost of revenue exceeded the increase in our revenue, primarily as we increased our self-owned transportation capacity meaningfully in the first half of 2021. We believe the increase in our self-owned high capacity trucks will lower our operating cost base and ultimately enhance our profit margins in the long run. However, in the immediate near term, the increase in transportation capacity resulted in a decline in our load factors and therefore our gross profit margin declined in the second quarter of 2021.

While our overall operating performance remained strong in first half of 2021, a number of unforeseen events and adverse weather conditions had an adverse impact on our results of operations for the third quarter of 2021 and is expected to impact our results for the full year of 2021. These events included the resurgence of COVID-19 in Jiangsu and other parts of China in July and August 2021, the severe floods in Henan and other provinces in central China in July 2021 and a severe typhoon which impacted southeast China including Zhejiang province in July 2021. These events impacted areas that account for a significant portion of our business operations. These events had a negative impact on China's major LTL players, including us, according to iResearch. In July and August 2021, we experienced an aggregate freight volume growth of 18% compared to the same period last year. The lower than expected freight volumes in July and August 2021 further lowered our load factors as we increased our

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self-owned transportation capacity, thus having an adverse impact on our results of operations. As our freight volume and the load factor on our transportation capacity continue to increase, we believe such increases will have a positive effect on our unit costs and our profit margins going forward.

COVID-19 Outbreak and Effects on Our Business

Substantially all of our revenues and workforce are concentrated in China. In connection with the intensifying efforts to contain the spread of COVID-19, the Chinese government has taken certain emergency measures, including implementation of travel bans, blockade of certain roads and closure of factories and businesses, and may continue to take further measures to keep this epidemic outbreak in check.

We experienced extended closure of our branch offices, sorting centres and network outlets after the Chinese New Year holidays in February 2020 due to the COVID-19 outbreak, which resulted in a decline of freight volume in February 2020, as compared with the same period in 2019. The measures and timelines for business resumption varied across different localities in the PRC, and our branch offices, sorting centres and network outlets closed and opened in accordance with measures adopted by their respective local government authorities. We have taken measures to reduce the impact of the COVID-19 outbreak, including strictly implementing self-quarantine and disinfection measures at our headquarters, sorting centres and network outlets in accordance with government issued protocols. While we have gradually resumed operations since late-February 2020, the COVID-19 outbreak and any measures to combat the spread of the virus has adversely affected our business operations and operating results for the first quarter of 2020.

Our freight volume was 1.3 million tons in the first quarter of 2020, representing a decrease of 15% year on year. We gradually resumed our operations since late-February 2020 and have recovered from the negative impact of the COVID-19 outbreak since the second quarter of 2020. Our freight volume was 2.7 million tons in the second quarter of 2020, representing an increase of 33% year on year. In addition, the PRC government launched various preferential policies, such as one-off subsidies for social insurance and tax relief, and waived toll charges from February to early-May 2020 to support the logistics industries. Moreover, COVID-19 outbreak accelerates the growth on e-commerce, which brings more demand for comprehensive and timely LTL services. As a result, we have achieved significant growth in 2020 despite the COVID-19 outbreak. Our total freight volume was 10.2 million tons in 2020, representing an increase of 25.5% from 8.1 million tons in 2019, which was mainly attributable to our expanded scale, our continuous investment in sorting network and line-haul fleet, and our increased number of freight partners. Our revenues and net profit were RMB7,081.8 million and RMB218.2 million in 2020, respectively, as compared to our revenues of RMB5,338.2 million and net loss of RMB214.9 million in 2019, respectively. The increase in our revenues was mainly driven by our increased freight volume, and the increase in our net profit was mainly attributable to our economies of scale and improved operational efficiency.

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In addition, certain impacts from the COVID-19 outbreak on our financial performance in 2020 might be one-off and non-recurring. For example, after the COVID-19 outbreak ends, we may not be able to receive benefits from the COVID-19 related government policy support, such as one-off subsidies for social insurance and tax relief, and waiver of toll charges. We recorded such one-off government subsidies for tax relief of RMB18.3 million, and we estimate such one-off government subsidies for social insurance was approximately RMB45.9 million. We estimate the total amount of our transportation cost reduced due to the waived toll fees amounted to approximately RMB164 million, the majority of the benefit of which was passed on to our freight partners in the form of a decrease in our unit price. Moreover, the increase in demand for LTL services from e-commerce may not be sustainable after the COVID-19 outbreak ends.

In 2021, the recent resurgence of COVID-19, including the delta variant spreading, has affected several cities in China. As a result of such resurgence of COVID-19, the growth rate of our freight volume, especially in January and July 2021, did not meet our management's expectation. In addition, we estimate that such resurgence COVID-19 would have a negative impact on our expected utilisation rates of truck fleet and sorting centres, which in turn would have a negative impact on our gross profit margin in 2021. The extent to which the COVID-19 impacts our operations on an ongoing basis will depend on various factors including the duration and severity of the outbreak, any resurgence of COVID-19, and any variants, such as the delta variant, among others. See "Risk Factors – Risks Relating to Our Business and Industry – Our business operations and financial performance was and may in the future continue to be adversely affected by the COVID-19 outbreak, and may face risks related to natural disasters, extreme weather conditions, health epidemics and other unforeseeable catastrophic incidents, which could significantly disrupt our operations."

Development on the Proposed Acquisition

Following the completion of due diligence against Zhongka Industrial Park Investment Co., the Group entered into the share purchase agreement on July 13, 2021, pursuant to which the Group agreed to purchase 90% equity interest in Zhongka Industrial Park Investment Co. from Quzhou Juguan Supply Chain Management Partnership (Limited Partnership). Zhongka Industrial Park Investment Co. was established in China on December 8, 2017 and is primarily engaged in the business of property management, investing in and providing services for logistics industrial parks. To the best of our Director's knowledge, information and belief having made all reasonable enquiries, Quzhou Juguan Supply Chain Management Partnership (Limited Partnership), is controlled by the ex-spouse of Mr. Zhu's sibling, and the remaining 10% equity interest in Zhongka Industrial Park Investment Co. is owned by Changshan County Industrial Investment Guidance Fund Co., Ltd., an Independent Third Party. The total consideration for the Proposed Acquisition is RMB65,700,000. Such consideration was determined through arms' length negotiations with the seller, taking into account Zhongka Industrial Park Investment Co.'s registered share capital and was settled on August 6, 2021.

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Regulatory development

On 6 July, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council also jointly issue the Opinion on Severely Punishing Illegal Activities in Securities Market (《關於依法從嚴打擊證券違法活動的意見》), which stressed on “improving laws and regulations on data security, cross-border data flow and management of confidential information, speeding up the revisions to regulations on strengthening the confidentiality and document management of securities issuance and listing outside the mainland of the PRC (境外上市) to increase the accountability of entities listed outside the mainland of the PRC to information security, and enhancing standardized management of mechanism and procedure for cross-border data transfer, enhancing the cooperation of cross-border audit supervision”.

On 10 July, 2021, the Cyberspace Administration of the PRC, jointly with the relevant authorities, amended the Measures for Cybersecurity Review (《網絡安全審查辦法》) for public comment, with a deadline falling on 25 July, 2021 (hereinafter referred to as the “Draft for Comment”). Pursuant to Article 6 of the Draft for Comment, any operator with data on more than 1 million users must go through a cybersecurity review by the cybersecurity review office before listing in a foreign country (original text read as follows: “掌握超過100 萬用戶個人信息的運營者赴國外上市,必須向網絡安全審查辦公室申報網絡安全審查”).

As advised by our PRC Legal Advisor, we believe that the above-mentioned regulatory changes will not have a material adverse effect on our business operations and financial conditions. For details, see “Regulatory Overview – Recent Development.” For risks related to the the above-mentioned regulatory changes, see “Risk Factors – Risks Relating to Our Business and Industry – Complying with evolving laws and regulations regarding cybersecurity, information security, privacy and data protection and other related laws and requirements may be expensive and force us to make adverse changes to our business. Many of these laws and regulations are subject to change and uncertain interpretation, and any failure or perceived failure to comply with these laws and regulations could result in negative publicity, legal proceedings, suspension or disruption of operations, increased cost of operations, or otherwise harm our business.”

No Material Adverse Change

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since April 30, 2021, being the end date of our latest audited financial statements, and there has been no event since April 30, 2021 that would materially affect the information shown in the Accountants’ Report set out in Appendix I.

While we have resumed business operations, there remain significant uncertainties surrounding the COVID-19 outbreak and its further development. In the event of the resurgence of COVID-19, our business and results of operations may be materially and adversely affected. As of April 30, 2021, we had cash and cash equivalents of RMB1,126.0

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million. We believe this level of liquidity is sufficient to successfully navigate an extended period of uncertainty. See also “Risk Factors – Risks Relating to Our Business and Industry – Our business operations and financial performance was and may in the future continue to be adversely affected by the COVID-19 outbreak, and may face risks related to natural disasters, extreme weather conditions, health epidemics and other unforeseeable catastrophic incidents, which could significantly disrupt our operations.”

We expect that our gross profit margin for 2021 to be slightly lower than that for 2020, which was mainly due to the higher revenue base as we change the revenue recognition of dispatch services (including arrangement for dispatch services) from net to gross basis since July 2020. In addition, we estimate that the resurgence COVID-19 would have a negative impact on our expected utilisation rates of truck fleet and sorting centres, which in turn would have a negative impact on our gross profit margin in 2021.

We expect our net loss for the year ending December 31, 2021 to be significantly increased, primarily due to (i) the significant amount of estimated loss in fair value of financial liabilities at fair value through profit or loss in 2021 and (ii) an increase in general and administrative expenses, mainly attributable to our increase investment in R&D, network platform management and personnel recruitment. Upon the completion of the Listing, no further changes in fair value of financial liabilities at fair value through profit or loss will be recorded as the redeemable convertible preferred shares and convertible loans will have been converted to our ordinary shares.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We are applying for the Listing under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenue for the year ended December 31, 2020, being RMB7,081.8 million, which is significantly over HK\$500 million as required by Rule 8.05(3) of the Listing Rules; and (ii) our expected market capitalization at the time of the Listing, which, based on the low end of the Offer Price range, exceeds HK\$4 billion as required by Rule 8.05(3) of the Listing Rules.

USE OF PROCEEDS

Assuming an Offer Price of HK\$15.38 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$13.88 and HK\$16.88 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$1,124.1 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering. We intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 40%, or HK\$449.6 million, will be used for building, upgrading and potential acquisitions of 5 to 10 key transit hubs in strategic locations to accommodate our high volume growth and improve our network structure.

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- approximately 30%, or HK\$337.2 million, will be used for the investment in our line-haul truck fleet to further improve our operational efficiency. In particular: (i) approximately 25%, or HK\$281.0 million, will be used to purchase approximately 2,000 to 3,000 modern and high-capacity truck tractors and trailers, and to partner with major trucking manufacturers to customise their models to fit our operational needs, and (ii) approximately 5%, or HK\$56.2 million, will be used to repay our borrowings for the purchase of trucks.
- approximately 20%, or HK\$224.8 million, will be used for the investment in technology innovations. In particular: (i) approximately 10%, or HK\$112.4 million, will be used to upgrade the technologies and automated facilities of our sorting network, and (ii) approximately 10%, or HK\$112.4 million, will be used to invest in intelligent transportation management systems and autonomous driving technologies.
- approximately 10%, or HK\$112.4 million, will be used for working capital and other general corporate purposes.

See “Use of Proceeds” for further details.

DIVIDENDS

As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict the Company from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in the Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this Prospectus.

“Acting-in-Concert Shareholders”	the acting-in-concert Shareholders of our Company, as identified in the section headed “Relationship with Our Largest Shareholders – Our Largest Shareholders”
“Advance Step”	Advance Step Holdings Limited, a company incorporated under the laws of the BVI on October 17, 2019, directly wholly-owned by Centurium Capital Partners 2018, L.P. and a shareholder of our Company as of the Latest Practicable Date
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AIC Agreement”	the acting in concert agreement dated February 7, 2021 entered into between our Acting-in-Concert Shareholders, details of which are set out in the section headed “Relationship with Our Largest Shareholders – Our Largest Shareholders”
“ANE BVI”	ANE Fast Holding Limited, a company incorporated in the BVI with limited liability on November 10, 2014, and a wholly-owned subsidiary of our Company
“ANE Fast”	ANE Fast (Cayman) Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on February 11, 2015, and a wholly-owned subsidiary of our Company
“ANE Hong Kong”	ANE Fast Logistics (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on November 25, 2014, and a wholly-owned subsidiary of our Company

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“Articles” or “Articles of Association”	the articles of association of our Company adopted on October 6, 2021 which will become effective upon the Listing Date, as amended from time to time, a summary of which is set out in “Appendix III – Summary of the Constitution of the Company and Cayman Islands Companies Law”
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of our Company
“Business Day”	any day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

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“CCASS EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (https://ip.ccass.com) or through the CCASS Phone System (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC’s Customer Service Centre by completing an input request
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China, for the purpose of this Prospectus and for geographical reference only, except where the context requires otherwise, references to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Class 1 ordinary shares”	the class 1 ordinary shares with a par value of US\$0.0001 (or US\$0.00002 following the Share Subdivision) per share in the authorised share capital of our Company allotted and issued to our shareholders, details of which are described in the section headed “History, Development and Corporate Structure”

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“Class 2 ordinary shares”	the class 2 ordinary shares with a par value of US\$0.0001 (or US\$0.00002 following the Share Subdivision) per share in the authorised share capital of our Company allotted and issued to our shareholders, details of which are described in the section headed “History, Development and Corporate Structure”
“Class 3 ordinary shares”	the class 3 ordinary shares with a par value of US\$0.00002 per share in the authorised share capital of our Company allotted and issued to our shareholders and which do not carry voting rights, details of which are described in the section headed “History, Development and Corporate Structure”
“close associate”	has the meaning ascribed thereto under the Listing Rules
“Companies Act” or “Cayman Companies Act”	the Companies Act (As Revised), Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Company”, “Issuer”, “we”, “our” or “us”	ANE (Cayman) Inc. (安能物流集團有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on July 31, 2014
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“connected transaction”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires
“core connected person”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)

DEFINITIONS

“Director(s)”	the director(s) of our Company
“EIT Law”	the People’s Republic of China Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“Equity Incentive Plans”	the equity incentive plans of our Company adopted by our Board resolutions on May 29, 2015 (as further amended and approved on January 30, 2019 and December 30, 2020), December 1, 2015 (as further amended and approved on January 30, 2019 and December 30, 2020) and February 7, 2021, the principal terms of which are set out in the section headed “Appendix IV – Statutory and General Information – D. Equity Incentive Plans”
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“Fabulous Album”	Fabulous Album Company Limited, a company incorporated under the laws of the BVI on May 8, 2015, an affiliate of CDH Investments, and a shareholder of our Company as of the Latest Practicable Date
“Fanatic C”	Fanatic C Limited, a company incorporated under the laws of the BVI on January 25, 2016, an affiliate of CDH Investments, and a shareholder of our Company as of the Latest Practicable Date
“FIEs”	foreign-invested enterprises
“former employees”	former employees of our Group during the Track Record Period
“Giantruck”	Changshan Giantruck Supply Chain Management Co., Ltd. (常山眾卡運力供應鏈管理有限公司), a company incorporated in the PRC with limited liability on September 25, 2015 and a wholly-owned subsidiary of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering

DEFINITIONS

“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries, or any one of them as the context may require, and where the context refers to any time prior to its incorporation, the business which its predecessor(s) was engaged in and which was subsequently assumed by it
“HK\$” or “HK dollars” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the IPO App or the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified in the IPO App or on the designated website at www.hkeipo.hk
“HKFRS”	Hong Kong Financial Reporting Standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 8,022,000 Shares initially being offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed “Structure of the Global Offering”)

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“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong at the Offer Price, subject to and in accordance with the terms and conditions described in this Prospectus, as further described in the section headed “Structure of the Global Offering”
“Hong Kong Share Register”	the register of members of our Shares maintained by the Hong Kong Share Registrar
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting – Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated on or around October 28, 2021 relating to the Hong Kong Public Offering entered into by, among other parties, our Company, the Key Management Shareholders, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters
“Independent Third Party(ies)”	any entity or person who, to the best of our Directors’ knowledge, information and belief, is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules
“International Offer Shares”	the 72,198,000 Shares being initially offered for subscription at the Offer Price under the International Offering together, where relevant, with any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering”
“International Offering”	the offer of the International Offer Shares at the Offer Price in the United States to QIBs only in reliance on Rule 144A and outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering”

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“International Underwriters”	the group of international underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering to be entered into by, among other parties, our Company, the Key Management Shareholders, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date
“ IPO App ”	the mobile application for the HK eIPO White Form service which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“iResearch”	Shanghai iResearch Co., Ltd., an independent market research and consulting company
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering”
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering”
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering”
“Joint Sponsors”	the joint sponsors as named in the section headed “Directors and Parties Involved in the Global Offering”
“Key Management Shareholders”	Mr. Wang and Mr. Qin
“Latest Practicable Date”	October 21, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about November 11, 2021, on which dealings in our Shares first commence on the Main Board of the Stock Exchange

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“M&A Rules”	Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定), which were jointly promulgated by MOFCOM, the State Assets Supervision and Administration Commission, the STA, the SAIC, the CSRC, and the SAFE on August 8, 2006, and came into effect on September 8, 2006 and subsequently amended on June 22, 2009, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
“Major Subsidiaries”	our subsidiaries and operating entities as identified in the section headed “History, Development and Corporate Structure – Our Major Subsidiaries”
“Management Shareholders”	the management shareholders of our Company led by Mr. Wang and Mr. Qin, as identified in the section headed “Relationship with Our Largest Shareholders – Our Largest Shareholders”
“Max Choice”	Max Choice Ventures Limited, a company incorporated on September 16, 2014 under the laws of the BVI, directly wholly-owned by CDF ANE Limited and a shareholder of our Company as of the Latest Practicable Date
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company adopted on October 6, 2021, with effect from the Listing Date, as amended from time to time, a summary of which is set out in “Appendix III – Summary of the Constitution of the Company and Cayman Islands Companies Law”
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)

DEFINITIONS

“Mr. Qin”	Mr. Qin Xinghua (秦興華), an executive Director, Chief Executive Officer and President of our Company
“Mr. Wang”	Mr. Wang Yongjun (王擁軍), an executive Director and Chairman of the Board of our Company
“Mr. Zhu”	Mr. Zhu Jianhui (祝建輝), an executive Director and Chief Operating Officer of our Company
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$16.88 and expected to be not less than HK\$13.88, such price to be agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before the Price Determination Date
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares
“Over-allotment Option”	the option to be granted by us to and exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 12,033,000 additional Shares (representing not more than 15% of the number of Offer Shares initially available under the Global Offering) to cover over-allocations in the International Offering, details of which are described in the section headed “Structure of the Global Offering – Over-allotment Option”
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Legal Advisor”	Jingtian & Gongcheng, the PRC legal advisor of our Company

DEFINITIONS

“Pre-IPO Investment(s)”	the pre-IPO investment(s) in our Company undertaken by the Pre-IPO Investors pursuant to the relevant investment agreements, details of which are set out in the section headed “History, Development and Corporate Structure”
“Pre-IPO Investor(s)”	the investors in our Company prior to the Global Offering as described in the section headed “History, Development and Corporate Structure”
“Preferred Shares”	the preferred share(s) in the share capital of our Company, including Series A preferred shares, Series C preferred shares, Senior Convertible Preferred Shares, Series D preferred shares, Series D-1 preferred shares, Series E preferred shares, Series F preferred shares, Series G preferred shares, Series H preferred shares and Series I preferred shares, details of which are described in the section headed “History, Development and Corporate Structure”
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about November 4, 2021, on which the Offer Price is to be fixed by agreement between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)
“Prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“QIB”	qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RSU”	a restricted share unit award to be granted to a participant under the Equity Incentive Plans

DEFINITIONS

“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAFE Circular 37”	the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), issued by SAFE with effect from July 4, 2014
“SAFE Circular 75”	the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), promulgated by SAFE was replaced by SAFE Circular 37 on July 4, 2014
“SAIC”	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), currently known as the SAMR
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as the SAIC
“Senior Convertible Preferred Shares”	the senior convertible preferred shares with a par value of US\$0.0001 (or US\$0.00002 following the Share Subdivision) per share in the authorised share capital of our Company
“Series A preferred shares”	the series A preferred shares with a par value of US\$0.0001 (or US\$0.00002 following the Share Subdivision) per share in the authorised share capital of our Company
“Series B preferred shares”	the series B preferred shares with a par value of US\$0.0001 per share in the authorised share capital of our Company

DEFINITIONS

“Series C Investors”	the holders of the Series C preferred shares
“Series C preferred shares”	the series C preferred shares with a par value of US\$0.0001 (or US\$0.00002 following the Share Subdivision) per share in the authorised share capital of our Company
“Series D Investors”	the holders of the Series D preferred shares
“Series D preferred shares”	the series D preferred shares with a par value of US\$0.0001 (or US\$0.00002 following the Share Subdivision) per share in the authorised share capital of our Company
“Series D-1 preferred shares”	the series D-1 preferred shares with a par value of US\$0.0001 (or US\$0.00002 following the Share Subdivision) per share in the authorised share capital of our Company
“Series E Investors”	the holders of the Series E preferred shares
“Series E preferred shares”	the series E preferred shares with a par value of US\$0.0001 (or US\$0.00002 following the Share Subdivision) per share in the authorised share capital of our Company
“Series F Investors”	the holders of the Series F preferred shares
“Series F preferred shares”	the series F preferred shares with a par value of US\$0.00002 per share in the authorised share capital of our Company
“Series G Investors”	the holders of the Series G preferred shares
“Series G preferred shares”	the series G preferred shares with a par value of US\$0.00002 per share in the authorised share capital of our Company
“Series H Investors”	the holders of the Series H preferred shares
“Series H preferred shares”	the series H preferred shares with a par value of US\$0.00002 per share in the authorised share capital of our Company

DEFINITIONS

“Series I Investors”	the holders of the Series I preferred shares
“Series I preferred shares”	the series I preferred shares with a par value of US\$0.00002 per share in the authorised share capital of our Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Hong Kong Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai ANE”	Shanghai Anneng Juchuang Supply Chain Management Co., Ltd. (上海安能聚創供應鏈管理有限公司), a company incorporated in the PRC with limited liability on June 1, 2015, in which we held 96.16% equity interest as of the Latest Practicable Date
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of US\$0.00002 each
“Share Subdivision”	the subdivision of issued and unissued authorised shares of our Company with a par value of US\$0.0001 each into five shares of the corresponding class with a par value of US\$0.00002 each, the details of which are set out in the section headed “History, Development and Corporate Structure – Our Establishment and Major Shareholding Changes – (i) Share Subdivision and Acquisition of Giantruck”
“Shareholder(s)”	holder(s) of Shares
“STA”	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
“Stabilising Manager”	J.P. Morgan Securities (Asia Pacific) Limited
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Takeovers Code” or “Hong Kong Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Topaz”	Topaz Gem Investment Holdings Limited, a company incorporated under the laws of the BVI on October 10, 2012, directly wholly-owned by Advance Step and a shareholder of our Company as of the Latest Practicable Date
“Track Record Period”	the three financial years ended December 31, 2018, 2019 and 2020 and the four months ended April 30, 2021
“U.S.”, “US” or “United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“%”	per cent

Unless otherwise expressly stated or the context otherwise requires, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this Prospectus are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

GLOSSARY OF TECHNICAL TERMS

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

“ABS”	anti-lock braking system, an automated safety anti-skid braking system used on vehicles which operates by preventing the wheels from locking up during braking
“adjusted unit net profit”	adjusted profit for the year/period (a non-HKFRS measure) of the applicable period divided by total freight volume during the same period
“AI”	artificial intelligence
“App”	application software designed to run on smartphones and other mobile devices
“B2C”	business to consumer, the type of commerce transaction in which businesses sell products or services directly to consumers
“C2M”	consumer to manufacturer
“CAGR”	compound annual growth rate
“compliant rate”	the ratio of number of compliant of the applicable period over the total number of shipments during the same period
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
“damage rate”	the ratio of number of shipment damages of the applicable period over the total number of shipments during the same period
“drop and pull”	a transportation mode wherein a truck pulls the trailer to its destination, drops the trailer, and hooks up a new trailer to be transported to its destination

GLOSSARY OF TECHNICAL TERMS

“EBS”	electronic braking system, an electronically controlled brake system which improves brake efficiency compared to a conventional full pneumatic brake system
“ESP”	electronic stability program, a computerized safety technology present in vehicles to improve the stability
“ETC”	electronic toll collection
“FMCG”	fast-moving consumer goods
“freight agents”	agents managed by freight partners, which typically own and operate pickup and dispatch outlets in our network
“freight partners”	business partners that are directly managed by us and typically own and operate pickup and dispatch outlets in our network. Unless otherwise indicated, each freight partner refers to the unique account that our freight partners established on our Luban system through individual partnership agreements each covering its respective business area
“freight shipment”	the number of freight orders
“freight volume”	the amount of freight by volumetric weight
“GPS”	the Global Positioning System, a global navigation satellite system that provides location, velocity and time synchronization
“handling volume”	the amount of freights handled by our sorting centres, which equals to total freight volume multiplied by handling times. During the transportation process, the freight is handled twice at each of the departure sorting centre, the destination sorting centre, and any transit hubs in between
“IoT”	Internet of things
“IT”	information technology

GLOSSARY OF TECHNICAL TERMS

“level 3 autonomous driving”	Conditional autonomous driving. The vehicle itself controls all monitoring of the environment. The driver’s attention is still critical at this level, but can disengage from “safety critical” functions like braking and leave it to the technology when conditions are safe
“level 4 autonomous driving”	High autonomous driving. Vehicles can intervene if things go wrong or there is a system failure. In this sense, these vehicles do not require human interaction in most circumstances. However, a human still has the option to manually override the system
“load factor”	the actual load of freight divided by the defined capacity of line-haul trucks in terms of freight volume
“loss rate”	the ratio of number of shipment losses the applicable period over the total number of shipments during the same period
“nationwide express freight network” or “express freight network”	nationwide LTL networks
“SaaS”	software as a service, a cloud-based software licencing and delivery model in which software and associated data are centrally hosted
“TMS”	transportation management system
“transit ratio”	the number of transits of a shipment during its transportation process; one transit refers to line-haul transportation between two sorting centres
“two-way ratio”	the ratio of two-way return routes, whereas the same line-haul truck carries out both inbound and outbound transportation between two sorting centres, over the number of total line-haul routes
“unit cost” or “unit cost of revenue”	cost of revenue of the applicable period divided by total freight volume during the same period
“unit gross profit”	gross profit of the applicable period divided by total freight volume during the same period

GLOSSARY OF TECHNICAL TERMS

“unit net profit”	profit for the year of the applicable period divided by total freight volume during the same period
“unit operating profit”	operating profit of the applicable period divided by total freight volume during the same period
“unit price”	revenue of the applicable period divided by total freight volume during the same period
“unit sorting cost”	sorting centre costs of the applicable period divided by total freight volume during the same period
“unit line-haul transportation cost”	line-haul transportation costs of the applicable period divided by total freight volume during the same period
“V2X”	vehicle-to-everything, a vehicular communication system that supports the transfer of information from a vehicle to moving parts of the traffic system that may affect the vehicle

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “aim,” “aspire,” “objective,” “target,” “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this Prospectus), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed “Risk Factors.”

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this Prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this Prospectus are expressly qualified by reference to this cautionary statement.

RISK FACTORS

An investment in our Shares involves significant risks. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before deciding to invest in our Shares. The following is a description of what we consider to be our material risks. In any such an event, the market price of our Shares could decline, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed “Forward Looking Statements” in this Prospectus.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in China; and (iii) risks relating to the Global Offering. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our historical growth may not be indicative of our future growth, and if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We have experienced steady growth in our LTL business in recent years. Our LTL revenue increased from RMB4,813.3 million in 2018 to RMB5,335.0 million in 2019, and further increased to RMB7,081.8 million in 2020, and also increased from RMB1,249.8 million for the four months ended April 30, 2020 to RMB2,836.5 million for the four months ended April 30, 2021. However, our past growth rates may not be indicative of future growth and our planned growth initiatives may not be successful. Our historical growth as well as our strategic investments and acquisitions have placed, and will continue to place significant demands on our management and our technology infrastructure, as well as our administrative, operational and financial systems. We intend to continue to implement our growth strategies, but there can be no assurance that we will be able to manage our growth effectively. If our growth initiatives fail, our businesses and prospects may be materially and adversely affected.

RISK FACTORS

We may not be able to maintain and enhance our platform, which could negatively affect our business and prospects.

Our ability to maintain a freight partner platform with self-reinforcing network effects is critical to our success. As of April 30, 2021, we have collaborated with approximately 7,000 freight partners and 22,400 freight agents to serve shippers across approximately 96% of the counties and townships in China. The extent to which we are able to maintain and strengthen the attractiveness of our platform depends on our ability to continue to empower our freight partners, agents and other participants with innovative technologies, improve their operational efficiency, effectively motivate them, enhance our brand recognition, maintain the quality of our transportation and value-added services, develop attractive services that meet the evolving needs of our freight partners, agents and shippers, and reinforce the scope and scale of our platform, among others. We must also provide sufficient geographic coverage to cement the effectiveness of our express freight network, continue to utilise technologies and smart devices to improve service quality and operational efficiency of all platform participants, and maintain and improve our technology infrastructure to ensure seamless operations.

In addition, our freight partners and agents may compete with one another, which may complicate the management of our platform. We authorise our freight partners to operate under our brand only within a designated area pursuant to the terms of the freight partnership agreements. However, if any of our freight partners violates such term and operate outside of the designated area, operations of other freight partners may be negatively affected, which may in turn have a material adverse effect on our business, financial condition and results of operations. Further, changes made to enhance our platform or balance the interests of our freight partners and agents may not be viewed positively by all of them. If we fail to balance the interests of all freight partners and agents on our platform, we may fail to further attract and retain additional freight partners and agents, which could materially and adversely impact our business and prospect. Freight partners attracted to our platform may not be able to meet our performance targets and service standards. Moreover, our freight partners and agents may be discontinued, which may cause disruption to our operations and services provided to shippers, and could in turn have a material adverse effect on our business, financial condition and results of operations.

We utilise freight partners and agents to conduct certain aspects of our business, and face risks associated with these relationships, their employees and other personnel.

We provide reliable, timely and efficient services through a nationwide network together with our freight partners and agents. Under our freight partner platform, we have direct control over freight partners who in turn control freight agents. Our control over such freight partners and agents may not be as effective as had we directly owned these partners' businesses. Particularly, as we do not have any contractual agreements with freight agents, we are unable to exert a significant degree of influence over their activities.

RISK FACTORS

Our freight partners and agents and their employees directly interact with end customers in our platform, and their performance directly affects our reputation and brand image. If our service personnel or those of our freight partners and agents fail to satisfy the needs of our platform participants, respond effectively to their complaints, which we have received from time to time, or provide services in a reliable and secure manner, our reputation and the loyalty of our platform participants could be negatively affected. As a result, we may lose shippers or experience a decrease in our business volume. We do not directly supervise the services provided by our freight partners and agents and may not be able to successfully maintain and improve the quality of their services. For example, our freight partners and agents may fail to implement sufficient control over the pick-up and dispatch personnel, properly collect and handle the shipping items, or adhere to privacy standards and ensure timeliness of the dispatch. In addition, local authorities may conduct ad hoc regulatory inspection, such as environmental safety and security checks. If any of our freight partners and agents fails to pass such inspection, it may cause business disruptions and delay the processing and dispatch of freights. As a result, we may suffer losses, incur liabilities and be exposed to reputational damages in the event of theft or late dispatch, embezzlement of dispatch fees or, misappropriation of shipper information. In addition, while violation of laws and regulations by freight partners and agents had not led to any material claims against us in the past, we cannot assure you that such claim will not arise in the future which may harm our brand or reputation, result in financial liabilities, and have other adverse impacts.

Further, suspension or termination of a freight partner's or a freight agent's services in a particular geographic area may cause interruption to or failure in our services in the corresponding geographic area. A freight partner or agent may suspend or terminate its services voluntarily or involuntarily due to various reasons, including disagreement or dispute with us, failure to make a profit, failure to maintain requisite approvals, licences or permits or to comply with other governmental regulations, and events beyond our or its control, such as inclement weather, natural disasters, transportation interruptions or labour unrest or shortage. Our existing freight partners and agents may also choose to discontinue their cooperation with us and work with our competitors or other players in the LTL industry instead. We may not be able to promptly replace our freight partners and agents or find alternative ways to provide services in a timely, reliable and cost-effective manner, or at all. As a result of any service disruptions associated with our freight partners and agents, the reputation and operations of our platform may be materially and adversely affected.

Moreover, administrative penalties or negative publicity of our freight partners and agents may have a material adverse impact on our brand image, network and operations. We cannot assure you that our freight partners and agents will be able to comply with all relevant laws and regulations, or will obtain, maintain or update necessary licences, approvals and other permits. As a result, we may be subject to regulatory investigations, lawsuits or public perception backlash as a result of conducts by our freight partners and agents and may be required to expend significant time and incur substantial costs to address such third-party conducts, and there is no assurance that we will be able to conclusively refute any of the allegation within a reasonable period of time, or at all.

RISK FACTORS

We operate in a competitive industry, and if we fail to compete effectively, our business and prospect could be negatively affected.

We compete with other express freight networks and direct line and local operators in China's LTL industry. In addition to established market players, we also face competition from new market entrants. Increased competition may lead to a loss of market share, increasing difficulty in launching new service offerings, reduction in revenue or increase in operating costs and expenses, any one of which could materially and adversely affect our business, financial condition and results of operations.

Our competitors may have a broader service or network coverage, more advanced technology infrastructure, broader shipper base, stronger brand recognition and greater capital resources than we do. Our competitors may from time to time adopt active growth strategies, such as establishment of new infrastructure, strategic mergers and acquisitions, among others. For example, one of our competitors is currently constructing a cargo transportation hub. Failure to effectively respond to these could harm our competitive edge, and thus have a material adverse impact on our business, financial condition and results of operations. In addition, our competitors may reduce their prices to gain business, especially during economic downturns. Such reductions may limit our ability to maintain or increase our prices, maintain our operating margins or achieve growth in our business. The establishment by our competitors of cooperative relationships or competing networks to increase their ability to address the needs of our shippers and platform partners and agents could also negatively impact us. We may not be able to successfully compete against current or future competitors, and competitive pressures may have a material and adverse effect on our business, financial condition and results of operations.

Our business and growth are affected by various macroeconomic and other factors in China, including the continued growth of demand for nationwide LTL services.

The global LTL industry has historically experienced cyclical fluctuations in financial performance due to economic recessions, reductions in per capital disposable income and levels of consumer spending, downturns in the business cycles of shippers, interest rate fluctuations and economic factors beyond our control. Any deterioration in the economic environment subjects our business to various risks. During economic downturns, whether in China or globally, reduced overall demand for LTL services will likely reduce demand for our services and exert downward pressures on our prices and margins. We have material expenses that are fixed for a period of time, which we may not be able to adequately adjust in a period of rapid changes in market demand. In addition, it may be more difficult to match our staffing levels to our business needs. In periods of strong economic growth, demand for limited transportation resources can also result in increased network congestion and operating inefficiency.

Our LTL services typically serve shippers covering the full spectrum of the supply chain, from manufacturers, to distributors, merchants and retailers across the entire commerce landscape in China. As a result, our future business opportunities depend upon the continued

RISK FACTORS

development of China's commerce landscape and the related demand for nationwide LTL services. The future development and landscape of the commerce sector in China are affected by a number of factors, many of which are beyond our control. These factors include the consumption power and disposable income of consumers, as well as changes in demographics and consumer preferences. Further, the emergence of alternative channels or business models that better suit the needs of consumers and the development of online-to-offline logistics integration by merchants can also affect the development of the commerce sector. Moreover, other factors, such as changes in government policies, laws and regulations can also influence the development of the commerce sector in China. If the commerce sector in China and its demand for nationwide LTL services fail to develop as we expect, our business and growth could be harmed. Any material adverse change, disruption, discontinuity in the traffic and functions of major manufacturers, distributors, merchants and retailers in China could severely limit our ability to continue growing our business.

If we are unable to continue to meet evolving market trends, adapt to changing shipper demands and maintain our innovative ability, our ability to sustain and grow our business may suffer.

The ongoing success of our business depends on our ability to continue to introduce effective solutions and services to meet evolving market trends and satisfy changing shipper demands. We must continue to adapt by continuing to innovate, improving our services and modifying our strategies, which could cause us to incur substantial costs. For example, we launched our guaranteed-safety product and conducted a comprehensive upgrade for our time-definite product in May 2020 to cater shippers' various demands and preferences. We may not be able to continue to innovate or adapt to changing market and shipper needs in a timely and cost-effective manner, if at all. This could adversely impact our ability to embrace the changes brought by the new retail era, expand our platform and grow our business. Failure to develop new services to meet evolving market demands through innovation could cause us to lose current and potential shippers and harm our business and prospect.

In addition, we may not be able to maintain our innovative ability, which has been critical to our success and has helped us create value for our shareholders, succeed as a leader in our industry and attract, retain and motivate employees and freight partners and agents. If we cannot maintain our innovative ability, our business and prospect could be materially and adversely affected.

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Our business, financial condition and results of operations may be materially and adversely affected if we are unable to provide high quality service to our shippers and freight partners.

The success of our business largely depends on our ability to maintain and further enhance our service quality. We provide the freight partners—our direct customers—with access to our line-haul transportation and sorting network. Together with our freight partners and agents, we provide complete door-to-door LTL services to our shippers, which consists mainly of manufacturers, distributors, merchants and retailers. If we, our freight partners or agents are unable to provide LTL services in a timely, reliable, and secure manner, our reputation and shipper loyalty could be negatively affected. If our customer service personnel fail to satisfy shippers' needs and respond effectively to their complaints, we may lose potential or existing shippers and experience a decrease in freight orders, which could have a material adverse effect on our business, financial condition and results of operations.

Our business depends on our reputation and brand image, and any damage to them could adversely impact our business.

We believe our reputation and brand image will continue to play an important role in enhancing our competitiveness and maintaining business growth. Many factors, some of which are beyond our control, may negatively impact our reputation and brand image. These factors include our ability to provide high quality services to our shippers, successfully conduct marketing and promotional activities, manage relationship with and among our freight partners and agents, manage complaints and events of negative publicity, and maintain positive perception of our brand and the LTL industry in general. Any actual or perceived deterioration of our service quality, which is based on an array of factors including shipper satisfaction, rate of complaint or rate of accident, could subject us to damages such as loss of shippers. Moreover, negative publicity of our freight partners and agents and other third parties who are authorised to use our “ANE” brand name in their operations, may have a material adverse impact on our brand image. Any negative publicity against us or our industry could cause damages to our corporate reputation and changes to the government policies and regulatory environment. If we are unable to protect our reputation or promote our brand image, we may not be able to maintain and grow our shipper base, and our business and prospect may be materially and adversely affected.

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Any service disruption experienced by the outlets operated by our freight partners and agents may adversely affect our business operations.

Our daily operations heavily rely on the orderly performance of the network outlets operated by our freight partners and agents. Any service disruption of the network outlets due to failure in their facilities, under-capacity during peak freight volume periods, force majeure events, third-party sabotage, disputes with us or any third party, employee delinquency or strike, governmental inspection of properties or governmental orders that mandate any service halt or temporary or permanent shutdown would adversely impact our business operations. In case of any service disruption by network outlets, pickup and dispatch at the applicable network outlets may be delayed, suspended or stopped. Freight will need to be redirected to other nearby network outlets, and such rerouting of freight will likely increase risks of delay and errors in dispatch. At the same time, increased volume in pickup and dispatch on nearby network outlets may negatively impact their performance, which in turn may adversely affect our network. Any of the foregoing events may result in significant operational interruptions and slowdowns, shipper complaints and reputational damage.

Our business operations and financial performance was and may in the future continue to be adversely affected by the COVID-19 outbreak, and may face risks related to natural disasters, extreme weather conditions, health epidemics and other unforeseeable catastrophic incidents, which could significantly disrupt our operations.

The outbreak of the COVID-19 epidemic in China and internationally has resulted in significant disruptions and distortions in the global economy. In early 2020, the Chinese government taken certain emergency measures to combat the spread of the virus, including extension of the Lunar New Year holidays, implementation of travel bans, blockade of certain roads and closure of factories and businesses, and may continue to take further measures to keep this epidemic outbreak in check. We experienced extended closure of our branch offices, sorting centres and network outlets after the Chinese New Year holidays in February 2020 due to the COVID-19 outbreak, which resulted in a decline of freight volume in such period, as compared with the same period in 2019. Consequently, the COVID-19 pandemic has adversely affected our business, financial condition and results of operations for the first quarter of 2020. The extent to which it may affect our results of operations, financial condition and cash flows will depend on the future development of the outbreak, including variants such as the delta variant, and the severity of the variants, all of which is also highly uncertain. Since late July 2021, there had been a resurgence of the COVID-19 in several provinces in China, including Jiangsu and other parts of China, which had a negative impact on our business and results of operations. We cannot predict whether the resurgence of the outbreak will worsen or whether the outbreak will continue to recur from time to time. Relaxation of restrictions on economic and social life may lead to new cases which may lead to the re-imposition of restrictions. Our results of operations could also be adversely affected to the extent that other outbreak harms the Chinese economy in general.

In addition, certain impacts from the COVID-19 outbreak on our financial performance in 2020 might be one-off and non-recurring. For example, after the COVID-19 outbreak ends, we may not be able to receive benefits from the COVID-19 related government policy support, such as one-off subsidies for social insurance and tax relief, and waiver of toll charges. Moreover, the increase in demand for LTL services from e-commerce may not be sustainable after the COVID-19 outbreak ends.

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Our business could also be affected by other public health epidemics, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, Zika virus, Ebola virus, or other disease. If any of our employees is suspected of having contracted a contagious disease, we may be required to apply quarantines or suspend our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, resulting in reduced business volume, temporary closure of our offices or otherwise disrupt our business operations and adversely affect our results of operations.

In addition, China has in the past experienced significant natural disasters, including earthquakes in Western and South-western China and extreme weather conditions. For example, in July 2021, Henan and other provinces in central China were affected by severe floods, and Zhejiang and other provinces in southeast China were affected by a severe typhoon. Such extreme weather conditions had a negative impact on our business operations and results of operations. Any similar event could materially impact our business in the future. If a disaster or other disruption were to occur in the future that affects the regions where we have or are developing sorting centres, our operations could be materially and adversely affected due to loss of personnel and damages to property. Even if we are not directly affected, such a disaster or disruption could affect the operations or financial condition of our platform participants, which could harm our results of operations.

We may not be able to successfully upgrade our sorting network through acquisitions.

As of April 30, 2020, we leased 10 key transit hubs, and we plan to further upgrade our sorting network to increase our sorting capacity, shorten distance from outlets to sorting centres and further enhance our direct connectivity. We will strategically acquire key transit hubs, including to replace existing leased key transit hubs closing to full capacity and to establish new key transit hubs at strategic locations. For details, see “Future Plans and Use of Proceeds – Use of Proceeds.” However, as of the Latest Practicable Date, we have not identified any specific acquisition targets of key transit hubs, or entered into any agreements or commitments with respect to such acquisitions. Our ability to implement such acquisition strategy will depend on our ability to identify suitable targets, our ability to reach agreements on commercially reasonable terms, and within a desired timeframe, and the availability of financing to complete acquisitions, as well as our ability to obtain any required government or other approvals. In addition, as we operate in a competitive industry, we also face keen competitions from other LTL players and may fail to identify appropriate acquisition targets. Even if we are able to successfully acquire new key transit hubs, we cannot assure you that we will achieve our expected benefits and returns on such acquisitions. As a result, we may not achieve our strategic plans, and our business, results of operations and financial condition could be materially and adversely affected.

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We have a history of net losses and negative cash flows from operating activities, which may recur in the future. We also recorded net current liabilities and negative equity, or net deficit, during the Track Record Period.

We incurred net losses of RMB2,115.6 million, RMB214.9 million for the years ended December 31, 2018 and 2019 and RMB2,250.4 million for the four months ended April 30, 2021, and net profits of RMB218.2 million for the year ended December 31, 2020, respectively. Our ability to achieve and maintain profitability depends on our ability to continue to increase our market share, maintain competitive pricing, leverage technology and business innovations to expand and enhance our service offerings, increase our operational efficiency, and successfully integrate our acquired businesses. These are affected by many factors which may be beyond our control, such as the overall demand for nationwide LTL services and general economic conditions, including levels of consumption. If we cannot successfully offset our increased total costs with a significant increase in revenues, our business, financial condition and results of operations may be materially and adversely affected. We may continue to incur net losses in the future due to changes in the macroeconomic and regulatory environment, competitive dynamics and our inability to respond to these changes in a timely and effective manner.

In addition, net cash used in operating activities was RMB155.6 million for the year ended December 31, 2018 and RMB320.3 million for the four months ended April 30, 2020. If we fail to generate sufficient cash flow from our operations, or if we fail to maintain sufficient cash and financing, our liquidity position may be adversely affected. If we do not have sufficient cash flows to fund our business, operations and capital expenditure, our business and financial position will be materially and adversely affected.

Moreover, we recorded net current liabilities of RMB2,655.9 million, RMB6,501.6 million, RMB1,179.7 million and RMB386.6 million as of December 31, 2018, 2019 and 2020, and as of April 30, 2021, respectively, and negative equity, or net deficit, of RMB6,431.7 million, RMB6,596.0 million, RMB5,988.6 million and RMB8,053.4 million as of the same dates, respectively, primarily due to the significant amounts of convertible redeemable preferred shares and convertible loans recorded as liabilities. We cannot assure you that we will not have net current liabilities in the future. A net current liabilities position exposes us to liquidity risks, and our liquidity position may be materially and adversely affected, which in turn may impact our ability to execute our business strategies and constrain our business operation. In such event, our business, financial condition and results of operations could be materially and adversely affected.

Change in our revenue recognition for dispatch revenues makes it difficult to evaluate our results of operations.

Prior to July 2020, based on our arrangements with freight partners, we recorded dispatch fees on a net basis as arrangement fees given we acted as an agent in arranging such services. Accordingly, our LTL revenue generated from dispatch is deemed as arrangement for dispatch services and was recorded on a net basis. Since July 2020, in order to enhance our services for

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shippers and our control over service quality throughout our express freight network, we have reinforced our contractual responsibilities, under which we became the principal that is directly responsible for any damages to or loss of freight in connection with dispatch. Accordingly, we have recorded all dispatch fees received from pick-up freight partners as our revenue, and all dispatch fees paid to dispatch freight partners as our cost of revenue.

As a result, our revenue and cost of revenues for dispatch services in 2020 and future reporting periods are not directly comparable to those in 2018 and 2019. Moreover, we expect that our gross profit margin for 2021 to be slightly lower than that for the full year 2020, which was mainly due to the higher revenue base as we change the revenue recognition of dispatch services (including arrangement for dispatch services) from net to gross basis since the second half of 2020. Our results of operations in 2018, 2019 and 2020 therefore may not be indicative of our future results of operations and financial position.

Our long-term growth and competitiveness are highly dependent on our ability to control costs. Increased costs of line-haul transportation, sorting, equipment and materials could impact our cost of operations and our profitability across business lines.

In order to maintain competitive pricing and enhance our profit margins, we must continually control our costs and prices. We may not be able to pass increased operating cost to our customers, which may materially and adversely affect our business, financial condition and results of operations.

Effective cost-control and price-control measures have a direct impact on our financial condition and results of operations. We have adopted various measures, and will continue to add new ones as necessary and appropriate. For example, our unit line-haul transportation costs can be reduced through the choice of appropriate vehicles and optimisation of transportation routes, and labour costs can be reduced through improved automation. In 2018, 2019 and 2020, and the four months ended April 30, 2020 and 2021, our unit line-haul transportation costs were RMB387/ton, RMB365/ton, RMB299/ton, RMB262/ton and RMB313/ton, respectively. However, the measures we have adopted or will adopt in the future may not be as effective as expected in improving our financial condition and results of operations. If we are not able to effectively control our cost and adjust the level of network transit fees based on operating costs and market conditions, our business, financial condition and results of operations may be materially and adversely affected.

Moreover, changes in certain of our operating are beyond our control. For example, the availability and price of fuel are subject to political, economic, and market factors that are outside of our control. We provide centralised bulk purchase of fuel for our truck drivers at a fixed price. In the event of significant fuel prices rise, we will pay more than what we charged our truck drivers for fuel, which may materially and adversely affect our business, financial condition and results of operations. In addition, we have benefited from favourable policies such as toll reductions in the past. Termination of such favourable policies may have a material and adverse effect on our business, financial condition and results of operations.

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We depend on reliable access to third-party line-haul transportation, supplies of equipment, including vehicles and the sorting machines, IT systems and other network facilities, replacement parts and materials such as packing. For certain types of logistic equipment, supplies are concentrated among a limited number of providers. Conversely, the market for third-party line-haul transportation services is fragmented with a large number of service providers, and it can be difficult to find reliable partners whose performance and reliability meet our standards at the scale our operations require. Any significant reduction in availability or increase in cost of any LTL inputs could adversely affect our operations and increase our costs, which could adversely affect our operating results and cash flows.

We are affected by seasonality experienced in the LTL and commerce industries.

Our business has been, and is expected to continue to be, affected by seasonality experienced in the LTL and commerce industries. We typically experience a seasonal surge in sales during the fourth quarter of each year as a result of year-end sales promotions by online and offline merchants throughout China, which may impose challenging resource and capacity demands on our business operations. Activity levels of our business are typically lower around Chinese national holidays, including Chinese New Year in the first quarter of each year, as consumer spending levels and shipment levels tend to decline during such time.

Seasonality also makes it challenging to forecast demand for our services, as the LTL management and store sales volumes can vary significantly and unexpectedly. We make planning and spending decisions, including those relating to capacity expansion, procurement commitments, personnel needs and other resource requirements based on our estimates of demand. Failure to meet demand associated with the seasonality in a timely manner may materially and adversely affect our business, financial condition and results of operations.

If our shippers or certain major e-commerce platforms decide to reduce their logistics and supply chain costs or increase utilisation of their internal solutions, our business, financial condition and results of operations may be materially and adversely affected.

A major driver for merchants and shippers to use third-party LTL service providers is the high cost and degree of difficulty associated with developing in-house logistics and supply chain expertise and operational efficiency. If our shippers decide to develop their own LTL service capabilities, increase utilisation of their in-house supply chain, reduce their logistics spending, or otherwise choose to terminate our services, our LTL business, financial condition and results of operations may be materially and adversely affected. In addition, certain major e-commerce platforms may develop their own logistics capabilities, which could reduce the scope of services we provide.

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We may incur significant depreciation costs, which could negatively impact our profitability.

As a result of our investment in self-operated high-capacity fleet in 2020, the net carrying amount of our motor vehicles increased significantly from RMB73.2 million as of December 31, 2019 to RMB768.5 million as of December 31, 2020, and further increased to RMB1,154.0 million as of April 30, 2021. Furthermore, we plan to use a portion of our net proceeds from the Global Offering to purchase approximately 2,000 to 3,000 modern and high-capacity truck tractors and trailers. For details, see “Future Plans and Use of Proceeds.” Accordingly, we expect to incur significant depreciation costs included in our line-haul transportation cost in relation to our self-operated high-capacity fleet in the future, which could adversely affect our profitability.

We use contracted truck drivers and third-party line-haul operators and face risks associated with the management of our drivers and contracted fleet.

We use contracted truck drivers who are not our employees and third-party line-haul operators, and therefore our control over them may not be effective, which could potentially make it difficult for us to manage them. As of April 30, 2021, we had approximately 3,600 contracted drivers. There is no assurance that (i) their service will continue to be available to us on an exclusive basis or at all, (ii) their service quality will not materially deteriorate or fail to meet our shippers’ needs, (iii) they will not unilaterally increase their service pricing, or (iv) there will not be any wrongdoing or misconduct, such as embezzlement, by such contracted drivers or the employees of such line-haul suppliers which would materially and adversely affect their service. Any deterioration to their services or relationships with us may materially and adversely affect our business, financial condition and results of operations.

We face risks associated with the items handled and transported through our express freight network and risks associated with transportation.

We and our freight partners and agents handle a large volume of shipments across our express freight network, and face challenges with respect to the protection, inspection and control of these items. Shipments in our express freight network may be stolen, damaged or lost for various reasons, and we and our freight partners and agents may be perceived or found to be liable for such incidents. In addition, we may fail to screen shipments and detect unsafe or prohibited/restricted items. Unsafe items, such as flammables and explosives, toxic or corrosive items and radioactive materials, may damage other items or facilities in our express freight network, injure recipients and harm our personnel and assets or those of our freight partners and agents. Furthermore, if we fail to prevent prohibited or restricted items from entering into our express freight network and if we participate in the transport and dispatch of such items, we may be subject to administrative or even criminal penalties, and if any personal injury or property damage is concurrently caused, we may be further liable for civil compensation.

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Our business operations involve inherent risks. We constantly have a large number of vehicles and personnel in transportation and a large number of items in storage facilities that we rent, and are therefore subject to risks associated with storage and transportation safety including transportation related injuries and losses. For example, from time to time, our vehicles and personnel may be involved in accidents, as a result of which the items they transport may be lost or damaged and the accidents may cause personal injuries. In addition, frictions or disputes may occasionally arise from the personal interactions between our pick-up and dispatch personnel and senders or recipients and those of our freight partners and agents. Personal injury or property damage may occur in connection with such incidents. The insurance maintained by us may not fully cover the damages caused by transportation related injuries or losses. In addition, we may be subject to penalties for violation of any traffic and transportation related rules and regulations and subject to lawsuits and pecuniary damages.

Any of the foregoing could disrupt our services, cause us to incur substantial expenses and divert the time and attention of our management. We and our freight partners and agents may face claims and incur significant liabilities if found liable for any injuries, damages or losses. Claims against us may exceed the amount of our insurance coverage, or may not be covered by insurance at all. Governmental authorities may also impose significant fines on us or require us to adopt costly preventive measures. Furthermore, if our services are perceived to be insecure or unsafe by our platform participants, our business volume may be significantly reduced, and our business, financial condition and results of operations may be materially and adversely affected.

We may not realise all of the anticipated benefits of any acquisitions we make or those benefits may take longer to realise than expected.

The integration of businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of shipper relationships, and diversion of management's attention. The difficulties of combining the operations of the companies include, among others:

- the diversion of management's attention to integration matters;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining the acquired business with ours;
- difficulties in the integration of operations and systems;
- difficulties in the integration of accounting and internal control systems;
- difficulties in the assimilation of employees;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- challenges in keeping existing shippers and obtaining new shippers; and

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- challenges in attracting and retaining key personnel.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially impact the business, financial condition and results of our operations. In addition, even if the operations of our business and the acquired business are integrated successfully, we may not realise the full benefits of the acquisition, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated timeframe, or at all. Furthermore, additional unanticipated costs may be incurred in the integration of the businesses. All of these factors could decrease or delay the expected benefits of the acquisition and negatively impact us. As a result, we cannot assure you that any acquisitions we make will result in the realisation of the full benefits anticipated.

If we fail to effectively to identify or consummate acquisitions, investments or alliances, our business, results of operations, financial condition and prospects could be materially and adversely affected.

We have in the past made and may in the future seek to make acquisitions and investments and enter into strategic alliances to further expand our business. If we are presented with appropriate opportunities, we may acquire additional businesses, services, resources, or assets, including LTL service providers and transport solution providers that are accretive to our core business. We cannot assure you that we will always be able to complete such acquisitions successfully or on terms acceptable to us. Integration of acquired entities or assets into our business may not be successful and may prevent us from expanding into new services, shipper segments or operating locations. This could significantly affect the expected benefits of these acquisitions. Moreover, the integration of any acquired entities or assets into our operations could require significant attention from our management. The diversion of our management's attention and any difficulties encountered in any integration process could have an adverse effect on our ability to manage our business.

Our possible future acquisitions, investments or strategic alliances may also expose us to other potential risks, including risks associated with unforeseen or hidden liabilities, the diversion of resources from our existing businesses and technologies, our inability to generate sufficient revenue to offset the costs, expenses of acquisitions and potential loss of, or harm to, relationships with employees and shippers as a result of our integration of new businesses. In addition, we may recognise impairment losses on goodwill arising from our acquisitions. The occurrence of any of these events could have a material and adverse effect on our ability to manage our business, our financial condition and our results of operations.

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Overall tightening of the labour market, increases in labour costs or any labour unrest, including strikes, may affect our business as we operate in a labour-intensive industry.

Our business is labour-intensive and requires a substantial number of personnel. As of April 30, 2021, we had a total of 4,248 employees. Any failure to retain stable and dedicated labour by us, our freight partners or agents may lead to disruptions to or delays in our services or other service quality deteriorations. We and our freight partners and agents often hire additional or temporary workers to handle the significant increase in LTL volumes during peak periods of e-commerce activities. We have observed an overall tightening labour market. We have experienced, and expect to continue to experience, increases in labour costs due to increases in salaries, social benefits and employee headcounts and we may also face seasonal labour shortages. We and our freight partners and agents compete with other companies for labour, and we may not be able to offer competitive salaries and benefits to retain their services.

We and our freight partners and agents have been subject to labour disputes from time to time in the ordinary course of business. We expect to continue to be subject to various legal or administrative proceedings related to labour disputes in the ordinary course of our business, due to the magnitude of the labour force involved in our service network. Any labour unrest or strikes directed against us or our freight partners and agents could directly or indirectly prevent or hinder our normal operating activities, and if not resolved in a timely manner, lead to delays in fulfilling our orders. We and our freight partners and agents are not able to predict or control any labour unrest, especially those involving labour not directly employed by us. Further, labour unrest may affect general labour market conditions or result in changes to labour laws and regulations, which in turn could materially and adversely affect our business, financial condition and results of operations.

We rely on certain key operating metrics to evaluate the performance of our business, and inaccuracies in such metrics may harm our reputation and negatively affect our business.

We rely on certain key operating metrics, such as freight volume, which are used by us and may be used by our investors to evaluate the performance of our business. Our total freight volume was approximately 7.3 million tons, 8.1 million tons, 10.2 million tons, 2.1 million tons and 3.6 million tons in 2018, 2019, 2020 and the four months ended April 30, 2020 and 2021, respectively. Our operating metrics may differ from estimates published by third parties or from similarly titled metrics used by our competitors due to differences in methodology and assumptions. We calculate these operating metrics using internal company data that has not been independently verified. While these numbers are based on what we believe to be reasonable, there are inherent challenges in measuring our operating metrics. For example, unless otherwise indicated, each freight partner in this prospectus refers to the unique account that our freight partners established on our Luban system through individual partnership agreements each covering its respective business area. Such number may not reflect actual number of unique individuals or entities controlling the freight partners. For example, any particular individual may own or control multiple freight partners to cover different business areas in our network. Although we have internal control procedures in place to ensure each

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Luban account has substantive business relationship with us, we cannot assure you that the number of our freight partners reflects the actual number of unique individuals controlling our freight partners. In addition, our internal control procedures depend on their effective implementation by our employees. Due to the significant size of our operations, we cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations. If we discover material inaccuracies in the operating metrics we use, or if they are perceived to be inaccurate, our reputation may be harmed and our evaluation methods and results may be impaired, which could negatively affect our business. If investors make investment decisions based on operating metrics we disclose that are inaccurate, we may also face potential lawsuits or disputes.

Our success depends to a substantial degree upon our senior management and other key personnel, and our business operations would be negatively affected if we fail to attract and retain competent senior management.

We depend to a significant degree on the continued service of our experienced senior management and other key personnel. If members of our senior management team or other key personnel resign, join a competitor or form a competing company, it could negatively impact our business operations and create uncertainty as we search for and integrate a replacement and could have an adverse effect on our financial condition and results of operations.

We have entered into employment agreements with our senior management and other key personnel. However, these agreements do not ensure the continued service of these senior management and key personnel, and we may not be able to enforce these agreements. In addition, we do not maintain key man life insurance for any of the senior members of our management team or other key personnel.

We may not be able to attract and retain the qualified and skilled employees and drivers needed to support our business.

We believe our success depends on the efforts, effectiveness and talent of our employees and drivers. Our future success depends on our continued ability to attract, develop, motivate and retain qualified and skilled personnel, particularly personnel with expertise in the LTL industry, the technology industry and other industries related to our operations. Competition for highly skilled personnel is extremely intense. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Some of the companies with which we compete for experienced personnel have greater resources than we have and may be able to offer more attractive terms of employment.

In addition, we invest significant time and resources in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements, and the quality of our services and our ability to serve our shippers could diminish, resulting in a material adverse effect to our business and prospect.

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We engage outsourcing firms for our operations and have limited control over them and may be liable for violations of applicable PRC labour laws and regulations.

We engage outsourcing firms for certain of our sorting and line-haul transportation operations. Our control over personnel of the outsourcing firms is more limited as compared to our own employees. If any such personnel fail to operate in accordance with our instructions, policies and business guidelines, our reputation, business, financial condition and results of operations could be materially and adversely affected. In addition, if the outsourcing firms violate any relevant requirements under the applicable PRC labour laws, we may incur legal liability, and our market reputation, brand image as well as our business, financial condition and results of operations could be materially and adversely affected.

We depend on our technology infrastructure, and a significant system disruption could adversely affect the operations of us and our freight partners and agents, which could severely impact our business, financial condition and results of operations.

We rely on our technology infrastructure to process, transmit and store digital information, and to manage or support a variety of business processes and activities. In addition, the provision of service to our shippers and the operation of our service network infrastructure involves the storage and transmission of proprietary information and sensitive or confidential data, including business and personal information of our platform participants, who are reliant on the use of our technology infrastructure to manage their business processes and activities. Our technology infrastructures and those of our freight partners and agents are connected through various interfaces. Some of these infrastructures are managed by third-parties and are susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, computer viruses, malicious insiders, telecommunication failures, user errors or other catastrophic events. Hackers, acting individually or in coordinated groups, may also launch distributed denial of service attacks or other coordinated attacks that may cause service outages or other interruptions in our business.

The techniques used to obtain unauthorised access, disable or degrade service or sabotage systems change frequently, may be difficult to detect and often are not recognised until launched against a target. As a result, we may be unable to anticipate these techniques or to implement adequate preventative measures. If our systems were to suffer an operational failure, it could harm our reputation and have material adverse effect on our business and prospects.

Our business generates and processes a large quantity of data, and improper handling of or unauthorised access to such data may adversely affect our business.

We face risks related to complying with applicable laws, rules and regulations relating to the collection, use, disclosure and security of personal information, as well as any requests from regulatory and government authorities relating to such data.

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We also grant limited access to specified data on our technology platform to certain third parties, including our freight partners and agents. These third parties face the same challenges and risks inherent in handling and protecting large volumes of data. Any system failure or security breach or lapse on our part or on the part of any of such third parties that results in the release of user data could harm our reputation and brand and, consequently, our business, in addition to exposing us to potential legal liability.

Complying with evolving laws and regulations regarding cybersecurity, information security, privacy and data protection and other related laws and requirements may be expensive and force us to make adverse changes to our business. Many of these laws and regulations are subject to change and uncertain interpretation, and any failure or perceived failure to comply with these laws and regulations could result in negative publicity, legal proceedings, suspension or disruption of operations, increased cost of operations, or otherwise harm our business.

Laws and regulations governing cybersecurity, information security, privacy and data protection, the use of the internet as a commercial medium, the use of data in artificial intelligence and machine learning, and data sovereignty requirements are rapidly evolving, extensive, complex, and include inconsistencies and uncertainties. When providing LTL services, we have access to various operational and other data of our freight partners and agents, shippers, employees and others. If we are deemed to be a critical information infrastructure operator (as defined below), we would be required to follow cybersecurity review procedures. During such review, we may be required to suspend providing any existing or new services to shippers and/or experience other disruptions of our operations, and such review could also result in negative publicity with respect to our Company and diversion of our managerial and financial resources. As of the Latest Practicable Date, we have not been informed by any relevant PRC governmental authorities that our services are deemed to be provided to any critical information infrastructure operators, nor have we been identified as a critical information infrastructure operator by any relevant PRC governmental authorities.

In addition, on July 10, 2021, the Cyberspace Administration of China issued a revised draft of the Cybersecurity Review Measures for public comments, which required that, in addition to “operator of critical information infrastructure”, any “data processor” carrying out data processing activities that affect or may affect national security and any “operator of critical information infrastructure” or “data processor” which has personal information of more than one million users and is going to list in foreign countries should also be subject to the cybersecurity review, and further elaborated the factors to be considered when assessing the national security risks of the relevant activities, including among others, the risk of core data, important data or a large amount of personal information being stolen, leaked, destroyed, and illegally used or exited the country, or the risk of critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled and maliciously used by foreign governments after being listed in foreign countries. For details, see “Regulatory Overview – Recent Development.” When providing our services, we have access to certain data, including certain personal information. As the revised draft Cybersecurity Review Measures have not been adopted and it remains unclear whether the formal version

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adopted in the future will have any further material changes, we still face uncertainties that the measures may be enacted, interpreted or implemented in ways that will negatively affect us. There can be no assurance that we would be able to complete the applicable cybersecurity review procedures in a timely manner, or at all, if we are required to follow such procedures. In addition, as of the Latest Practicable Date, it remains unclear that whether the listing on the Stock Exchange falls into the scope of “listing in foreign countries”. As advised by our PRC Legal Advisor, we believe that Hong Kong does not fall within the scope of “foreign country” and we are not required to undertake a cybersecurity review by the Cybersecurity Review Office for the Listing. However, there are still uncertainties regarding the interpretation and implementation of these laws and regulations. Any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance or perceived non-compliance with the PRC Cybersecurity Law or related regulations may prevent us from using or providing certain network products and services, and may result in fines or other penalties such as making certain required rectification, suspending our related business, closing our website or taking down our operations and reputational damages or proceedings or actions against us by PRC regulatory authorities, customers or others, which may have a material adverse effect on our business, operation or financial conditions.

On June 10, 2021, the Standing Committee of the National People’s Congress of China promulgated the PRC Data Security Law, which will take effect in 1 September 2021. The PRC Data Security Law provides for data security and privacy obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used, provides for a national security review procedure for those data activities which may affect national security and imposes export restrictions on certain data and information. The PRC Data Security Law provides that “data” refers to any recording of information by electronic or other means. Data processing includes the collection, storage, use, processing, transmission, availability and disclosure of data, etc. Furthermore, recently, certain PRC regulatory authorities issued Opinion on Severely Punishing Illegal Activities in Securities Market, which were available to the public on July 6, 2021 and further emphasized to strengthen the cross-board regulatory collaboration, to improve relevant laws and regulations on data security, cross-border data transmission, and confidential information management, and provided that efforts will be made to revise the regulations on strengthening the confidentiality and file management relating to the offering and listing of securities abroad, to implement the responsibility on information security of companies listed in foreign countries, and to strengthen the standardized management of cross-border information provision mechanisms and procedures. However, these opinions were newly issued, and there were no further explanations or detailed rules or regulations with respect to such opinions, and there are still uncertainties regarding the interpretation and implementation of these opinions.

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These and other similar legal and regulatory developments could lead to legal and economic uncertainty, affect how we design our IT systems, how we operate our business, how our business partners and shippers process and share data, how we process and use data, and how we transfer personal data from one jurisdiction to another, which could negatively impact demand for our solutions. We may incur substantial costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies.

We may not be able to protect our intellectual property rights, including our brand and our technology infrastructure, and third parties may infringe upon or misappropriate our intellectual property.

We rely on a combination of copyright, trademark, trade secrets and other intellectual property protections, confidentiality agreements with our key personnel, customers, shippers and other relevant persons and other measures to protect our intellectual property, including our brand and our proprietary technology infrastructure. Nevertheless, it may be possible for third parties to obtain and use our intellectual property without authorisation. The unauthorised use of intellectual property is common in China and enforcement of intellectual property rights by PRC regulatory agencies is inconsistent. As a result, litigation may be necessary to enforce our intellectual property rights. Litigation could result in substantial costs and diversion of our management's attention and resources, and could disrupt our business, as well as have a material adverse effect on our financial condition and results of operations. Given the relative unpredictability of the PRC's legal system and potential difficulties in enforcing a court judgement, there is no guarantee that we would be able to halt any unauthorised use of our intellectual property in China through litigation.

We may be accused of infringing the intellectual property rights of others.

Our success depends in part on the use of our proprietary intellectual property and the intellectual property of other platform participants, including technology, software products, business policies, plans, and trade secrets. The steps taken by us in this regard may not be adequate to safeguard such intellectual property and confidential information. Moreover, most of our contracts do not include any limitation on our liability with respect to our infringement or breach of our obligation to keep confidential the intellectual property or confidential information. In addition, we may not always be aware of intellectual property registrations or applications relating to trademarks, source codes, software products or other intellectual property of such third parties, whether in China or other jurisdictions. As a result, if the proprietary rights of our platform participants or other third parties are misappropriated by us or our employees, we may be liable for damages or other compensation.

Assertions of infringement of intellectual property or misappropriation of confidential information against us, if successful, could have a material adverse effect on our business, financial condition and results of operations. Protracted litigation could divert our management's attention and our resources and also result in existing or potential shippers

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deferring or limiting their procurement or use of our services until resolution of such litigation. Even if such assertions against us are unsuccessful, they may cause us to lose existing and future business and incur reputational harm and substantial legal fees.

We have made, and may need to continue to make, substantial capital expenditures, and will face risks that are inherent to such investment.

In line with our strategy and expansion plan, we made significant capital expenditures on acquisition of land use rights, construction of facilities, purchase of self-operated high-capacity fleet trucks and upgrading of infrastructure in connection with the consolidation and organic growth of our business. These capital expenditures will increase our capacity, but the benefits may not materialize until sometimes after the incurrence of these capital expenditures, if at all. The return on these investments may be lower, or may be realized more slowly, than we expected. Our capital expenditures for the purchase of property, plant and equipment and purchase of other intangible assets were approximately RMB219.0 million, RMB223.6 million, RMB667.8 million and RMB232.5 million in 2018, 2019 and 2020 and for the four months ended April 30, 2021, respectively. To facilitate our future expansion, we may need to continue to make substantial capital expenditures.

There can be no assurance that we will be able to generate sufficient cash from our operations to fund our capital requirements or raise additional funds through equity or debt financings on satisfactory terms or at all, in which case we may be required to prioritise projects or curtail capital expenditures, and our results of operations could be adversely affected. On the other hand, if we raise funds through debt financings, we may also become subject to restrictive covenants that could limit our future capital raising activities and other financial and operational matters. If we raise funds through further issuances of equity or equity-linked securities, our existing shareholders could suffer significant dilution in their percentage ownership of our company.

We may not have the resources to fund such investment. Even if we have sufficient funding, assets that best suit our needs may not be available at reasonable prices or at all. For example, land resources may be scarce in an area that best fits our network expansion plan due to local zoning plan or other regulatory controls. In addition, we are likely to incur capital expenditures earlier than all of the anticipated benefits, and the return on these investments may be lower, or may be realised more slowly, than we expected. In addition, the carrying value of the related assets may be subject to impairment, which may adversely affect our financial condition and results of operations. Furthermore, our continued investment in construction and infrastructure may put us 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 heavy.

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Our use of certain leased properties could be challenged by third parties or governmental authorities, which may cause interruptions to our business operations.

As of the Latest Practicable Date, for approximately 34.59% of the areas of our leased sorting centres and offices, the lessors have not provided us with their property ownership certificates or any other documentation proving their right to lease those properties to us. As of the Latest Practicable Date, we have entered into indemnification agreements with the relevant lessors for them to indemnify us against potential risks for a majority of such properties, and we are still negotiating similar indemnification agreements with the relevant lessors for approximately 2.49% of the areas of our leased sorting centres and offices. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant governmental authorities, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or other parties who have the right to lease the properties, and the terms of the new leases may be less favourable to us. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. In the event we are forced to find an alternative location, we can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

In addition, we cannot assure you that all our leased properties in China have filed the fire-control registration or have been satisfied with all fire-control requirements as required by relevant PRC laws and regulatory rules and standards. As a result, our use of the leased property may be affected. In the event that our use of properties is successfully challenged by the regulators or due to fire incidents, we may be forced to relocate from the affected properties.

To our knowledge, some of the lessors of the leased dispatch and pickup outlets have not provided our freight partners and agents with their property title certificates, approvals or other documentation proving their right to lease those properties. If our freight partners and agents were to find replacement premises for their outlets due to any lease deficiencies, the daily operations of such outlets may be negatively affected.

Failure to renew our current leases at desirable prices or locate comparable alternatives for our facilities could materially and adversely affect our business.

We lease properties to operate some of our offices and sorting centres. Some of our freight partners and agents lease properties for their pickup and dispatch outlets. We and our freight partners and agents 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 our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. We may not be able to locate comparable alternative sites

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for our facilities as our business continues to grow and failure in relocating our operations when required could adversely affect our business and operations. In addition, we compete with other businesses for premises at certain locations or of comparable sizes. As a result, even though we or our freight partners and agents could extend or renew the respective leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate comparable alternative sites for our facilities as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

We may face penalties for the non-registration of our lease agreements in China.

As of the Latest Practicable Date, the lease agreements with respect to some of the properties we lease in the PRC for our business operations had not been registered and filed with the relevant PRC government authorities. As advised by our PRC Legal Advisor, failure to register such lease agreements with the relevant PRC government authorities does not affect the validity and enforceability of the relevant lease agreements but the relevant PRC government authorities may order us or the lessors to, within a prescribed time limit, register the lease agreements. Failure to do so with the time limit may subject us to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. During the Track Record Period and as of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant PRC government authorities. For details, see “Business – Facilities and Property.”

Failure of us to obtain, maintain or update necessary licences, approvals or permits may have material adverse effect on our business, financial condition and results of operations.

We are required to obtain and maintain numerous approvals, licences, assurances, accreditations, permits, registrations and certificates from relevant authorities to operate our business. See “Business – Licences and Permits.” Any failure by us to obtain approvals, registrations, licences, assurances, accreditations, permits and certificates necessary for our operations or to comply with the terms, conditions, and requirements thereunder, may result in enforcement actions against us, including suspension or termination of licences, approvals, assurances, accreditations, permits, registrations, and certificates, orders issued by the relevant regulatory authorities causing operations to cease, fines and other penalties, and may include corrective measures requiring capital expenditure or remedial actions. In the event that such enforcement action is taken, our business operations could be materially and adversely disrupted. While we are in the process of obtaining such licences and permits and have contingency and mitigation plans in place, we may not be able to obtain all of the licences and permits and make all of the filings necessary for operating our sorting centres. Failure to obtain such licences and permits and make such filings may result in suspension of our operation, fines or other penalties by government authorities, which may in turn negatively affect our business operations.

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Under PRC laws, an enterprise engaging in road freight transportation is required to obtain a road transportation operation permit from the relevant county-level road transportation administrative bureau. If an enterprise engaging in road freight transportation intends to establish a subsidiary or branch, it is required to make a filing with or report to the local road transportation administrative bureau where the subsidiary or branch is to be established. While all of our subsidiaries engaging in road freight transportation have obtained their road transportation operation permits, we are in the process of renewing the filings for some of the branches. If we cannot complete the renewal in a timely manner, these branches may be subject to business suspension and other penalties. Due to uncertainties of the interpretation and implementation of laws and regulations, we may be required by regulatory authorities to obtain additional licences for our business, failure of which may have a material adverse effect on our business, financial condition and results of operations.

New laws and regulations that are enforced from time to time may require additional licences and permits other than those we currently have. If the PRC government considers us to be operating without the proper approvals, licences or permits or promulgates new laws and regulations that require additional approvals or licences, it has the authority, among other things, to levy fines, confiscate incomes, revoke business licences, or require us to discontinue relevant business or impose restrictions on the affected portion of business. Any of these actions by the PRC government may have a material and adverse effect on our results of operations.

Our business and the business of our freight partners and agents are subject to a broad range of PRC laws and regulations. If we, our freight partners or agents are deemed to be not in compliance with any of these laws and regulations, our business, reputation, financial condition and results of operations may be materially and adversely impacted.

Our business is subject to governmental supervision and regulation by the relevant PRC governmental authorities, including but not limited to the State Administration for Market Regulation and the Ministry of Transportation. Together, these governmental authorities promulgate and enforce regulations that cover many aspects of our day-to-day operations. For example, our sorting centres are subject to various compliance and operational requirements including construction, fire safety, safety supervision and environmental protection. If we are deemed to be not in compliance with these requirements, we may be subject to fines and other administrative penalties from the relevant PRC government authorities. In case of our failure to rectify our noncompliance within required period by the relevant PRC government authorities, we may be forced to suspend our operation.

Existing and new laws and regulations may be enforced from time to time and substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to us and/or our freight partners and agents. If the PRC government promulgates new laws and regulations that impose additional restrictions on our, our freight partners' or freight agents' operations, or tightens enforcements of existing or new laws or regulations, it has the authority, among other things, to levy fines, confiscate income, revoke business licences, and require us to discontinue our relevant business or impose

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restrictions on the affected portion of our business. Any of these actions by the PRC government may have a material and adverse effect on our results of operations. If our freight partners or agents are found to be in violation of any applicable law or regulation then in effect, such freight partners or agents may be subject to similar penalties or administrative orders and may not be able to continue to deliver satisfactory services or at all. As a result, our business, reputation, financial condition and results of operations may be materially and adversely affected.

Our failure or alleged failure to comply with China's anti-corruption laws or other applicable anti-corruption laws globally could result in penalties, which could harm our reputation and have an adverse effect on our business, results of operations and financial condition.

We are subject to PRC laws and regulations related to anti-corruption, which prohibit bribery to government agencies, state or government owned or controlled enterprises or entities, to government officials or officials that work for state or government owned enterprises or entities, as well as bribery to non-government entities or individuals. Our existing policies prohibit any such conduct and we are in the process of implementing additional policies and procedures, and providing training, to ensure that we, our employees, freight partners and agents and other third parties comply with PRC anti-corruption laws and regulations and other anti-corruption laws to which we are subject. There is, however, no assurance that such policies or procedures will work effectively all the time or protect us against liability under other anti-corruption laws globally. There is no assurance that our employees, freight partners and agents and other third parties would always obey our policies and procedures. Further, there is uncertainty in connection with the implementation of PRC anti-corruption laws. We could be held liable for actions taken by our employees, freight partners and agents and other third parties with respect to our business or any businesses that we may acquire. If we are found not to be in compliance with PRC anti-corruption laws and other applicable anti-corruption laws, we may be subject to criminal, administrative, and civil penalties and other remedial measures, which could have an adverse impact on our business, results of operations and financial condition. Any investigation of any potential violations of the anti-corruption laws by Chinese or foreign authorities could adversely impact our reputation, cause us to lose shipper relationships and lead to other adverse impacts on our business, results of operations and financial condition.

Economic sanctions and anti-corruption laws imposed by the United States and other jurisdictions may expose us to potential compliance risks.

Sanctions laws prohibit us from doing business in or with certain countries or governments, and with certain persons or entities that have been sanctioned by the United States or other governments and international or regional organisations, such as the United Nations Security Council. Although our primary market is China, if we expand our international business in the future, our exposure to international sanctions may be increased. Any U.S. affiliate and any U.S. person employees will be subject to compliance with all U.S. economic sanctions requirements. We have implemented internal controls to monitor our

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compliance with applicable economic sanctions, but there can be no assurance that we are able to prevent or detect inadvertent business dealings with sanctioned parties or the dispatch of freight to higher-risk or prohibited end-uses. We also cannot predict with certainty the interpretation or implementation of any sanction laws or policies. Any alleged sanctions violations may adversely affect our reputation, business, results of operations and financial condition. In addition, we are subject to the Foreign Corrupt Practices Act, as well as other anti-corruption laws globally. We may also be held liable under successor liability for violations committed by companies in which we invest or that we acquire.

We, our directors, senior management, and freight partners and agents are subject to various claims and lawsuits in the ordinary course of business, and increases in the amount or severity of these claims and lawsuits could adversely affect us.

We, our directors, senior management, and freight partners and agents are exposed to various claims and litigation related to commercial disputes, personal injury, property damage, labour disputes and other matters in the ordinary course of our business. Such claims and litigation, whether or not regarding the ordinary course of our business, may damage our reputation and goodwill, thereby adversely affecting our customer base. Developments in regulatory, legislative or judicial standards, material changes to litigation trends, or a catastrophic accident or series of accidents, including accidents that affect our freight partners and agents, involving any or all of commercial disputes, property damage, personal injury, and labour disputes could have a material adverse effect on our reputation, business, financial condition and results of operations.

We may not have sufficient insurance coverage.

We have limited insurance coverage. For example, we are not legally required to maintain insurance for the items we ship. We do not maintain business interruption insurance or key-man life insurance. We cannot assure you that our insurance coverage is sufficient to prevent us from any losses or that we will be able to successfully claim for losses under our current insurance policies on a timely basis, or at all. If we incur losses that are not covered by our insurance policies, or if the amount reimbursed is significantly less than our actual losses, our business, financial condition and results of operations could be materially and adversely affected.

Our failure to comply with regulations on commercial franchising may result in penalties to us.

Pursuant to the Regulations on Commercial Franchising promulgated by the State Council in February 2007 and Provisions on Administration of the Record Filing of Commercial Franchises issued by Ministry of Commerce in December 2011, collectively the Regulations and Provisions on Commercial Franchising, commercial franchising refers to the business activities where an enterprise that possesses the registered trademarks, enterprise logos, patents, proprietary technology or any other business resources allows such business resources to be used by another business operator through a contract and the franchisee follows the

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uniform business model to conduct business operation and pay franchising fees according to the contract. As a result, we and our freight partners and agents may be subject to regulations on commercial franchising, in which case we may be required to file our freight partnership agreements with the Ministry of Commerce or its local counterparts. As of the Latest Practicable Date, we have not received any order from any governmental authorities to make such filing.

If relevant authorities determine that we have failed to report franchising activities in accordance with the regulations, we may be subject to fines ranging from RMB10,000 to RMB50,000 and if we fail to comply within the rectification period determined by the competent governmental authority, we may be subject to an additional fine ranging from RMB50,000 to RMB100,000 and the relevant authority may issue a public reprimand.

We are uncertain about the recoverability of our input value added tax, which may affect our financial positions in the future.

As of December 31, 2018, 2019 and 2020, and April 30, 2021, our deductible input VAT amounted to RMB518.2 million, RMB569.5 million, RMB620.1 million and RMB628.4 million, respectively. Input VAT can be deducted from output VAT payable. The VAT recoverable is mainly the net difference between output and input VAT. We did not encounter any disputes with the relevant taxation authorities on the amounts of VAT recoverable during the Track Record Period. However, we cannot guarantee the recoverability of input VAT in the future because the rules, regulations and policies governing VAT may change in the future, which may have an impact on VAT recoverable. If we fail to recover our input VAT, our financial positions would be adversely affected.

We are subject to risk of recoverability of deferred tax assets.

As of December 31, 2018, 2019 and 2020, and April 30, 2021, our deferred tax assets amounted to RMB42.6 million, RMB159.9 million, RMB302.4 million and RMB378.4 million, respectively. Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in Note 24 to the Accountant's Report included in Appendix I to this Prospectus. Any changes in management's judgment as well as our future taxable profits and tax planning strategies would affect the carrying amounts of deferred tax assets to be recognized and the recoverability of deferred tax assets recognized in our consolidated financial statements, and therefore could materially and adversely affect our financial condition and results of operation in future years.

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We have a large balance of goodwill and other intangible assets and we may incur significant impairment charges which could materially impact our financial position.

We recorded goodwill of RMB113.9 million, RMB113.9 million, RMB113.9 million and RMB113.9 million as of December 31, 2018, 2019 and 2020, and April 30, 2021, respectively, arising from our acquisition of Giantruck in 2018. Our other intangible assets primarily consist of intangible assets other than goodwill. Our other intangible assets were approximately RMB29.2 million, RMB37.2 million, RMB34.5 million and RMB30.1 million in 2018, 2019 and 2020 and for the four months ended April 30, 2021, respectively.

We may incur significant impairment charges in relation to our goodwill and other intangible assets. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Failure to generate financial results commensurate with our intangible assets or goodwill estimates may adversely affect the recoverability of such intangible assets or goodwill, and in turn result in impairment losses. As we carry a substantial balance of intangible assets and goodwill, any significant impairment losses charged against our intangible assets or goodwill could have a material adverse effect on our business, financial condition and results of operations.

The fair value measurements of our financial liabilities measured at fair value through profit or loss require the use of estimates that are based on unobservable inputs, which inherently involves a certain degree of uncertainty and may materially affect our financial condition and results of operations.

In 2018, 2019 and 2020, and the four months ended April 30, 2020 and 2021, our fair value change of financial liabilities measured at fair value through profit or loss amounted to RMB(545.3) million, RMB(239.6) million, RMB(396.2) million, RMB112.2 million and RMB(2,207.2) million, respectively. For details, see Notes 30, 31 and 32 to the Accountants' Report included in Appendix I to this prospectus. For financial reporting purposes, fair value measurements of these financial liabilities are categorized into level 1, 2 or 3, based on, among other things, the observability and significance of the inputs used in the valuation technique. The fair value of financial liabilities classified in levels 1 and 2 is determined based on observable inputs, while the determination of the fair value of level 3 financial liabilities is based on valuation techniques and various assumptions of inputs which inherently involve a certain degree of uncertainty due to the use of significant unobservable inputs, such as discount rate, discount of lack of marketability and expected volatility.

A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these financial liabilities. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. Any of these factors, as well as

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others, could cause our estimates to vary from actual results and cause the fair value of our financial liabilities to fluctuate substantially, which may in turn have a material adverse effect on our financial position and results of operations.

Fluctuation of our financial assets at fair value through profit or loss has affected our results of operations.

Fluctuation of fair value of our financial assets at fair value through profit or loss, which consist of the financial products we purchased, may affect our results of operations. We made investments in financial products issued by banks, and recorded financial assets at fair value through profit or loss of RMB194.0 million as of April 30, 2021. The financial products we purchased were low-risk, short-term investments with expected annualized rates of return ranging from 1.5% to 3.2%, depending on the market movements of certain exchange rate. For details, see Note 25 to the Accountants' Report included in Appendix I to this prospectus. The fair value of such financial assets are subject to various factors, including factors beyond our control, such as exchange rates, market conditions and regulatory environment. If the fair value of our financial assets at fair value through profit or loss were to fluctuate, our business, financial condition and results of operations could be materially adversely affected.

We may not be able to fulfil our obligations in respect of contract liabilities, which may have a material and adverse impact on our results of operations and financial condition.

As of December 31, 2018, 2019 and 2020, and April 30, 2021, our contract liabilities amounted to RMB57.7 million, RMB71.0 million, RMB78.1 million and RMB69.0 million, respectively. A contract liability is the obligation to transfer goods or services to a customer for which we have received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before we transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when we perform under the contract. If we fail to fulfil our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the advance payments we have received, which may adversely affect our cash flow and liquidity condition, which in turn may have a material and adverse impact on our results of operations and financial condition.

Our business benefits from certain government grants, financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

In the past, we have received various forms of government financial incentives and preferential tax treatments, to recognize our contribution to the development of local economy. In 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, we recognized RMB9.6 million, RMB51.5 million, RMB54.5 million, RMB14.0 million and RMB4.9 million of government grants. In addition, several COVID-19 related government policy support, such as one-off subsidies for social insurance and tax relief, and waiver of toll charges, have also

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contributed to the improvement our financial performance in 2020. However, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. Local governments may decide to reduce or eliminate incentives at any time. We cannot assure you of the continued availability of the government incentives we currently enjoy. Any reduction or elimination of incentives would have an adverse effect on our results of operations.

Our results of operations and financial conditions may be adversely affected by the recoverability of our trade receivables.

Our trade receivables mainly represent (i) receivables from freight partners, primarily consisting of outstanding monetary penalties due from freight partners, which are typically settled from advances to be provided by freight partners, and (ii) receivables from enterprise customers, primarily consisting of outstanding amounts due from customers for line-haul transportation provided by Giantruck with a typical credit term within 90 days. As of December 31, 2018, 2019 and 2020 and as of April 30, 2021, we recorded trade receivables of RMB80.4 million, RMB52.2 million, RMB48.6 million and RMB40.7 million, respectively.

Credit risk for trade receivables arises when our customers default on their contractual obligations resulting in financial losses to our Company. To minimize the credit risk, we have established various internal measures and policies. See “Financial Information – Discussion of Certain Key Items on Our Consolidated Statements of Financial Position – Assets – Trade receivables” for more details. However, we cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our customers, neither can we guarantee that each of these customers will be able to strictly follow and enforce the payment schedules provided in the relevant agreements. Any inability of our customers to pay us in a timely manner may adversely affect our business operations and financial condition.

We are uncertain about the recoverability of our deposits and other receivables, which may affect our results of operations and financial conditions.

As of December 31, 2018, 2019 and 2020 and as of April 30, 2021, we recorded deposits and other receivables of RMB175.2 million, RMB110.9 million, RMB165.2 million and RMB210.3 million, respectively, which are primarily in relation to deposits for our leased properties. We regularly monitor the credit quality of our deposits and other receivables and estimate the impairment for allowance. We cannot guarantee the recoverability of our deposits and other receivables in the future. If we fail to recover such deposits and other receivables, our results of operations and financial conditions would be adversely affected.

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If the custodians or authorised users of our controlling non-tangible assets, including chops and seals, fail to fulfil their responsibilities, or misappropriate or misuse these assets, our business and operations may be materially and adversely affected.

Under PRC law, legal documents for corporate transactions that our business relies on are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant local branch of the SAIC.

The chops of our PRC subsidiaries are generally held by the relevant entities so that documents can be executed locally. Although we usually utilise chops to execute contracts, the registered legal representatives of our PRC subsidiaries have the apparent authority to enter into contracts on behalf of such entities without chops, unless such contracts set forth otherwise.

In order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to the designated key employees of our legal, administrative or finance departments. Our relevant procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our key employees or designated legal representatives could abuse their authority, for example, by binding our PRC subsidiaries with contracts against our interests, as we would be obligated to honour these contracts if the other contracting party acts in good faith in reliance on the apparent authority of our chops or signatures of our legal representatives. If any designated legal representative obtains control of the chop in an effort to obtain control over the relevant entity, we would need to have a shareholder or board resolution to designate a new legal representative and to take legal action to seek the return of the chop, apply for a new chop with the relevant authorities, or otherwise seek legal remedies for the legal representative's misconduct. If any of the designated legal representatives obtains and misuses or misappropriates our chops and seals or other controlling intangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations, and our business and operations may be materially and adversely affected.

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We have granted, and may continue to grant, share incentives, which may result in increased share based compensation expenses.

We adopted the Equity Incentive Plans for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We account for compensation costs for all share-based compensation awards using a fair-value based method and recognise expenses in our consolidated statement of profit or loss in accordance with HKICPA. The Equity Incentive Plans provide for the grant of incentive share options, non-statutory share option, restricted shares awards and restricted share units awards. As of the Latest Practicable Date, an aggregate of 108,578,280 RSUs in respect of 108,578,280 shares have been granted under the Equity Incentive Plans. We account for share-based compensation for these share incentive awards using a fair value based method and recognise expenses in our consolidated statement of profit or loss in accordance with HKICPA. For the years ended December 31, 2018, 2019 and 2020, and for the four months ended April 30, 2020 and 2021, we recorded RMB49.5 million, RMB141.7 million, RMB9.0 million, RMB4.7 million and RMB29.6 million, respectively, in share-based compensation expenses.

We will incur additional share-based compensation payment expenses in the future as we continue to grant share incentives using the ordinary shares reserved for this platform. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our payment expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Any deficiencies in China's telecommunication and Internet infrastructure could impair the functioning of our technology system and the operation of our business.

Our business depends on the performance and reliability of the telecommunication and Internet infrastructure in China. The availability and reliability of our website, mobile application, customer service hotline and technology system depends on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into and renew agreements with these providers on acceptable terms, or if any of our existing agreements with such providers are terminated as a result of our breach or otherwise, our ability to provide our services to our shippers could be adversely affected. We have experienced service interruptions in the past due to service interruptions at the underlying external telecommunications service providers, such as the Internet data centres and broadband carriers. Frequent service interruptions could frustrate shippers and discourage them from using our services, which could cause us to lose shippers and harm our operating results.

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A severe or prolonged downturn in the PRC or global economy could materially and adversely affect our business and our financial condition.

The global macroeconomic environment is facing challenges, including the escalation of the European sovereign debt crisis since 2011, the end of quantitative easing by the U.S. Federal Reserve and the economic slowdown in the Eurozone in 2014. The PRC economy has slowed down since 2012 and such slowdown may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa, which have resulted in volatility in oil and other markets, and over the conflicts involving Ukraine and Syria. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Moreover, the United Nations population projections (2015) project a slowdown in increase in Chinese population from 2015 to 2030 and a decrease in its population thereafter with the percentage of population over 60 predicted to more than double from 2015 to 2050. In the absence of substantial increase in per capita productivity, this projected change in Chinese demographics can result in decrease in overall productivity and growth rates of the Chinese economy. Any severe or prolonged slowdown in the global or PRC economy may materially and adversely affect our business, results of operations and financial condition. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs.

RISKS RELATING TO DOING BUSINESS IN CHINA

Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

Substantially all of our operations are conducted in the PRC and substantially all of our revenue is sourced from the PRC. Accordingly, our financial condition and results of operations are affected to a significant extent by economic, political and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also

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exercises significant control over China's economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past, growth has been uneven, both geographically and among various sectors of the economy. The growth rate of the PRC economy turned negative in the first quarter and gradually recovered since the second quarter of 2020. The impact of COVID-19 on the PRC economy is likely to be continuous and severe. Any prolonged slowdown in the Chinese economy may reduce our business volume and materially and adversely affect our business and results of operations. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on us. Our financial condition and results of operations could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In addition, the PRC government has implemented in the past certain measures to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for our services and consequently have a material adverse effect on our businesses, financial condition and results of operations.

The political relationships between China and other countries or regions, changes in international trade or investment policies and barriers to trade or investment, and the ongoing conflict and the emergence of a trade war between the U.S. and China may affect our business operations.

Although currently nearly all of assets and operations are exclusive in China, we are subject to international trade or investment in the future. Our business may therefore subject to constantly changing international economic, regulatory, social and political conditions, including changes in changes in international laws and regulations, changes in tariffs, trade restrictions, trade agreements and taxation, and difficulties in managing or overseeing operations outside China.

The U.S. government has taken steps toward restricting trade in certain goods imported into the U.S., particularly from China and proposed, among other actions, imposing new or higher tariffs on specified products in the future. Moreover, there have been accusations from the United States and certain other countries regarding the PRC's handling of the COVID-19 outbreak, as well as concerns regarding the PRC's proposal to impose national security laws in Hong Kong. These accusations and concerns, along with threats to impose new tariffs or sanctions on China, have resulted in increased tensions in China's international relations. In response, China has proposed tariffs on a number of U.S. goods, on a much smaller scale, in the current time. Based on our analysis of the current policies, we expect that the proposed tariffs will not have a material direct impact on our business operations, as we are based in the PRC, and deliver services to shippers exclusively located within the PRC market. However, the proposed tariffs and the tensions between China and the U.S. may cause the depreciation of the

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RMB currency and a contraction of certain PRC industries that will likely be affected by the tariffs and tensions. As such, we may have access to fewer business opportunities and our operation may be negatively impacted. In addition, future actions or escalations by either the United States or China that affect trade relations may cause global economic turmoil and potentially have a negative impact on our business and we cannot provide any assurances as to whether such actions will occur or the form that they may take.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

Substantially all of our operations are conducted in the PRC, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the nonbinding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation. In recent years, regulatory and administrative measures over various areas such as environmental protection and fire safety have tightened and enhanced in China. While such development is beneficial to the operation of business in China over the long run, PRC-based companies may experience temporary business disruption and incur increased compliance costs in the short run.

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

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Our business operations are extensively impacted by the policies and regulations of the PRC government. Any policy or regulatory change may cause us to incur significant compliance costs.

We are subject to extensive national, provincial and local governmental regulations, policies and controls. Central governmental authorities and provincial and local authorities and agencies regulate many aspects of Chinese industries, including, among others and in addition to specific industry-related regulations, the following aspects: (i) operation of LTL services; (ii) traffic and transport-related services; (iii) provision of transport services, financial services, retail services and operation of high technology businesses; (iv) environmental laws and regulations; (v) security laws and regulations; (vi) establishment of or changes in shareholder of foreign investment enterprises; (vii) foreign exchange; (viii) taxes, duties and fees; (ix) customs; and (x) land planning and land use rights, including establishment of urban transformation initiatives.

The liabilities, costs, obligations and requirements associated with these laws and regulations may cause interruptions to our operations or impact our financial position and results of operations. Failure to comply with the relevant laws and regulations in our operations may result in various penalties, including, among others the suspension of our operations and thus adversely and materially affect our business, prospects, financial condition and results of operations. Additionally, there can be no assurance that the relevant government agencies will not change such laws or regulations or impose additional or more stringent laws or regulations. Compliance with such laws or regulations may require us to incur material capital expenditures or other obligations or liabilities.

Regulatory uncertainties relating to, or failure to comply with, anti-monopoly and anti-unfair competition laws could adversely affect our business, financial condition, or operating results.

The PRC anti-monopoly enforcement agencies have in recent years strengthened enforcement under the PRC Anti-Monopoly Law and the Anti-unfair Competition Law, including levying significant fines, with respect to concentration of undertakings and cartel activity, mergers and acquisitions, as well as abusive behavior by companies with market dominance. Pursuant to the Anti-Monopoly Law, the relevant operators of a concentration of undertakings which reaches the standard for declaration shall make an advance declaration to the anti-monopoly law enforcement authority under the State Council. On February 7, 2021, the Anti-Monopoly Committee of the State Council promulgated the Anti-Monopoly Guidelines for the Platform Economy Field (《關於平台經濟領域的反壟斷指南》) which stipulates that any concentration of undertakings including variable interest entities (VIE) shall fall within the scope of anti-monopoly review. Moreover, according to the PRC Anti-unfair Competition Law, when trading on the market, operators must abide by the principles of voluntariness, equality, fairness and honesty and observe laws and business ethics. Where an operator commits unfair competition in contravention of the provisions of the Anti-unfair Competition Law and causes damage to another operator, it will be responsible for compensating for the damages.

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Although we do not believe we have engaged in any behaviors in violation of the Anti-monopoly Law or the Anti-unfair Competition Law, such as entering into monopolistic agreements or abusing market position, we cannot assure you that the regulators would agree with us and we may be required to adjust our business practices or may be subject to penalties, such as confiscation of incomes or potential fines, if our business practices are deemed to be non-compliant with the Anti-monopoly Law or the Anti-unfair Competition Law. We may also be subject to claims from our competitors or users, which could adversely affect our business and operations.

Given the promulgation of the Anti-Monopoly Guidelines for the Platform Economy Field, the PRC authorities may strengthen their supervision over the competition compliance issues, and we may receive greater scrutiny and attention from regulators and more frequent and rigid investigations or reviews by regulators, which will increase our compliance costs and subject us to heightened risks and challenges. We may have to spend much more personnel cost and time evaluating and managing these risks and challenges in connection with our products and services as well as our investments in our ordinary business course to avoid any failure to comply with these regulations. Any failure or perceived failure by us 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 us and could have an adverse effect on our business, financial condition and results of operations.

Certain PRC regulations establish more complex procedures for acquisitions conducted by foreign investors that could make it more difficult for us to grow through acquisitions.

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-Owned Assets Supervision and Administration Commission, or the SASAC, the State Administration of Taxation, the State Administration for Industry and Commerce, or the SAIC, the CSRC, and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which came into effect on September 8, 2006 and were amended on June 22, 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of securities in a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

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While the application of the M&A Rules remains unclear, we believe, based on the advice of our PRC Legal Advisor, that the CSRC approval is not required in the context of this offering because the CSRC has not issued any definitive rules or interpretations concerning whether offerings such as this offering are subject to the CSRC approval procedures under the M&A Rules. There can be no assurance that the relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC Legal Advisor. If the CSRC or other PRC regulatory body subsequently determines that we need to obtain the CSRC's approval for this offering or if the CSRC or any other PRC government authorities promulgates any interpretation or implements rules before our listing that would require us to obtain CSRC or other governmental approvals for this offering, we may face adverse actions or sanctions by the CSRC or other PRC regulatory agencies. In any such event, these regulatory agencies may impose fines and penalties on our operations in China, limit our operating privileges in China, delay or restrict the repatriation of the proceeds from this offering into the PRC or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as our ability to complete this offering. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the Shares offered by this prospectus. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that such settlement and delivery may not occur.

The M&A Rules also established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, or that the approval from the MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the new regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share. See "Regulatory Overview – Regulations Relating to PRC Mergers & Acquisitions and Public Listing on an Overseas Stock Exchange."

PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries' ability to increase their registered capital or distribute profits.

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in

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connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfil the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 by SAFE, local qualified banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015.

We have notified our substantial beneficial owners who we know are PRC residents of their obligations of applications, filings and amendments as required under SAFE Circular 37 and other related rules. Nevertheless, we may not be aware of the identities of all of our beneficial owners who are PRC residents. We do not have control over our beneficial owners and there can be no assurance that all of our PRC-resident beneficial owners will comply with SAFE Circular 37, its implementation rules and other applicable foreign exchange rules, and there is no assurance that the registration under SAFE Circular 37 and any amendment will be completed in a timely manner, or will be completed at all. The failure of our beneficial owners who are PRC residents to register or amend their foreign exchange registrations in a timely manner pursuant to SAFE Circular 37, its implementation rules and other applicable foreign exchange rules, or the failure of future beneficial owners of our Company who are PRC residents to comply with these registration requirements, may subject such beneficial owners or our PRC subsidiaries to fines and legal sanctions. Failure to register or comply with relevant requirements may also limit our ability to contribute additional capital to our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to our Company, or we may be penalised by SAFE. These risks may have a material adverse effect on our business, financial condition and results of operations.

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PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans to or make additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to reporting to and filing with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises, or FIEs, in China, capital contributions to our PRC subsidiaries are subject to the reporting to the competent commerce authority through the enterprise registration system and the National Enterprise Credit Information Publicity System and filing with other governmental authorities in China. In addition, any foreign loan procured by our PRC subsidiaries is required to be registered with the State Administration of Foreign Exchange, or the SAFE, or its local branches. We may not complete such reporting, filing and registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to receive such approvals or complete such registrations, our ability to use the proceeds of this offering and to capitalise our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

In 2008, the SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142. SAFE Circular 142 regulates the conversion by FIEs of foreign currency into Renminbi by restricting the usage of converted Renminbi. SAFE Circular 142 provides that any Renminbi capital converted from registered capitals in foreign currency of FIEs may only be used for purposes within the business scopes approved by PRC governmental authority and such Renminbi capital may not be used for equity investments within China unless otherwise permitted by the PRC law. In addition, the SAFE strengthened its oversight of the flow and use of the Renminbi capital converted from registered capital in foreign currency of FIEs. The use of such Renminbi capital may not be changed without SAFE approval, and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been utilised. On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19. SAFE Circular 19 took effect as of June 1, 2015 and superseded SAFE Circular 142 on the same date. SAFE Circular 19 launched a nationwide reform of the administration of the settlement of the foreign exchange capitals of FIEs and allows FIEs to settle their foreign exchange capital at their discretion, but continues to prohibit FIEs from using the Renminbi fund converted from their foreign exchange capitals for expenditure beyond their business scopes. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted

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from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use in China the net proceeds from this offering, which may adversely affect our business, financial condition and results of operations.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we receive from this offering and to capitalise or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any failure to comply with PRC regulations regarding our employee share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies due to their position as director, senior management or employees of the PRC subsidiaries of the overseas companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. Our directors, executive officers and other employees who are PRC residents or who are non-PRC residents residing in China for a continuous period of not less than one year, subject to limited exceptions, and who have been granted share-based awards may follow SAFE Circular 37 to apply for the foreign exchange registration before our company becomes an overseas listed company. After our Company becomes an overseas listed company upon completion of this offering, we and our directors, executive officers and other employees who are PRC residents and who have been granted share-based awards will be subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, or SAFE Circular 7, issued by SAFE in February 2012, according to which, employees, directors, supervisors and other management members participating in any stock incentive plan of an overseas publicly listed company who are PRC residents or who are non-PRC residents residing in China for a continuous period of not less than one year, subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. We will make efforts to comply with these requirements upon completion of our initial public offering. However, there can be no assurance that they can successfully register with SAFE in full compliance with the rules. Failure to complete the SAFE registrations may subject them

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to fines and legal sanctions and may also limit the ability to make payment under our share incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our wholly-foreign owned enterprises in China and limit our wholly-foreign owned enterprises' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional share incentive plans for our directors and employees under PRC law.

Failure to pay the social insurance premium and housing provident funds for and on behalf of our employees in accordance with the Labour Contract Law or comply with other regulations of the PRC may have an adverse impact on our financial conditions and results of operation.

PRC laws and regulations require us to pay several statutory social welfare benefits for our employees, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund. The amounts of our contributions for our employees under such benefit plans are calculated based on certain percentage of salaries, including bonuses and allowances, up to a maximum amount specified by the local government from time to time at locations where we operate. During the Track Record Period and up to the Latest Practicable Date, we had not made full contributions to the social insurance plan and housing provident fund based on the actual salary level of some of our employees as prescribed by relevant laws and regulations. As of the Latest Practicable Date, we had not received any notice from the local authorities or any claim or request from the relevant employees that require us to make payments or impose upon us administrative penalties for insufficient contributions. As of December 31, 2018, 2019 and 2020 and April 30, 2021, we made provisions of RMB198.2 million, RMB198.7 million, RMB148.8 million and RMB154.0 million for the social insurance and housing provident fund contribution shortfall, respectively.

Pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management centre may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. We cannot assure you that the relevant government authorities will not require us to pay the outstanding amount within a prescribed time and impose late charges or fines on us, which may materially and adversely affect our business, financial condition and results of operations.

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The enforcement of the PRC Labour Contract Law, and other labour-related regulations in the PRC may increase our labour costs and limit our flexibility to use labour. Our failure to comply with PRC labour-related laws may expose us to penalties.

On June 29, 2007, the Standing Committee of the National People's Congress of China enacted the PRC Labour Contract Law, which became effective on January 1, 2008 and was amended on December 28, 2012. The PRC Labour Contract Law introduces specific provisions related to fixed-term employment contracts, part-time employment, probation, consultation with labour unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining, which together represent enhanced enforcement of labour laws and regulations. According to the PRC Labour Contract Law, employers must enter into written employment contracts with employees. If a factual labour relationship is considered to exist between an employee and an employer, the employer may be ordered by the labour authority to rectify the non-compliance by entering into written employment contracts with the employees and pay twice the salary per month. An employer is obliged to sign an unfixed-term labour contract with any employee who has worked for the employer for 10 consecutive years. Further, if an employee requests or agrees to renew a fixed-term labour contract that has already been entered into twice consecutively, the resulting contract must have an unfixed term, with certain exceptions. The employer must pay economic compensation to an employee where a labour contract is terminated or expires in accordance with the PRC Labour Contract Law, except for certain situations which are specifically regulated. As a result, our ability to terminate employees is significantly restricted. In addition, the government has issued various labour-related regulations to further protect the rights of employees. According to such laws and regulations, employees are entitled to annual leave ranging from five to 15 days and are able to be compensated for any untaken annual leave days in the amount of three times their daily salary, subject to certain exceptions. In the event that we decide to change our employment or labour practises, the PRC Labour Contract Law and its implementation rules may also limit our ability to effect those changes in a manner that we believe to be cost-effective. The Labour Contract Law and relevant regulations also requires that the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees, and the dispatched workers can only engage in temporary, auxiliary or substitute work. As the interpretation and implementation of these regulations are still evolving, our employment practises may not be at all times deemed in compliance with the new regulations. If we are subject to severe penalties or incur significant liabilities in connection with labour disputes or investigations, our business and financial conditions may be adversely affected.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time. The requirement to maintain employee benefit plans has not been implemented consistently by local governments in China given the different levels of economic development in different locations. We did not pay, or were not able to pay, certain past social security and housing fund contributions in strict compliance with the relevant PRC regulations for and on behalf of our employees due to

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differences in local regulations and inconsistent implementation or interpretation by local authorities in the PRC and varying levels of acceptance of the housing fund system by our employees. We may be subject to fines and penalties for our failure to make payments in accordance with the applicable PRC laws and regulations. We may be required to rectify and to make up the contributions for these plans as well as to pay late fees and fines. We have not made any accruals for the interest on underpayments and penalties that may be imposed by the relevant PRC government authorities in the financial statements. If we are subject to penalties, late fees or fines in relation to the underpaid employee benefits, our financial condition and results of operations may be adversely affected.

We rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries to fund offshore cash and financing requirements. Any limitation on the ability of our operating subsidiaries to make payments to us could have a material and adverse impact on our ability to operate our business.

We are a holding company and rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries, for our offshore cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, fund inter-company loans, service any debt and interest we may incur outside of China and pay our expenses. When our principal operating subsidiaries incur additional debt, the instruments governing the debt may restrict their ability to pay dividends or make other distributions or remittances to us. Furthermore, the laws, rules and regulations applicable to our PRC subsidiaries and certain other subsidiaries permit payments of dividends only out of their retained earnings, if any, determined in accordance with applicable accounting standards and regulations.

Under PRC laws, rules and regulations, each of our subsidiaries incorporated in China is required to set aside at least 10% of its net income each year to fund certain statutory reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends. As a result of these laws, rules and regulations, our subsidiaries incorporated in China are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends, loans or advances.

In response to the persistent capital outflow in China and RMB's depreciation against U.S. dollar in the fourth quarter of 2016, the PBOC and the SAFE have implemented a series of capital control measures over recent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. For instance, on January 26, 2017, SAFE issued the Notice of State Administration of Foreign Exchange on Improving the Review of Authenticity and Compliance to Further Promote Foreign Exchange Control, or the SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. The PRC

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government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put in place by SAFE for cross-border transactions falling under both the current account and the capital account. Limitations on the ability of our subsidiaries to pay dividends to us could limit our ability to access cash generated by the operations of those entities, including to make investments or acquisitions that could be beneficial to our businesses, pay dividends to our shareholders, service debt and interest, or otherwise fund and conduct our business.

We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.

Under the PRC Enterprise Income Tax Law and its implementing rules, 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. “De facto management body” refers to a managing body that exercises substantive and overall management and control over the production and business, personnel, accounting books and assets of an enterprise. The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by foreign enterprises or individuals, the determining criteria set forth in Circular 82 may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises. If we were to be considered a PRC resident enterprise, we would be subject to PRC enterprise income tax at the rate of 25% on our global income. In such case, our profitability and cash flow may be materially reduced as a result of our global income being taxed under the Enterprise Income Tax Law. We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.”

It may be difficult to effect service of process upon us or our management that reside in China or to enforce against them or us in China any judgements obtained from foreign courts.

Most of our operating subsidiaries are incorporated in China. Some of our management reside in China. Almost all of our assets are located in China. Therefore, it may not be possible for investors to effect service of process upon us or our management inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgements made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of

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Judgements 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 “Arrangement”), pursuant to which a party with an enforceable final court judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in China. Similarly, a party with an enforceable final judgement rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgement in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a Chinese court is expressly designated as the court having sole jurisdiction for the dispute.

On January 18, 2019, the Supreme People’s Court and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements 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 “New Arrangement”), which seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgements in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the China. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People’s Court and the completion of the relevant legislative procedures in the Hong Kong Special Administrative Region. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgement rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against our assets or management in China in order to seek recognition and enforcement of foreign judgements in China.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgements awarded by courts of the U.S., the United Kingdom, or most other western countries. Hence, the recognition and enforcement in China of judgements of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

Dividends payable to our foreign investors and gains on the sale of our Shares or ordinary shares by our foreign investors may become subject to PRC tax.

Under the Enterprise Income Tax Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not

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effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. In addition, any gain realised on the transfer of Shares or ordinary shares by such investors is subject to PRC tax at a current rate of 10%, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our ordinary shares or Shares, and any gain realised from the transfer of our ordinary shares or Shares, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realised on the transfer of Shares or ordinary shares by such investors may be subject to PRC tax at a current rate of 20% (which in the case of dividends may be withheld at source). Any PRC tax liability may be reduced or eliminated under applicable tax treaties or arrangements between jurisdictions. However, if we are considered a PRC resident enterprise, it is unclear whether holders of our Shares or ordinary shares would be able to obtain in practice the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends payable to our non-PRC investors, or gains from the transfer of our Shares or ordinary shares by such investors, are deemed as income derived from sources within the PRC and thus are subject to PRC tax, the value of your investment in our Shares or ordinary shares may decline significantly.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises, assets attributed to a PRC establishment of non-Chinese company, or real property located in China owned by non-Chinese companies.

On February 3, 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Bulletin 7, which replaced or supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or Circular 698, issued by the State Administration of Taxation, on December 10, 2009. Pursuant to this Bulletin, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment or place of business in China, real properties located in China, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the

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duration of existence of the business model and organisational structure; the foreign income tax liabilities arising from the indirect transfer of PRC taxable assets; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment or place of business, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the real properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Where the payor fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange.

There is uncertainty as to the application of Bulletin 7, or previous rules under Circular 698. Especially as Bulletin 7 is lately promulgated, it is not clear how it will be implemented. Bulletin 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions or sale of our ordinary shares or preferred shares, or those of our offshore subsidiaries, where non-resident enterprises, being the transferors, were involved. We thereby may be subject to the tax filing and withholding or tax payment obligation, while our PRC subsidiaries may be requested to assist in the filing. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with Bulletin 7 or to establish that we and our non-resident enterprises should not be taxed under Bulletin 7, for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Bulletin 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Bulletin 7, our income tax costs associated with such potential acquisitions or disposals could increase, which may have an adverse effect on our financial condition and results of operations.

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Restrictions on currency exchange may limit our ability to utilise our cash effectively.

Substantially all of our revenue is denominated in Renminbi. The Renminbi is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and loans, including loans we may secure from or for our onshore subsidiaries. Currently, certain of our PRC subsidiaries may purchase foreign currency for settlement of “current account transactions,” including payment of dividends to us, without the approval of SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. Since a significant amount of our future revenue will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilise cash generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, including holders of our Shares, and may limit our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

Fluctuations in exchange rates could have a material and adverse effect on our results of operations and the value of your investment.

The value of the RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government’s policies, and depends, to a large extent, on domestic and international economic and political developments, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future. In addition, the People’s Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in RMB exchange rates, and to achieve policy goals. We are subject to the risk of volatility in future exchange rates and to the PRC government’s controls on currency conversion. In 2018, 2019, 2020 and the four months ended April 30, 2021, we recognized exchange differences on translation amounted to RMB(191.1) million, RMB(91.1) million, RMB378.9 million and RMB52.1 million, respectively, which represented the exchange differences of translating foreign functional currencies into Renminbi for the purposes of preparing our audited financial statements.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the Hong Kong dollar may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Moreover, we are also currently required to obtain the SAFE’s approval before converting significant sums of foreign currencies into Renminbi.

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All of these factors could materially and adversely affect our business, financial condition, and results of operations and prospects, and could reduce the value of, and dividends payable on, the Shares in foreign currency terms.

The approval, filing or other requirements of the China Securities Regulatory Commission or other PRC government authorities may be required under PRC law.

The recently issued Opinions on Strictly Cracking Down on Illegal Securities Activities emphasized the need to strengthen the administration over illegal securities activities and the supervision on listings by China-based companies in foreign countries, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based companies listed in foreign countries, and provided that the special provisions of the State Council on offering and listing by those companies in foreign countries limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory agencies will be clarified. As these opinions were newly issued and there are no further explanations or detailed rules and regulations with respect to such opinions, there are still uncertainties regarding the interpretation and implementation of such opinions. And new rules or regulations promulgated in future could impose additional requirements on us.

In addition, on July 10, 2021, the Cyberspace Administration of China issued a revised draft of the Cybersecurity Review Measures for public comments, according to which, among others, an “operator of critical information infrastructure” or a “data processor”, who has personal information of more than one million users and is going to list in foreign countries, must report to the relevant cybersecurity review office for a cybersecurity review. As such revised draft Cybersecurity Review Measures have not been adopted and it remains unclear whether the formal version adopted in the future will have any further material changes, it is uncertain how the measures will be enacted, interpreted or implemented and how they will affect us. See also “– Risks Relating to Our Business and Industry – Complying with evolving laws and regulations regarding cybersecurity, information security, privacy and data protection and other related laws and requirements may be expensive and force us to make adverse changes to our business. Many of these laws and regulations are subject to change and uncertain interpretation, and any failure or perceived failure to comply with these laws and regulations could result in negative publicity, legal proceedings, suspension or disruption of operations, increased cost of operations, or otherwise harm our business.”

However, if the CSRC or other relevant PRC regulatory agencies subsequently determine that prior approval is required, failure of obtaining such approval may lead us face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operations in China, delay or restrict the repatriation of the proceeds from this offering into China or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of the Shares.

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In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals, accomplish the required filings or other regulatory procedures for this offering, we may be unable to obtain a waiver of such approval, filing or other regulatory procedures and requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such approval, filing or other regulatory procedures and requirement could have a material adverse effect on the trading price of the Shares.

RISKS RELATING TO THE GLOBAL OFFERING

No public market currently exists for our Shares; an active trading market for our Shares may not develop and the market price for our Shares may decline or become volatile.

No public market currently exists for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between our Company and the Joint Global Coordinators (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

The price and trading volume of our Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as our business volume, relationships with our freight partners and agents, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

There will be a gap of several days between pricing and trading of our Shares, and the price of our Shares when trading begins could be lower than the Offer Price.

The Offer Price of our Shares sold in the Global Offering is expected to be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be five Business Days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the

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price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Future sales or perceived sales of our Shares in the public market by major Shareholders following the Global Offering could materially and adversely affect the price of our Shares.

Prior to the Global Offering, there has not been a public market for our Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the Global Offering could result in a significant decrease in the prevailing market price of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price of our Shares and our ability to raise equity capital in the future.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares or other equity securities in the future, including pursuant to the share incentive plans.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to the Equity Incentive Plans, which would further dilute Shareholders' interests in our Company.

We do not expect to pay dividends in the foreseeable future after the Global Offering.

We currently intend to retain most, if not all, of our available funds and any future earnings after the Global Offering to, amongst other things, upgrade and expand our sorting networks, invest in our line-haul truck fleet, and invest in technology innovations. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Board has complete discretion as to whether to distribute dividends. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board.

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Accordingly, the return on your investment in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the Global Offering or even maintain the price at which you purchased the Shares. You may not realise a return on your investment in our Shares and you may even lose your entire investment in our Shares.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favourable return to our shareholders. We plan to use the net proceeds from the Global Offering to, amongst other things, upgrade and expand our sorting networks, invest in our line-haul truck fleet, and invest in technology innovations. For details, see “Use of Proceeds.” However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgement you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located. See the section headed “Summary of the Constitution of the Company and Cayman Islands Companies Law” in this prospectus.

As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or our largest Shareholder, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

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Facts, forecasts and statistics in this prospectus relating to our industry may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to our industry are obtained from various sources that we believe are reliable, including official government publications as well as a report prepared by iResearch that we commissioned. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and factual information and other problems, the statistics in this prospectus relating to our industry may be inaccurate and you should not place undue reliance on them. We make no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon.

You should read the entire prospectus carefully, and we caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

We do not have sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Our Group's management, headquarters, assets and business operations are primarily based, managed and conducted in the PRC. Currently, none of our executive Directors ordinarily resides in Hong Kong. The senior management of the Group are also primarily based in the PRC and they manage the Group's business operations from the PRC. As our executive Directors and the senior management team play important roles in the Company's business operations, our Directors consider that it is in the best interests of the Company for the executive Directors and the senior management team to be based in places where the Group has significant operations. As such, we do not, and will not for the foreseeable future, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorised representatives, namely Mr. Wang, our executive Director and Ms. Lo Ka Man, one of our joint company secretaries, to be the principal communication channel at all times between the Stock Exchange and our Company. Each of our authorised representatives will be readily contactable by the Stock Exchange based on information provided to the Stock Exchange for the contact details of authorised representatives and will be available to meet with the Stock Exchange within a reasonable period of time upon request of the Stock Exchange. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange and shall be authorised to accept service of process and notices on behalf of our Company in Hong Kong under the Companies Ordinance;
- (b) we will implement a policy to provide the contact details of each Director (such as mobile phone numbers and email addresses) to each of the authorised representatives and to the Stock Exchange. This will ensure that each of the authorised representatives, our company secretaries and the Stock Exchange will have the means to contact all the Directors (including the independent non-executive Directors) promptly as and when required, including means to communicate with the Directors when they are travelling;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) we will ensure that all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to come to Hong Kong to meet with the Stock Exchange within a reasonable period of time when required;
- (d) we have appointed Somerley Capital Limited as our compliance advisor (the “**Compliance Advisor**”) upon listing, in accordance with Rule 3A.19 and of the Listing Rules. The Compliance Advisor will serve as an additional channel of communication with the Stock Exchange in addition to the authorised representatives of our Company. The Compliance Advisor will provide our Company with professional advice on ongoing compliance with the Listing Rules. We will ensure that the Compliance Advisor has prompt access to our Company’s authorised representatives and Directors who will provide to the Compliance Advisor such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor’s duties. The Compliance Advisor will also provide advice in compliance with Rule 3A.23 of the Listing Rules; and
- (e) meetings between the Stock Exchange and the Directors could be arranged through the authorised representatives or the Compliance Advisor, or directly with the Directors within a reasonable time frame. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the authorised representatives, the Directors and/or the Compliance Advisor in accordance with the Listing Rules.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 8.17 and 3.28 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experiences, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rules 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Institute of Chartered Secretaries;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience,” the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other listed companies and the roles he or she played;
- (b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Long Jianyao (龍國堯) (“**Mr. Long**”) as one of the joint company secretaries of our Company. Mr. Long has extensive experience in our business operations and corporate governance matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules. While Mr. Long may not be able to solely fulfil the requirements of the Listing Rules, our Company believes that it would be in the best interests of our Company and the corporate governance of our Company to appoint Mr. Long as our joint company secretary due to his thorough understanding of the internal administration and business operations of our Group. Our Company has also appointed Ms. Lo Ka Man (勞嘉敏) (“**Ms. Lo**”) to act as the other joint company secretary. Ms. Lo is a manager of corporate services of Tricor Services Limited. She has over 12 years of the corporate secretarial and compliance experience for Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lo is an Associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries), who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Long for an initial period of three years from the Listing Date to enable Mr. Long to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Since Mr. Long does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Long may be appointed as a joint company secretary of our Company. Pursuant to the Guidance Letter HKEX-GL108-20, the waiver will be for a fixed period of time (“**Waiver Period**”) and on the following conditions: (i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 (“**Qualified Person**”) and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer. The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. Lo,

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

as a joint company secretary of our Company, will work closely with, and provide assistance to, Mr. Long in the discharge of his duties as a joint company secretary and in gaining the relevant company secretary experience as required under Rule 3.28 of the Listing Rules and to become familiar with the requirements of the Listing Rules and other applicable Hong Kong laws and regulations. Given Ms. Lo's professional qualifications and experience, she will be able to explain to both Mr. Long and our Company the relevant requirements under the Listing Rules. Ms. Lo will also assist Mr. Long in organising Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. She is expected to work closely with Mr. Long, and will maintain regular contact with Mr. Long, the Directors and the senior management of our Company. The waiver will be revoked immediately if Ms. Lo ceases to provide assistance to Mr. Long as a joint company secretary for the three-year period after the Listing or where there are material breaches of the Listing Rules by our Company. In addition, Mr. Long will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing.

In the course of preparation of the Listing, Mr. Long attended a training seminar on the respective obligations of the Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Company's Hong Kong legal adviser and has been provided with the relevant training materials. Our Company will further ensure that Mr. Long has access to the relevant training and support that would enhance his understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, both Mr. Long and Ms. Lo will seek and have access to advice from our Company's Hong Kong legal and other professional advisers as and when required. Our Company has appointed Somerley Capital Limited as the Compliance Advisor upon our Listing pursuant to Rule 3A.19 of the Listing Rules, which will act as our Company's additional channel of communication with the Stock Exchange, and provide professional guidance and advice to our Company and its joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations.

Before the expiration of the three-year period, the qualifications and experience of Mr. Long will be further evaluated by our Company to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance of Ms. Lo will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Long, having benefited from the assistance of Ms. Lo for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

Please refer to the section headed "Directors and Senior Management" in this prospectus for further information regarding the qualifications of Mr. Long and Ms. Lo.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

WAIVER IN RESPECT OF COMPANY TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Rules 4.04(2) and (4) of the Listing Rules require that the new applicant include in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed or proposed to be acquired, since the date to which its latest audited accounts have been made up, in respect of each of the three financial years immediately preceding the issue of the listing document.

Pursuant to note (4) of Rule 4.04(4) of the Listing Rules, the Stock Exchange may consider an application for a waiver of Rules 4.04(2) and (4) of the Listing Rules.

Background of the Proposed Acquisition

Our Group entered into a share purchase agreement on July 13, 2021 to purchase 90% equity interest in Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. (常山翠卡物流產業園投資有限公司) (“**Zhongka Industrial Park Investment Co.**”) from Quzhou Juguan Supply Chain Management Partnership (Limited Partnership) (the “**Proposed Acquisition**”). To the best of our Director's knowledge, information and belief having made all reasonable enquiries, the seller, namely Quzhou Juguan Supply Chain Management Partnership (Limited Partnership), is controlled by the ex-spouse of Mr. Zhu's sibling, and the remaining 10% equity interest in Zhongka Industrial Park Investment Co. is owned by Changshan County Industrial Investment Guidance Fund Co., Ltd., an Independent Third Party.

Zhongka Industrial Park Investment Co. was established in China on December 8, 2017 and is primarily engaged in the business of property management, investing in and providing services for logistics industrial parks. As of the Latest Practicable Date, its registered share capital is RMB50,000,000. Zhongka Industrial Park Investment Co. is able to provide one-stop services to its clients, including licensing, financing, maintenance and inspection of our truck fleet. Upon the completion of relevant constructions, Zhongka Industrial Park Investment Co. will be able to provide offices for transportation management, truck inspection premises, driver training areas, staff canteens and dormitories, and parking lots with a gross area of 172,966 square meters. As our Company's business continues to expand, our truck fleet will continue to grow. Our Directors believe that the Proposed Acquisition will enable us to save land use and office costs by using the self-built properties and benefit from governmental policies, thus increase the efficiency of our truck fleet management and improve our aftermarket services, better meet our market demand, and align with our growth and cost-saving strategy.

According to the unaudited management accounts of Zhongka Industrial Park Investment Co., as of December 31, 2019 and 2020, (i) its total assets were approximately RMB97,255,410 and RMB164,903,240, respectively; (ii) its revenue was approximately RMB66,700 and RMB5,473,510, respectively; and (iii) its net loss was approximately RMB1,580,456 and RMB11,424,360, respectively. The significant increase in revenue from 2019 to 2020 was primarily because Zhongka Industrial Park Investment Co. derives most of its income through management fees of the logistics park which only commenced operations in the latter half of 2019, whereas the significant increase in net loss from 2019 to 2020 was primarily because it incurred start-up costs of system development and construction in 2020. Our Directors are of the view that the loss is temporary as the construction is completing and believe that from a long-term perspective the Proposed Acquisition will reduce our cost and improve the management efficiency based on the aforementioned reasons.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

The total consideration for the Proposed Acquisition is RMB65,700,000. Such consideration was fully settled in cash on August 6, 2021 and was determined through arms' length negotiations with the seller, taking into account Zhongka Industrial Park Investment Co.'s registered share capital, total assets and growth potential. The Directors consider that the terms of the Proposed Acquisition are based on normal commercial terms, fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Our PRC Legal Advisor has confirmed that the Proposed Acquisition has been properly and legally completed and settled from PRC legal perspective. Upon completion of the acquisition, our Group holds approximately 90% equity interest in Zhongka Industrial Park Investment Co.

Conditions to the waivers granted by the Stock Exchange

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of the Proposed Acquisition on the following grounds:

(a) Ordinary and usual course of business and independent third parties collaborating

As explained above, Zhongka Industrial Park Investment Co. is engaged in business activities complementary with and closely related to the existing business of our Company. As a result, we are of the view that entering into the Proposed Acquisition is within the ordinary and usual course of business of our Company. In addition, to the best of our knowledge, the counterparties of the Proposed Acquisition and their ultimate beneficial owners are third parties independent of our Company and its connected persons (as defined in Chapter 14A of the Listing Rules).

(b) Immateriality

Under Rule 14.04(9) of the Listing Rules, all the applicable percentage ratios in relation to the Proposed Acquisition are below 5% by reference to the most recent audited financial year of the Track Record Period. We consider the Proposed Acquisition to be immaterial in the context of our Company operations as a whole and therefore a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules will not affect potential investors' assessment of our business and future prospects when considering an investment in our Company.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

(c) It would be unduly burdensome to prepare financial information

As the consideration of the Proposed Acquisition was just settled on August 6, 2021, it is not reasonably practicable to complete the audit work of Zhongka Industrial Park Investment Co. before the Latest Practicable Date. Given the immateriality of the Proposed Acquisition to the business, financial condition or operations of our Group, it would also be unduly burdensome and would require considerable time and resources for our Company and Reporting Accountants to prepare the necessary information and supporting documents for the purpose of disclosure of the audited financial information of Zhongka Industrial Park Investment Co. in this Prospectus.

(d) Alternative disclosure

With a view of allowing potential investors to understand the investment in Zhongka Industrial Park Investment Co. in greater detail, we have set out in this section alternative information in relation to the Proposed Acquisition which is comparable to the information that is required for a discloseable transaction under Chapter 14 of the Listing Rules, including, among other things, (i) description of the principal business activities of Zhongka Industrial Park Investment Co., (ii) a confirmation that the counterparties and the ultimate beneficial owners of the counterparties of the Proposed Acquisition are Independent Third Parties, (iii) the consideration for the Proposed Acquisition and how it was satisfied, (iv) basis upon which the consideration for the Proposed Acquisition was determined, (v) the book value of the assets which are the subject of the Proposed Acquisition, (vi) the revenue and net profit/loss attributable to the assets which are the subject of the Proposed Acquisition for the two financial years immediately preceding the transaction, and (vii) the reasons for entering into the Proposed Acquisition and the benefits which are expected to accrue to our Group as a result of the Proposed Acquisition.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571 V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

THE HONG KONG PUBLIC OFFERING AND THIS PROSPECTUS

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus contains the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this Prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date.

Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this Prospectus or imply that the information contained in this Prospectus is correct as of any date subsequent to the date of this Prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set forth in the section headed “How to Apply for Hong Kong Offer Shares”.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure of the Global Offering”.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to (i) the Global Offering and (ii) any exercise of the Over-allotment Option.

No part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All Offer Shares will be registered on the Hong Kong Share Register of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

COMMENCEMENT OF DEALINGS IN THE OFFER SHARES

Dealings in the Offer Shares on the Stock Exchange are expected to commence on Thursday, November 11, 2021. The Offer Shares will be traded in board lots of 500 Offer Shares each. The stock code of the Offer Shares will be 9956.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed “Structure of the Global Offering.” Assuming that the Over-allotment Option is exercised in full, our Company may be required to issue up to an aggregate of 12,033,000 additional Shares.

SHARES THAT WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands, and our Hong Kong Share Register will be maintained by the Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Hong Kong Share Register of our Company in Hong Kong. Dealings in the Shares registered in our Hong Kong Share Register will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, holding and dealing in the Shares or exercising any rights attached to them. It is emphasised that none of

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates, directors, supervisors, employees, agents or advisors or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations of certain Renminbi amounts into Hong Kong dollars and of Renminbi amounts into US dollars at specified rates. Unless otherwise specified, or in respect of transactions that have occurred at historical exchange rates, the translation of Renminbi into Hong Kong dollars and of Renminbi into US dollars, and vice versa, in this Prospectus was made at the following rates:

- RMB0.8276 to HK\$1 (being the prevailing exchange rate on October 15, 2021 set by the PBOC)
- RMB6.4340 to US\$1 (being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on October 15, 2021)
- HK\$7.7785 to US\$1 (being the noon buying rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on October 15, 2021)

We make no representation and none should be construed as being made, that any of the HK dollar, U.S. dollar and RMB amounts contained in this Prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

LANGUAGE

If there is any inconsistency between the English version of this Prospectus and its Chinese translation, the English version of this Prospectus shall prevail unless otherwise stated. However, if there is any inconsistency between the names of any of the entities mentioned in this English document which are not in the English language and their English translations, the names in their respective original languages shall prevail. The English translations of the Chinese names of such PRC entities, enterprises, titles, laws, regulations and the like are provided for identification purposes only.

ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table in this Prospectus between total and sum of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Wang Yongjun (王擁軍)	Room 3203, No. 2, Lane 135 Xujiahui Road Huangpu District Shanghai, China	Chinese
Mr. Qin Xinghua (秦興華)	No. 1-21, Building A, Qilin Bay 59 Lushan Road Lingui Town, Lingui District Guilin, China	Chinese
Mr. Zhu Jianhui (祝建輝)	Room 3203, Unit 3, Block 1 Zhongan Jinghai Bay Xiaoshan District Hangzhou City, China	Chinese
Non-Executive Directors		
Mr. Chen Weihao (陳偉豪)	Rm 19A, L'Wanchai 109 Wanchai Road Hong Kong	Chinese
Mr. Wang Jian (王劍)	Room 701, No. 46, Lane 651 Luocheng Road Xuhui District Shanghai, China	Chinese
Ms. Li Dan (李丹)	10B, Xiangheting, Block 9 Gonghe Shijia 2004 Yitian Road Huanggang Community Futian Street, Futian District Shenzhen, China	Chinese
Independent Non-Executive Directors		
Mr. Li Wilson Wei (李維)	2F, Jiaping Tiancheng, No. 2A Wangjing Zhonghuan South Road Chaoyang District Beijing, China	Chinese
Mr. Geh George Shalchu (葛曉初)	Room 202, No.18, Lane 188 Jinbang Road, Xinjing Town Changning District Shanghai, China	American
Mr. Lam Man Kwong (林文剛)	Flat 401, 4/F, La Hacienda Block B, 31-33 Mount Kellett Road The Peak, Hong Kong	Chinese (Hong Kong)

Further information is disclosed in the section headed “Directors and Senior Management” in this Prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

J.P. Morgan Securities (Far East) Limited
23-29/F, Chater House
8 Connaught Road Central
Hong Kong

**China International Capital Corporation
Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Joint Global Coordinators

**J.P. Morgan Securities (Asia Pacific)
Limited**
23-29/F, Chater House
8 Connaught Road Central
Hong Kong

**China International Capital Corporation
Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Citigroup Global Markets Asia Limited
50th Floor, Champion Tower
Three Garden Road
Central
Hong Kong

Joint Bookrunners and Joint Lead Managers

**J.P. Morgan Securities (Asia Pacific)
Limited**
*(in relation to the Hong Kong Public
Offering only)*
23-29/F, Chater House
8 Connaught Road Central
Hong Kong

J.P. Morgan Securities plc

(in relation to the International Offering only)

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

China International Capital Corporation

Hong Kong Securities Limited

29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Citigroup Global Markets Asia Limited

(in relation to the Hong Kong Public Offering)

50th Floor, Champion Tower
Three Garden Road
Central
Hong Kong

Citigroup Global Markets Limited

(in relation to the International Offering)

33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

ABCI Capital Limited

(Joint Bookrunner only)

11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited

(Joint Lead Manager only)

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**China Galaxy International Securities
(Hong Kong) Co., Limited**

20/F, Wing On Centre
111 Connaught Road Central
Sheung Wan, Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road
Central
Hong Kong

**China Merchants Securities (HK) Co.,
Limited**

48/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

**Futu Securities International (Hong
Kong) Limited**

Unit C1-2 13/F United Centre
No. 95 Queensway
Admiralty
Hong Kong

**Haitong International Securities Company
Limited**

22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Livermore Holdings Limited

(Joint Lead Manager only)
Unit 1214A, 12/F
Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisers to our Company

As to Hong Kong and U.S. laws

Davis Polk & Wardwell

18th Floor
The Hong Kong Club Building
3A Chater Road
Hong Kong

As to PRC law

Jingtian & Gongcheng

Suite 45/F, K.Wah Centre
1010 Huaihai Road (M)
Xuhui District
Shanghai
PRC

As to Cayman Islands law

Maples and Calder (Hong Kong) LLP

26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Legal Advisers to the Joint Sponsors and the Underwriters

As to Hong Kong and U.S. laws

Freshfields Bruckhaus Deringer

55th Floor, One Island East
Taikoo Place, Quarry Bay
Hong Kong

As to PRC law

Han Kun Law Offices

9/F, Office Tower C1
Oriental Plaza
1 East Chang An Ave
Dongcheng District
Beijing 100738, China

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Reporting Accountants and Auditors

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

Industry Consultant

Shanghai iResearch Co., Ltd.

Room 701, Building B

CCIG International Plaza

No. 333 Caoxi North Road

Xuhui District, Shanghai 200030

PRC

Compliance Advisor

Somerley Capital Limited

20th Floor, China Building

29 Queen's Road Central

Central, Hong Kong

Receiving Banks

Bank of China (Hong Kong) Limited

1 Garden Road

Hong Kong

CMB Wing Lung Bank Limited

16/F CMB Wing Lung Bank Building

45 Des Voeux Road

Central

Hong Kong

CORPORATE INFORMATION

Registered Office in the Cayman Islands	PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Headquarters and Principal Place of Business in the PRC	8th Floor, Block B E Linke World North District 999 Huaxu Road Xujing Town Qingpu District Shanghai, PRC
Principal Place of Business in Hong Kong	Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Company Website	<u>www.ane56.com</u> <i>(the information contained on this website does not form part of this Prospectus)</i>
Joint Company Secretaries	Mr. Long Jianyao (龍圀堯) 8th Floor, Block B E Linke World North District 999 Huaxu Road Xujing Town Qingpu District Shanghai, PRC Ms. Lo Ka Man (勞嘉敏) (ACG, ACS) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised Representatives	Mr. Wang Yongjun (王擁軍) 8th Floor, Block B E Linke World North District 999 Huaxu Road Xujing Town Qingpu District Shanghai, PRC Ms. Lo Ka Man (勞嘉敏) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. Li Wilson Wei (<i>Chairman</i>) Mr. Geh George Shalchu Mr. Lam Man Kwong
Remuneration Committee	Mr. Lam Man Kwong (<i>Chairman</i>) Mr. Qin Xinghua Mr. Li Wilson Wei
Nomination Committee	Mr. Wang Yongjun (<i>Chairman</i>) Mr. Lam Man Kwong Mr. Li Wilson Wei
Principal Share Registrar and Transfer Office	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall Cricket Square, Grand Cayman KY1-1102 Cayman Islands
Hong Kong Share Registrar	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Banks	China Citic Bank Corporation Limited Shanghai Zhonghuan Sub-Branch No. 1275, Meichuan Road Putuo District Shanghai, PRC Industrial and Commercial Bank of China Limited, Shanghai Xujing Sub-Branch No. 71, Jinghua Road, Xujing Town Qingpu District Shanghai, PRC The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

INDUSTRY OVERVIEW

Certain information and statistics set out in this section and elsewhere in this prospectus are derived from various government and other publicly available sources, and from the market research report prepared by iResearch, an independent industry consultant, that we commissioned (the “iResearch Report”). The information extracted from the iResearch Report should not be considered as a basis for investments in the Offer Shares or as an opinion of iResearch with respect to the value of any securities or the advisability of investing in our Company. We believe that the sources of this information and statistics are appropriate for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading in any material respect. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives, or any other persons or parties involved in the Global Offering, save for iResearch, nor is any representation given as to the accuracy or completeness of such information and statistics. Accordingly, you should not place undue reliance on such information and statistics. For discussions of risks relating to our industries, see “Risk Factors – Risks Relating to Our Business and Industry.”

CHINA’S LOGISTICS MARKET

Nationwide Transportation Networks Play a Key Role in China’s Digitalised Economy

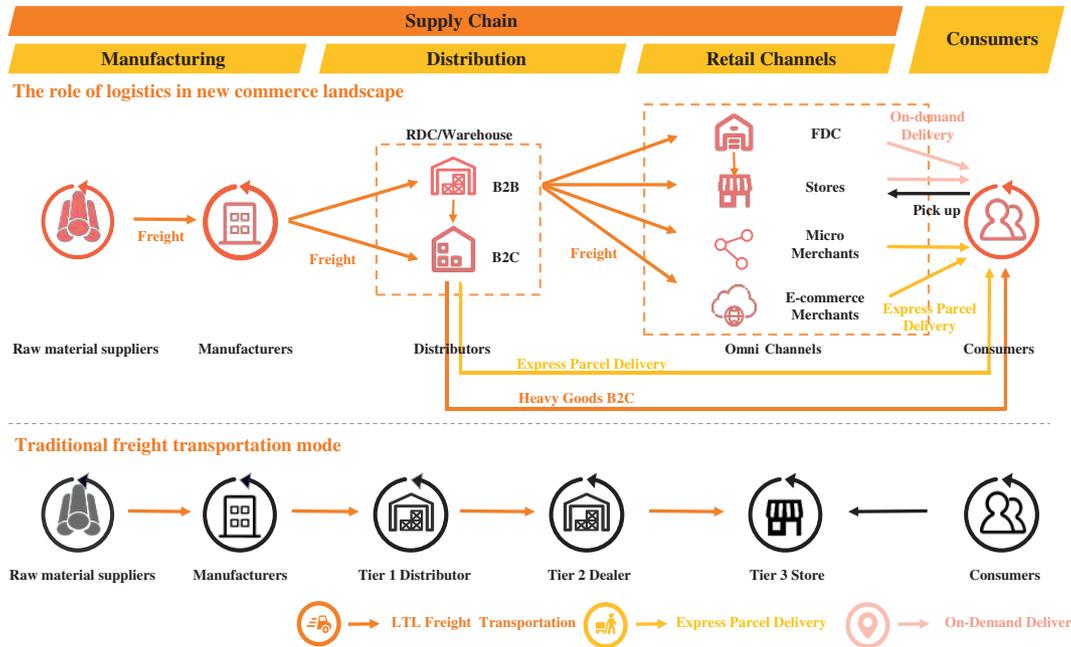
Empowered by technology innovations and infrastructure improvement, China’s commerce landscape has witnessed accelerated digitalisation in recent years, driving a rapid growth in B2C e-commerce. The evolving commerce landscape has reshaped consumer behaviour towards increasing demand for readily available and diversified goods, which leads to a profound evolution in the supply chain. Encompassing manufacturing, distribution and online offline omni-channel retail, supply chain in China is underpinning the new economy evolution through swift digitalisation, network growth and increased connectivity.

Transportation network is a key enabler and beneficiary of the supply chain evolution. As more merchants and retailers adopt the omni-channel strategy to meet end customers’ demand, supply chain adapts into a sophisticated system integrating the transportation network as a critical component of the system. Express freight network plays a critical role in facilitating fast turnover of merchandise to multiple warehousing and retail facilities across the nation in close proximity to end-consumers. This has created a significant and fast-growing demand that cannot be met by the freight operators under the historically fragmented freight transportation model in China. Due to lack of digitalisation and limited scale and network, traditional freight operators in China’s LTL market mainly serve local merchants and offline businesses. Nationwide transportation networks, especially nationwide LTL networks, or express freight networks, provide expedite, reliable, comprehensive and highly digitalised freight services

INDUSTRY OVERVIEW

through a network of warehouses, hubs and routes. Such networks will serve as an important infrastructure that integrates the full spectrum of the supply chain, from manufacturers to distributors, merchants and retailers. The growing capabilities of nationwide transportation network will empower and benefit from the evolving commerce landscape and supply chain evolution, which is expected to be the main driver of China's economy for the decades to come.

The following diagram illustrates the roles played by freight transportation, express delivery and on-demand delivery in China's commerce landscape:



Note: RDC is short for regional distribution centre, FDC is short for front-end distribution centre

Overview of China's Logistics Industry

Logistics industry is the backbone for the development of China's economy. The market size of China's logistics industry reached RMB14.9 trillion in 2020, accounting for 14.7% of China's GDP in 2020. Transportation is the largest component of China's logistics industry, with a market size of RMB7.8 trillion in 2020 which accounted for over 50% of the market size of China's logistics industry.

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Road transportation accounted for over 70% of total transportation volume in China from 2015 to 2020 and plays a critical role in China's logistics system. The following chart illustrates the breakdown by transportation means of China's transportation market in terms of freight volume for the years indicated:

Freight Volume by Transportation Means



Note: * for less than 0.01% of total freight volume.

Source: Ministry of Transport

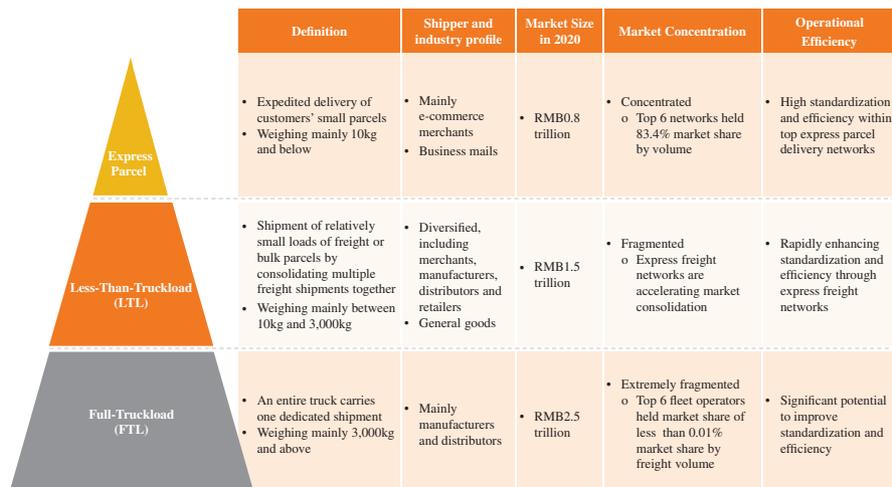
China's Road Transportation Industry

The road transportation industry can generally be divided into three segments by weight per shipment, namely express parcel (often referred to as “express delivery”), less-than-truckload (“LTL”) and full-truckload (“FTL”). LTL and FTL transport freights while express delivery mainly transports parcels. Within the LTL segment, express freight network operators are LTL service providers with nationwide coverage, delivering timely and comprehensive services.

Express delivery provides the door-to-door delivery of a parcel typically weighing 10kg and below and FTL handles the shipping of freight typically weighing 3 tons and above with an entire truck for direct point-to-point service. In comparison, LTL adopts an agile transportation approach, which deals with the shipping of freight typically weighing between 10kg and 3 tons and can carry all freight weights that do not require an entire high-capacity line-haul truck. LTL has been able to capture a large market share of transportation services and is expected to grow with great potential by serving both the lower weight range of the FTL market and higher weight range of the express delivery market.

INDUSTRY OVERVIEW

LTL is positioned between express parcel delivery and FTL in terms of market size, market concentration and efficiency. The following chart illustrates key features of the three road transportation segments:

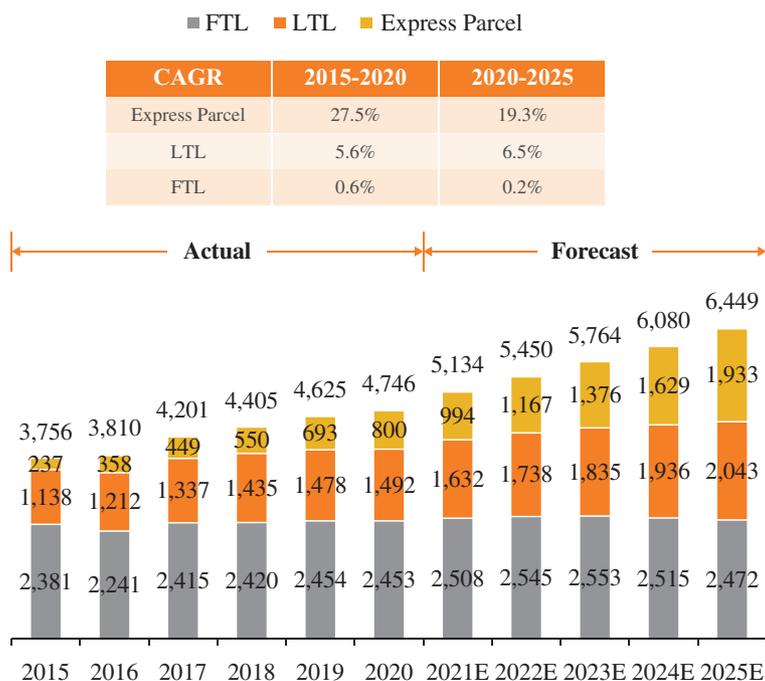


Source: iResearch

Compared to FTL, the LTL industry has higher profitability, higher growth, less market competition, door-to-door capabilities and stronger network effects. Compared to express parcel delivery, the LTL industry had significantly larger market size, much lower market concentration and faced less competition and less price pressure in recent years.

In the past few years, the market share of LTL in the road transportation industry has experienced sustained growth and is expected to continue to grow. The following chart illustrates the breakdown of China's road transportation market in terms of revenue for the years indicated:

China's Road Transportation Market Size (RMB in billion)



Source: National Bureau of Statistics, State Post Bureau, iResearch

INDUSTRY OVERVIEW

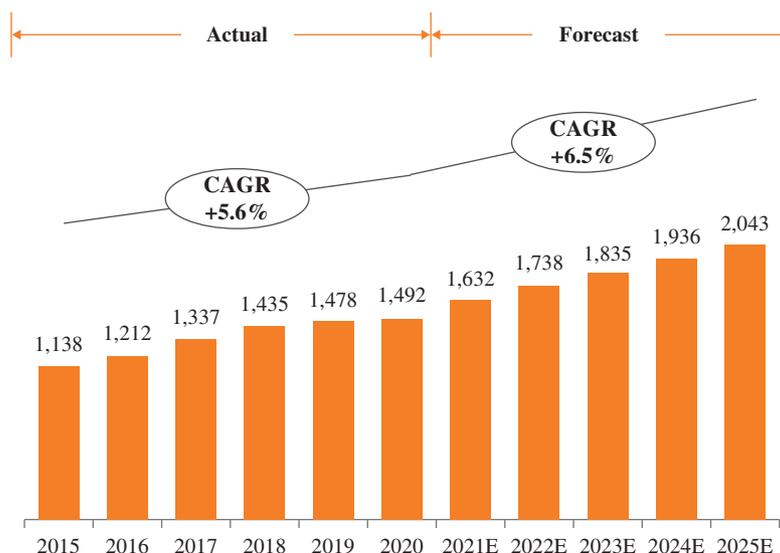
CHINA'S LTL MARKET

Overview

The Largest LTL Market Globally

China is the largest LTL market, followed by the U.S.. However, China's LTL market is still in its relatively early stage while the LTL market in the U.S. is more established. Shippers in the U.S. demand high quality, timely, comprehensive and nationwide LTL services. Such demand drove the consolidation, digitalisation and growth of the U.S. LTL players. China's LTL market has started to follow a similar path. The market size of China's LTL industry as measured by revenue reached RMB1,492 billion, or US\$216.2 billion in 2020, which was approximately five times that of the U.S., and has outpaced the growth rate in the U.S. LTL market in the last five years, with a CAGR of 5.6% from 2015 to 2020 in China as compared to 3.7% in the U.S.. The following chart illustrates the size of China's LTL market in terms of revenue for the years indicated:

China's LTL Market Size by Revenue (RMB in billion), 2015-2025E



Source: iResearch

As the backbone of China's road transportation, LTL serves a full spectrum of the supply chain encompassing a broad and diverse customer base, including manufacturers, distributors, merchants and retailers across China's major commerce and industry sectors.

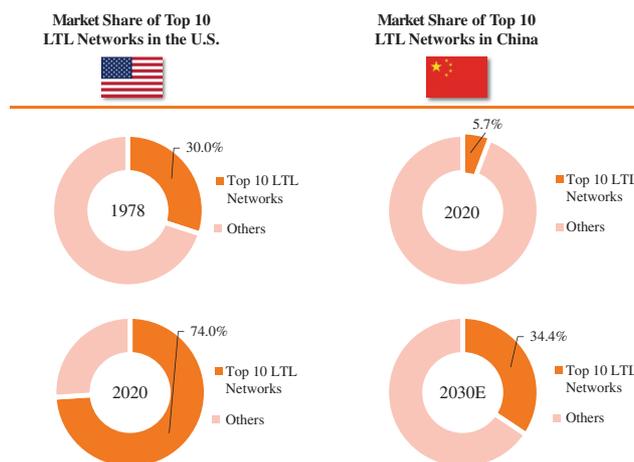
China's LTL Market Offers Substantial Opportunities for Market Consolidation.

China's LTL market is highly fragmented, with substantial opportunities for market consolidation. China's LTL market comprises approximately 200 thousand to 300 thousand small and medium direct-line and regional LTL freight operators, with limited geographical coverage, inconsistent service quality, lack of technology and digitalisation capabilities, limited resources for growth, limited product offerings and lack of capabilities to provide comprehensive logistics service offerings to satisfy shippers' needs. There is considerable room for standardisation and improvement of operational efficiency, which offers significant opportunities for leading players with capabilities to consolidate the market.

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The U.S. LTL industry is relatively concentrated with leading express freight networks taking up a significant portion of market shares because of their scale and efficiency. China's LTL market, still in its relatively early stage as compared to the U.S., is expected to follow the development of the U.S. LTL market, where leading express freight networks will be well-positioned to consolidate the market. Driven by increasing and sophisticated customer demand for transportation services arising from the development of supply chain evolution, and the innovative freight partner platform model which empowers existing small and medium regional LTL freight operators, China's LTL market is experiencing more rapid digitalisation development and market consolidation as compared to the U.S.. Express freight networks under the freight partner platform model were able to achieve significant growth through accelerated consolidation of direct line and local freight operators by empowering them and attracting them to the freight partner platform, as compared to the M&A driven consolidation in the U.S. LTL industry. The following chart illustrates the comparison of concentration ratios in the China and U.S. LTL markets in 2020:

**Comparison of Concentration Ratios of the China and U.S. LTL Markets
(by Shipper Spending)**



Source: iResearch

In the U.S., despite the relatively stable growth of the LTL market, pure-play LTL players are capable of growing their market shares and profit margin through economies of scale and improvement in efficiency. From 2002 to 2020, the U.S. LTL market size increased from US\$26.7 billion to US\$42.1 billion at a CAGR of 2.6%. In the same period, the revenue of ODFL, one of the top two nationwide LTL freight operators in the U.S., grew from US\$566 million to US\$4.0 billion at a CAGR of 11.4%, with its market share increasing from 2.1% to 9.4% correspondingly. Meanwhile, the revenue of SAIA, another major U.S. LTL freight operator, increased from US\$775 million to US\$1.8 billion at a CAGR of 4.9% with its market share growing from 2.9% to 4.3%. Both ODFL and SAIA have achieved their business growth above the average industry growth and increase in their market capitalizations, primarily through acquisitions of their competitors to expand their freight networks quickly and achieve economies of scale. After forming their respective nationwide freight networks, these LTL players are able to continue their organic growth driven by operating efficiency improvement, continued investment in transit hubs and outlets as well as technology and smart equipment and customised and high-quality products and services that increase customer stickiness. Similarly, we expect leading LTL players in China will continue to solidify their market leading position and cost-leadership through accelerated market consolidation.

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Key Growth Drivers for China's LTL Market

The following factors are expected to drive the development of China's LTL market, according to iResearch:

- *Significant demand for comprehensive and timely LTL services from B2B supply chain upgrade*
 - o ***Growth of e-commerce merchants*** – China's massive yet unique e-commerce market has led to the booming of a great number of small and medium e-commerce merchants trading on major e-commerce platforms, with the aggregate transaction value on such platforms accounting for a significant portion of China's retail trade. For their scale, it is not cost-effective to use integrated supply chain logistics solutions. However, as they grow their volume and complexity in inventory management needs on different e-commerce platforms, such small and medium e-commerce merchants rely on independent and highly efficient third-party LTL freight service providers to deal with the complex and resource-consuming freight transportation process.
 - o ***Just-in-time manufacturing***. The traditional manufacturing model has evolved into a more flexible and just-in-time manufacturing model, the C2M model, featuring more SKUs with smaller batches, shortened production cycle, and more frequent shipments. Just-in-time manufacturing accelerates inventory turnover and improves distribution efficiency. As a result, term scheduled bulk freight transportation are being replaced by time-definite, low volume and frequent shipments, which drives the growth of LTL.
 - o ***Omni-channel and delayering of trade distribution***. The multi-layered trade distribution channels in many industries are becoming flatter to respond to the challenges brought by the B2C e-commerce. Brands, distributors and retailers are increasingly adopting online and offline omni-channel to cater to consumers' needs. These changes call for focused, efficient and comprehensive LTL services, which serve a critical role in enabling fast turnover and comprehensive shipping services to nationwide destinations, revolutionising the historically inefficient merchandise transportation model where each layer of distributors was responsible for a small segment of shipment within local coverage.
 - o ***Nationwide reach of products from origin***. With a new wave of urbanisation in China, lower-tier cities and rural areas are becoming more economically vibrant. Nationwide express freight networks help merchants bring local products to consumers faster and more directly from origin through an increasingly efficient supply chain.

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- *Deepened penetration of B2C heavy-goods e-commerce*
 - o With consumption upgrade, B2C heavy-goods e-commerce such as white goods, furnishing and home accessories has experienced, and will continue to experience, strong growth. While express parcel delivery usually ships parcels under 10kg, LTL services cater more to the shipments of B2C heavy-goods door to door. Deepened penetration of B2C heavy-goods e-commerce brings significant growth opportunities for LTL services, especially freight networks with nationwide coverage and door-to-door capabilities.

China's LTL Market Landscape and Trends

China's LTL market can be mainly classified into two categories of players by their respective operation model, network coverage and range and level of services – (i) express freight networks with nationwide coverage, and (ii) direct line and local freight operators with regional presence. China's LTL industry is highly fragmented and inefficient with 200,000 – 300,000 of small and medium-sized direct line and local freight operators. The following table sets forth the key characteristics of express freight networks and direct line and local freight operators:

		Express freight networks	Direct line and local freight operators
Operation model		<ul style="list-style-type: none"> • Hub-and-spoke model • Hubs are responsible for freight consolidation and sortation, and freight is transported via routes (spokes) to outlets responsible for pickup and dispatch 	<ul style="list-style-type: none"> • Local freight operators collect orders and transport through direct lines
Network coverage		<ul style="list-style-type: none"> • Nationwide network with broad and in-depth coverage in most provinces, cities, counties and towns 	<ul style="list-style-type: none"> • Point-to-point transportation without network
Shipping service	Nationwide	√ nationwide coverage	✗ limited line-haul routes
	End-to-end	√ a large number of outlets to perform pickup and dispatch at relatively low cost	✗ self-pickup or engage intra-city logistics companies
	Comprehensiveness	√ various product offerings to satisfy different needs	✗ single type of product offering
	Reliability	√ real-time tracking	✗ shippers may not be able to track on freight status
	Timeliness	√ infrastructure and system in place to ensure timeliness of different products	✗ no guarantee of consistent timely delivery due to lack of standardisation
	Quality	√ consistent service quality via standardized operations	✗ able to provide customized service but service quality is inconsistent
Entry barrier and industry concentration		<ul style="list-style-type: none"> • High entry barrier in terms of establishing a stable network • Only around a dozen express freight networks are in operation 	<ul style="list-style-type: none"> • Low entry barrier; • currently 200,000 – 300,000 of direct line and local freight operators are in operation

INDUSTRY OVERVIEW

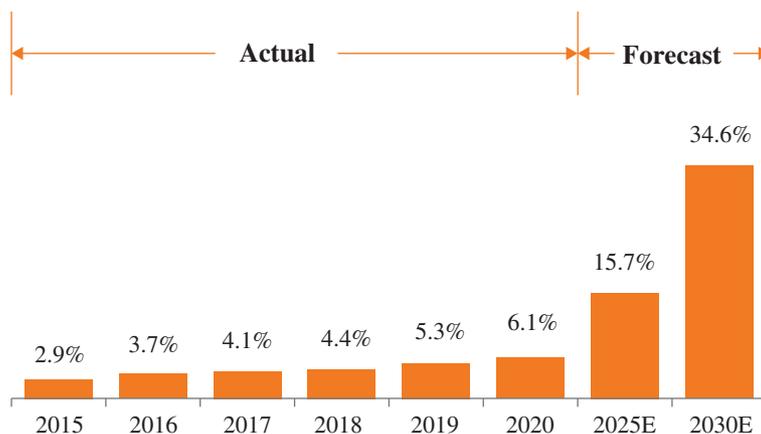
As compared to direct line and local freight operators, express freight networks are able to deliver timely, comprehensive and digitalised services, serving as an increasingly important logistics infrastructure underpinning the entire commerce landscape. Key competitive advantages of successful express freight networks include:

- ***Operational efficiency from economies of scale.*** Leading players benefit from self-reinforcing network effects with economies of scale, strong operational and cost efficiency, comprehensive management know-how and expertise accumulated from years of experience are most likely to achieve significant profitability and price leadership.
- ***Extensive network coverage.*** With the evolution of B2B and B2C e-commerce, there is an increasing demand for cost-efficient and timely transportation to cover the vast area of China, even in far-flung rural locations. Express freight networks with extensive outlets and density across the whole country have extensive coverage and high timeliness, and benefit from network effects. As a result, they are best-positioned to meet such increasing demand.
- ***Digital technology capabilities.*** In recent years, the supply chain industry has been rapidly digitalised. Innovative technology capabilities enable express freight networks to optimise their operations and meet new demands from a digitalised economy, and to provide fully digitalised freight services.
- ***Comprehensive transportation services with high service quality.*** Express freight networks offer integrated and comprehensive transportation services to fulfil shippers' different requirements on service offerings, timeliness and security. As a result of their established scale and network, leading express freight networks are able to achieve economies of scale, and are thus able to devote more resources in optimising routing, investing in core assets, developing new technologies and upgrading products to improve service quality. As a result, express freight networks are well-positioned to satisfy more potential demands from broader markets with better service quality, higher responsiveness and more comprehensive service offerings.

As a result of the foregoing, express freight networks are consistently gaining market share in China's LTL market to meet shippers' increasing demand for nationwide, end-to-end and comprehensive services. In addition, given that the business model of express freight networks is able to achieve greater operational efficiencies as compared to that of the direct line and local freight operators, the market size of express freight network is expected to continue to outgrow that of overall LTL market in China during the period of 2020-2025 and 2025-2030. According to iReserach, the CAGR of the market size of express freight networks is expected to be 28.6% during 2020-2025, outpacing 6.5% CAGR of China's LTL market in the same period. During 2025-2030, the CAGR of the market size of express freight networks is expected to be 21.9%, as compared to 4.1% of China's LTL market. The aggregate market share of express freight networks among China's LTL market as measured by shipper spending increased from 2.9% in 2015 to 6.1% in 2020, and is expected to further increase to 15.7% in 2025 and 34.6% in 2030.

INDUSTRY OVERVIEW

The Aggregate Market Share of Express Freight Networks Among China’s LTL Market (%, by shipper spending)



Source: iResearch

Overview of China’s Express Freight Networks

Express freight networks primarily operate under two models, namely the direct model and freight partner platform model.

Before the emergence of express freight networks, China’s LTL industry was highly fragmented. Most of the market participants were direct line and local freight operators that operate in subscale and serve a small number of shippers with limited products and services. Express freight networks under the direct model first emerged in 1990s. By offering nationwide and timely services, these networks had been gaining market shares over direct line and local freight operators. With the evolution of the digital economy and the pain points faced by local freight operators, the innovative freight partner platform model emerged to empower them with technology capabilities and operational efficiency to deliver and expand comprehensive and high-quality services to shippers. It has been proven as a more effective approach to consolidate the LTL market by attracting local freight operators to join the platform, to serve the market and to scale up quickly.

Key features of direct model and freight partner platform model include:

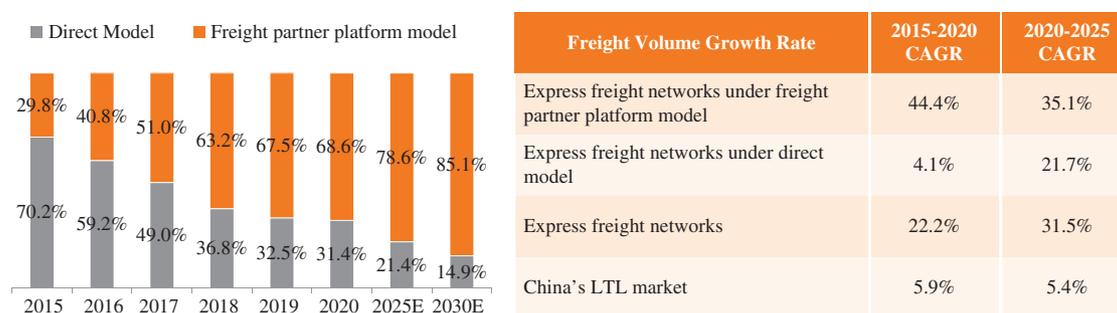
Category	Freight partner platform model	Direct model
 Compatibility with China’s commerce landscape	✓ Highly scalable and cost-effective service offerings catering to the unique decentralized feature of commerce landscape in China	<ul style="list-style-type: none"> • Challenges in serving cost-sensitive merchants
 Economies of scale	✓ Flexibility for quick expansion with optimized working capital efficiency to achieve economies of scale	<ul style="list-style-type: none"> • Platform contributes all capital for network expansion • Platform bears receivables risk and working capital pressure ✓ Ability to exercise direct control on the entire network to ensure service quality and execute business strategies
 Network effects	✓ “Proactive” – empowered with data-driven technologies and network infrastructures from the platform, freight partners and agents are well incentivized to achieve low-cost and rapid network development	<ul style="list-style-type: none"> • “Passive” – nationwide network follows the path of merger and acquisition for network expansion

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As a result of the foregoing, express freight networks under the freight partner platform model have experienced rapid growth, significantly outpacing those under the direct model. Players under the freight partner platform model are expected to continue to accelerate market consolidation in the future by taking advantage of its resource consolidation capabilities and the self-reinforcing network effects. Players under the freight partner platform model are able to expand network coverage and continue to improve shipper experience through digitalisation and technology innovations, attracting more shippers to use their products and more freight partners to join their platforms. Such self-reinforcing network effects will further drive their business growth.

Among express freight networks, the freight volume for players under the freight partner platform model grew at a CAGR of 44.4% from 2015 to 2020, with market share by freight volume among express freight networks increasing from 29.8% in 2015 to 68.6% in 2020. The freight volume of those under the direct model grew at a CAGR of only 4.1% from 2015 to 2020, with their market share among express freight networks decreasing from 70.2% to 31.4% over the same period. According to iResearch, the market size of express freight network in China in terms of freight volume was 59.1 million tons in 2020, and the market size of express freight networks under the freight partner platform model was 40.5 million tons. The following chart shows the historical and expected growth in market share of freight partner platform model among all express freight networks.

Market Share Evolution for Express Freight Networks under the Freight Partner Platform Model and Direct Model (% , by freight volume)



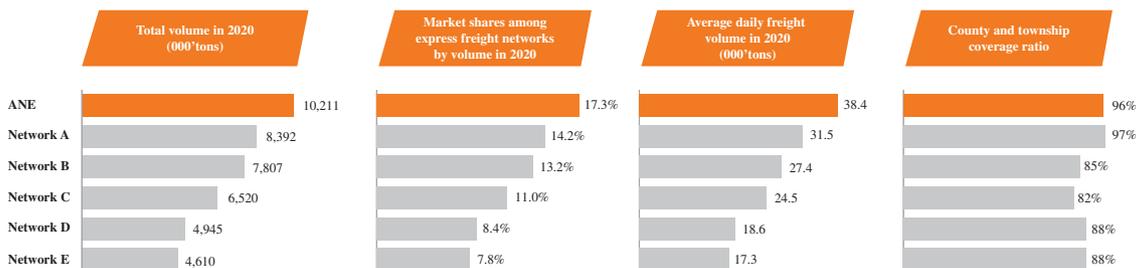
Source: iResearch

Among express freight networks, the growth of freight volume for those under the freight partner platform model is expected to grow at a CAGR of 35.1% from 2020 to 2025, outpacing overall industry growth. Therefore, the market share of freight volume among express freight networks is expected to reach 78.6% in 2025.

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Market Competition of China's Express Freight Networks

We directly compete with other express freight networks under the freight partner platform model. We had a market share of 17.3% in 2020 by freight volume among express freight networks, increasing from 12.3% in 2015. In 2020, we are the largest express freight networks in China in terms of freight volume and average daily freight volume, according to iResearch. The following diagram illustrates the comparison of freight volume, average daily freight volume and network coverage among leading express networks in China.

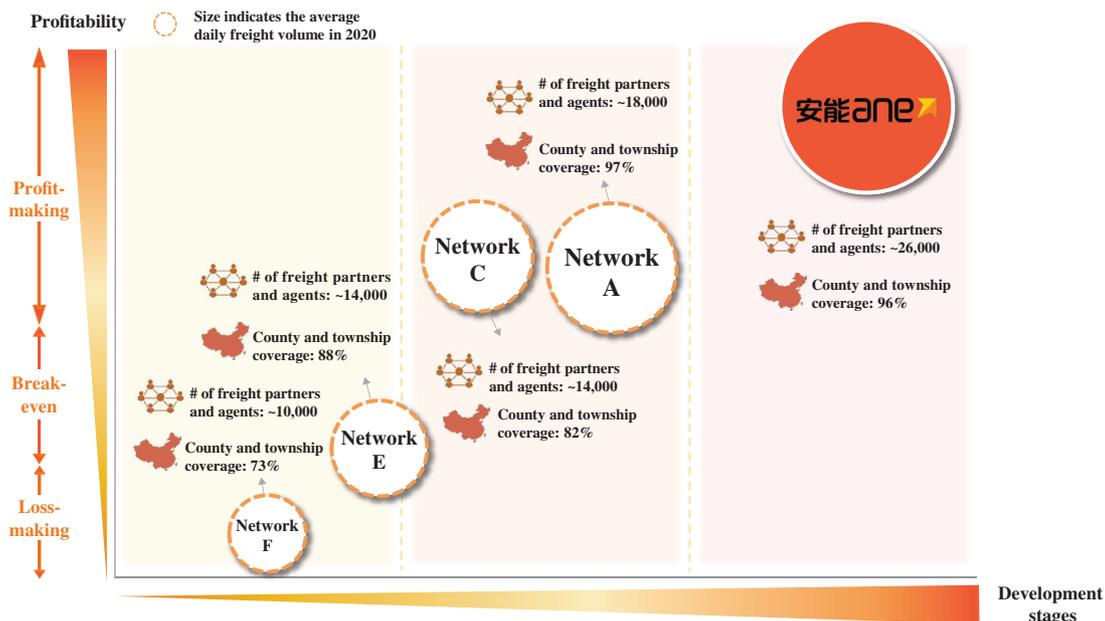


Note 1: Operating data as of December 31, 2020, assuming 266 working days for other players in 2020, and 285 days for Network B.

Note 2: Network A was established in 2012 and is operated by a NYSE-listed company headquartered in Zhejiang; Network B was established in 2014 and is operated by an A-share listed logistics conglomerate headquartered in Shenzhen; Network C was established in 2016 and is operated by an unlisted company headquartered in Hangzhou; Network D was established in 1996 and is operated by an A-share listed company headquartered in Shanghai; Network E was established in 2015 and is operated by an unlisted company headquartered in Shanghai.

Source: Ministry of Transport

We have created the freight partner platform model in 2012 and have transformed the industry landscape. Several players have followed suit and adopted this model since 2014, but we have maintained our market leadership in terms of scale, growth and profitability, which is illustrated in the following charts:



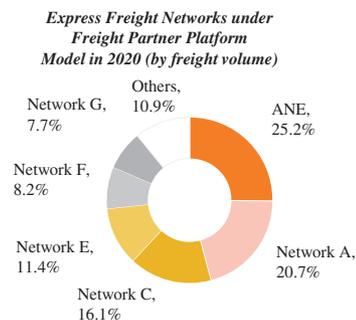
Note: Network F was established in 2017 and is operated by an unlisted company headquartered in Shanghai

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In 2020, there were more than 12 express freight networks under freight partner platform model in China, according to iResearch. The following chart shows our market share among freight partner platform model players in 2020.

Market Share and Freight Volume for Top Express Freight Networks under Freight Partner Platform Model in 2020 (by freight volume)

#	Company	Freight Volume in 2019 (000' ton)	Company	Freight Volume in 2020 (000' ton)
1	ANE	8,138	ANE	10,211
2	Network A	6,980	Network A	8,392
3	Network C	4,650	Network C	6,520
4	Network E	4,282	Network E	4,610
5	Network F	2,540	Network F	3,310
6	Network G	1,775	Network G	3,106



Note: Network G was established in 2018 and is operated by an A-share listed logistics conglomerate headquartered in Shenzhen

Source: iResearch

We operate in a competitive industry, and if we fail to compete effectively, our business and prospect could be negatively affected. Some of the companies against which we are competing or against which we may compete in the future may have greater financial resources, and may actively adopt growth strategies from time to time. For example, one of our competitors is currently constructing a cargo airport hub. According to iResearch, air transportation is mainly used for the express parcel business, and is scarcely used in the LTL market considering the high costs. Therefore, we believe that it will not have a material impact on the competitive landscape of China’s LTL market. See “Risk Factors – Risks Relating to Our Business and Industry – We operate in a competitive industry, and if we fail to compete effectively, our business and prospect could be negatively affected.” For details of our future strategies to maintain our competitive edges and sustain our strong, profitable growth in the years to come, see “Business – Our Strategies.”

Barriers to Entry

The following are the key barriers to entry for the express freight network:

- **Significant investment in capital and time.** Developing a self-sustaining express freight network requires significant time, working capital and long-term investment in critical infrastructure, such as establishing an extensive network coverage, securing sorting facilities at critical locations, managing a growing sorting and line-haul network, which are difficult for new entrants to replicate and develop in a short period of time. Specifically, express freight networks under freight partner platform model also require strong capabilities in acquiring and empowering freight partners and maintaining a healthy freight partner platform.
- **Technology capabilities.** Technology plays a critical role in the operations of nationwide express freight networks. Leadership in technology capabilities are acquired through years of operational data accumulation and hand-in-hand R&D between the operational team and the R&D team. The existing players have created technology barriers for new entrants through continuous R&D efforts and investments.

INDUSTRY OVERVIEW

- ***Brand recognition, differentiated product offerings and consistent service quality.*** It takes years of industry experience and extensive network coverage to satisfy the increasing demands for differentiated product offerings, comprehensive transportation services, high and consistent service quality. As a result, leading players are well-positioned to satisfy such demands and enhance brand recognition with nationwide coverage and integrated logistic resources, creating competitive edges.

SOURCE OF INFORMATION

Founded in 2002, iResearch is an independent and a PRC-based market research institution that provides consumer insights and market data to companies in various industries, including logistics, consumer goods, advertising, mobile internet, finance, e-commerce, big data and information technology.

iResearch has agreed to be paid a commission fee of approximately RMB0.65 million to issue a report (the “**iResearch Report**”) on China’s logistics industry. The iResearch Report was compiled using both primary and secondary research conducted in China. The primary research involved interviews with industry experts, enterprises and channels. The secondary research utilised relevant economic data, industry data, information and statistics published by government departments, publications and studies by industry experts, public company annual and quarterly reports, iResearch’s other research reports, online resources and data from iResearch’s research database.

iResearch’s projection on the size of the related markets in China takes into consideration various factors, including (i) historical market size data, (ii) the public filings of, and other publicly available information regarding major logistics services providers and those companies’ projections of the related industries from iResearch’s interviews or communications with them, and (iii) iResearch’s views and estimates of industry developments. iResearch has prepared the iResearch Report on the assumptions that (i) the social, economic and political environments of China will remain stable during the forecast period, which ensures a sustainable and steady development of China’s logistics industry, (ii) the data quoted from authoritative agencies remain unchanged, (iii) related key industry drivers remain relevant and applicable in the forecast period, and (iv) there will be no subversive changes to the related industries. The reliability of the iResearch Report may be affected by the accuracy of the foregoing assumptions and factors.

iResearch believes that the basic assumptions used in preparing the iResearch Report, including those used to make future projections, are factual, correct and not misleading. iResearch has independently analysed the information, but the reliability of this report may be affected by the accuracy of the foregoing assumptions and factors.

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PRC REGULATORY OVERVIEW

Set out below is a brief overview of the significant aspects of the PRC laws and regulations relating to our business operations.

Laws and Regulations Relating to Foreign Investment

Industry Catalogue Relating to Foreign Investment

The MOFCOM and the NDRC jointly promulgated the Negative List for Foreign Investment Access (《外商投資准入特別管理措施》(負面清單)), or the Negative List, on June 23, 2020, which became effective on July 23, 2020, and the Catalogue of Industries for Encouraging Foreign Investment (2020 Edition) (《鼓勵外商投資產業目錄》(2020年版)), or the Catalogue, December 27, 2020, which became effective on January 27, 2021. The Catalogue and the Negative List set forth the industries in which foreign investments are encouraged, restricted, or prohibited. Industries that are not listed in any of the above three categories are generally open to foreign investment unless specifically restricted by other PRC regulations. Establishment of wholly foreign-owned enterprises is generally allowed in encouraged and permitted industries. Foreign investors are not allowed to invest in industries in the prohibited category.

Foreign Investment Law and Regulations

On March 15, 2019, the National People's Congress adopted the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the FIL, which came into effect on January 1, 2020. Pursuant to the Foreign Investment Law of the PRC, China will grant national treatment to foreign-invested entities, except for those foreign-invested entities that operate in “restricted” or “prohibited” industries prescribed in the Negative List.

According to the FIL, “foreign investment” refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or other organisations of a foreign country (collectively referred to as “foreign investors”) within China, and such investment activities including: (i) a foreign investor, individually or collectively with other investors, establishes a foreign-invested enterprise within China; (ii) a foreign investor acquires stock shares, equity shares, shares in assets, or other similar rights and interests of an enterprise within China; (iii) a foreign investor, individually or collectively with other investors, invests in a new project within China; and (iv) a foreign investor invests through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Although the FIL does not comment on the concept of “de facto control” or contractual arrangements with variable interest entities, it has a catch-all provision to include investments made by foreign investors in China through means stipulated by laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions of the State Council to classify contractual arrangements as a form of foreign investment.

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The FIL also provides that the State establishes a foreign investment information report system. Foreign investors or the foreign investment enterprise shall submit investment information to the competent commerce department through the enterprise registration system and the enterprise credit information publicity system and the foreign investors or the foreign investment enterprise could be imposed a fine ranging from RMB100,000 to RMB500,000 by the competent commerce department for failing to report investment information as required to the foreign investment information report system. On December 30, 2019, MOFCOM and the SAMR jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign investment enterprise shall submit the investment information to the competent commerce department.

On December 26, 2019, the State Council promulgated the Implementation Regulations for the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), or the Implementation Regulation for FIL, which became effective on January 1, 2020. The Implementation Regulation for FIL provides that foreign investment enterprises established in accordance with the Law of the PRC on Sino-foreign Equity Joint Venture Enterprises, the Law of the PRC on Foreign Investment Enterprises and the Law of the PRC on Sino-foreign Cooperative Joint Venture Enterprises prior to implementation of the FIL may, within the five-year period following the implementation of the FIL, adjust their organisation form, organisation structure pursuant to the provisions of the PRC Company Law, the PRC Partnership Enterprise Law and related laws, and complete change registration in accordance with the law, or may continue to retain their original enterprise organisation form or organisation structure. With effect from January 1, 2025, where an existing foreign investment enterprise has not adjusted its organisation form or organisation structure and complete the change registration in accordance with the law, the market regulatory authorities shall not process the application(s) for any other registration matter(s) of the said foreign investment enterprise, and shall publicly announce the relevant information.

Laws and Regulations Relating to Outbound Direct Investment

According to the Administrative Measures for the Outbound Investment of Enterprises (《企業境外投資管理辦法》), which was promulgated by the National Development and Reform Commission of the PRC on December 26, 2017, and became effective on March 1, 2018, an enterprise located within the territory of the PRC which have a proposed overseas investment, shall go through the formalities to have a proposed overseas investment project approved or filed on the record, report relevant information, and cooperate in supervision and inspection, and the National Development and Reform Commission of the PRC shall, to the extent of duties stipulated by the State Council of the PRC, perform duties over outbound investment as the competent authority.

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According to the Administrative Measures for Outbound Investment (《境外投資管理辦法》), which was promulgated by the Ministry of Commerce of the PRC on September 6, 2014, and became effective on October 6, 2014, the Ministry of Commerce of the PRC and the provincial departments in charge of commerce shall manage the outbound investments of enterprises through “outbound investment management system”, and issue the Certificate of Outbound Investment by Enterprises for enterprises filed or verified. If an enterprise goes through filing procedures and obtains the Certificate by providing false materials or by any improper means, the Ministry of Commerce of the PRC or the provincial department in charge of commerce shall revoke the filing of the outbound investment of the said enterprise, give it a warning, and announce the penalty decision in accordance with the law. If an enterprise provides false materials to apply for verification, the Ministry of Commerce of the PRC shall give it a warning, and announce the penalty decision in accordance with the law. The said enterprise shall not apply for verification again within one year. If an enterprise is verified for its outbound investment by improper means such as fraud and bribery, the Ministry of Commerce of the PRC shall revoke the verification of the outbound investment of the said enterprise, give it a warning, and announce the penalty decision in accordance with the law. The enterprise shall not apply for the verification again within three years; if a crime is constituted, the enterprise shall be prosecuted for criminal liabilities in accordance with the law. If an enterprise forges, alters, leases, lends or otherwise transfers the Certificate, the Ministry of Commerce of the PRC or the provincial department in charge of commerce shall give it a warning; if a crime is constituted, the enterprise shall be prosecuted for criminal liabilities in accordance with the law.

Laws and Regulations Relating to Road Transportation Operation

Pursuant to the Regulations on Road Transportation of the PRC (《中華人民共和國道路運輸條例》) promulgated by the State Council on April 30, 2004 and most recently amended on March 2, 2019, and the Provisions on Administration of Road Freight Transportation and Stations (Sites) (《道路貨物運輸及站場管理規定》) issued by the Ministry of Transport on June 16, 2005 and most recently amended on June 20, 2019, or the Road Freight Provisions, the business operations of road freight transportation refer to commercial road freight transportation activities that provide public services. The road freight transportation includes general road freight transportation, special road freight transportation, road transportation of large articles, and road transportation of hazardous cargos. Special road freight transportation refers to freight transportation using special vehicles with containers, refrigeration equipment, or tank containers, etc. The Road Freight Provisions set forth detailed requirements with respect to vehicles and drivers.

Under the Road Freight Provisions, anyone engaging in the business of operating road freight transportation or stations (sites) must obtain a Road Transportation Operation Permit from the local county-level road transportation administrative bureau, and each vehicle used for road freight transportation must have a Road Transportation Certificate from the same authority. The incorporation of a subsidiary of road freight transportation operator that intends to engage in road transportation business is subject to the same approval procedure. If it intends to establish a branch, it should file with the local road transportation administrative bureau where the branch is to be established.

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Although the Road Transportation Operation Permits have no limitation with respect to geographical scope, several provincial governments in China, including Shanghai and Beijing, promulgated local rules on administration of road transportation, stipulating that permitted operators of road freight transportation registered in other provinces should also make record-filing with the local road transportation administrative bureau where it carries out its business.

Regulations on Cargo Vehicles

Pursuant to the Administrative Provisions concerning the Running of Cargo Vehicles with Out-of-Gauge Goods (《超限運輸車輛行駛公路管理規定》) promulgated by the PRC Ministry of Transport, which took effect on September 21, 2016 and most recently amended on August 11, 2021, cargo vehicles running on public roads shall not carry cargo weighing more than the limits prescribed by this regulation and their dimensions shall not exceed those as set forth by the same regulation. Vehicle operators who violate this regulation may be subject to a fine of up to RMB30,000 for each violation. In the event of repeated violations, the regulatory authority may suspend the operating licence of the vehicle operator and/or revoke the business operation registration of the relevant vehicle. In the event more than 10% of the total vehicles of any road transportation enterprise are not in compliance with this regulation in any year, such road transportation enterprise shall suspend its business for rectification and its road transportation licence may be revoked.

The operation of our truck fleet is subject to this regulation. If our trucks are not in compliance with this regulation, we may be required to modify such trucks to reduce their length or purchase new ones to replace them. Otherwise, we may be subject to penalties under this regulation if we continue to operate those trucks that exceed the limits set forth in the regulation.

Regulations Relating to Road Freight Transport based on Internet Platforms

On September 6, 2019, the Ministry of Transport and the State Taxation Administration issued the Notice on Issuing the Interim Measures for the Operation and Administration of Road Freight Transport based on Internet Platforms 《關於印發〈網絡平台道路貨物運輸經營管理暫行辦法〉的通知》, or the Interim Measure of Online Road Freight Transport, which became effective on January 1, 2020, and, pursuant to which, “online freight operation” refers to the road freight transport operation activities in which an operator integrates and allocates transport resources on an online platform, enters into a transport contract with the consignor in the capacity of a carrier, entrusts an actual carrier to complete the road freight transportation, and assumes the responsibility of the carrier. According to the Interim Measure of Online Road Freight Transport, besides the road transportation permit with the business scope of online freight transport, the operators of online freight transport business shall also meet the requirements on commercial internet information service pursuant to the Administrative Measures on Internet Information Services. In addition, the operators of online freight transport business shall record the user registration information, identity authentication information, service information and transaction information of the actual carrier and the

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consignor, keep relevant tax-related materials, and ensure the authenticity, completeness and availability of such information in accordance with the requirements of the E-Commerce Law of PRC (《中華人民共和國電子商務法》), the Measures for the Supervision and Administration of Online Trading, the Law on the Administration of Tax Collection of PRC and its implementing rules. The authorities responsible for the supervision and administration of road transportation at the county level shall issue the operation licenses with operating scope of online freight transport operation to qualified online freight operators.

On September 24, 2019, the MOT promulgated three guidelines on the road freight transport operation on online platform, including the Service Guidelines on the Road Freight Transport Operation on Online Platform (《網絡平台道路貨物運輸經營服務指南》), the Guidelines on the Construction of Provincial Online Freight Information Monitoring System (《省級網絡貨運信息監測系統建設指南》) and the Access Guidelines on the Ministerial Online Freight Information Interaction System (《部網絡貨運信息交互系統接入指南》), all of which came into effect at the same date. Among those, the Service Guidelines on the Road Freight Transport Operation on Online Platform sets forth that the services provided by online freight operators shall meet the requirements include: (i) obtaining the value-added telecommunication business operation licenses, (ii) complying with state's requirements for graded protection of information system security, (iii) connecting to the provincial online freight information monitoring system, and (iv) equipped with features including information release, online transaction, full-process monitoring, online financial payment, consultation and complaint, query statistics and data retrieval.

On July 30, 2021, the inter-ministerial joint meeting on collaborative supervision of new transportation formats held the second plenary meeting in 2021. The meeting pointed out that the relevant authority shall continue to improve the level of supervision capabilities of online ride-hailing and freight platforms, especially strengthening anti-monopoly supervision and anti-unfair competition, investigate and deal with illegal activities of online ride-hailing and freight platforms, such as monopoly, eliminate and restrict competition, disrupt market order, and infringe legitimate rights and interests of drivers, to maintain fair and orderly competition in the market order.

According to the Interim Measure of Online Road Freight Transport, “online freight operation” refers to the road freight transport operation activities in which an operator integrates and allocates transport resources on an online platform, enters into a transport contract with the consignor in the capacity of a carrier, entrusts an actual carrier to complete the road freight transportation, and assumes the responsibility of the carrier. Our Group does not operate a mobile application for individual shippers, and its business does not involve signing a transportation contract with a shipper as a carrier through an online platform (such as mobile applications) and entrusting the actual carrier to complete road cargo transportation, and thus as advised by our PRC Legal Advisor, the above regulations related to online road freight or app-based ride-hailing and freight platform do not apply to our Group's business.

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Regulations Relating to International Freight Forwarding Business

Administrative Provisions on International Freight Forwarders of the PRC (《中華人民共和國國際貨物運輸代理業管理規定》) promulgated on June 29, 1995 and its detailed rules regulate the business of international freight forwarding. According to the provisions and its detailed rules, the minimum amount of registered capital must be RMB5 million for an international freight forwarder by sea, RMB3 million for an international freight forwarder by air and RMB2 million for an international freight forwarder by land or for an entity operating international express delivery services. An international freight forwarder must, when each time applying for setting up a branch, increase its registered capital (or the excess amount over its minimum registered capital) by RMB500,000. Under the Measures on Filing of International Freight Forwarders (Interim) (《國際貨運代理企業備案(暫行)辦法》) announced on March 7, 2005 and amended on August 18, 2016, all international freight forwarders and their branches registered with the state industrial and commercial administration must be filed with the MOFCOM or its authorised organs.

Regulations Relating to Commercial Franchising

Pursuant to the Administrative Regulations on Commercial Franchising Operation (《商業特許經營管理條例》) promulgated by the State Council on February 6, 2007, which became effective on May 1, 2007, and Administrative Measures on the Record Filing of Commercial Franchises issued by MOFCOM on December 12, 2011, which became effective on February 1, 2012, collectively the Regulations and Provisions on Commercial Franchising, commercial franchising refers to the business activities where an enterprise that possesses the registered trademarks, enterprise logos, patents, proprietary technology or any other business resources allows such business resources to be used by another business operator through contract and the franchisee follows the uniform business model to conduct business operations and pay franchising fees to the franchisor according to the contract. We and our freight partners are therefore subject to regulations on commercial franchising. Under the Regulations and Provisions on Commercial Franchising, within 15 days of the first conclusion of franchising contract, the franchisor must carry out record-filing with MOFCOM or its local counterparts and must report the status of its franchising contracts in the previous year in the first quarter of each year after record-filing. Ministry of Commerce announces the names of franchisors who have completed filing on the government website and makes prompt updates. If the franchisor fails to comply with these Regulations and Provisions on Commercial Franchising, the MOFCOM or its local counterparts have the discretion to take administrative measures against the franchisor, including fines and public announcements. The Regulations and Provisions on Commercial Franchising also set forth requirements on the contents of franchising contracts. If we are deemed as a franchisor who fails to comply with the stipulations of filing with the competent commerce authority, we may be imposed a fine ranging from RMB10,000 to RMB100,000.

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Regulations Relating to Personal Information Security and Consumer Protection

The Administrative Provisions on the Security of Personal Information of Express Service Users (《寄遞服務用戶個人信息安全管理規定》), promulgated by State Post Bureau on March 19, 2014, provide for the protection of the personal information of users of express or express delivery services, and the supervision on the express operations of postal enterprises and express delivery companies. In accordance with these provisions, the state postal administrative department and its local counterparts are the supervising and administering authority responsible for the security of the personal information of users of express or express delivery services, and postal enterprises and express delivery companies must establish and refine systems and measures for the security of such information. Specifically, express delivery companies must enter into confidentiality agreements with its employees regarding the information of its clients or users to specify confidentiality obligations and liabilities for violation thereof. Where express delivery companies are entrusted by operators engaging in online shopping, TV shopping, mail-order and other businesses to provide express delivery services, such express delivery companies must enter into agreements with the said principals agreeing upon provisions safeguarding the security of information of users of express delivery services. Courier companies operating through franchise are further required to formulate provisions on the security of information of users of express delivery services in franchising contracts and clarify the security responsibilities between franchisor and franchisee. A courier company and its employees causing damages to the users of express delivery services by divulging the users' information is expected to bear compensation liabilities. If a courier company is found to unlawfully furnish the information of users of express delivery services, the company and its employees are subject to administrative liabilities or even criminal penalties. A user of express delivery services may further seek remedies by following the Measures for Handling of Customer Complaints about Postal Service and Express Service (《郵政業用戶申訴處理辦法》) issued by State Post Bureau, which took effect on October 1, 2020. The Postal Users Complaints Settling Centre implements the regime of mediation to handle the complaints from users on the quality of the express delivery services. According to the Interim Regulations on Express Delivery, an express delivery service company shall not sell, reveal or illegally provide any information of client that has been exposed during the provision of express services. In case the information of client is revealed or may be revealed, the express delivery service company shall take remedial measures immediately and report to the local post administrations. Failure to comply with such requirement may be subject to penalties including a fine ranging from RMB10,000 to RMB100,000, suspension of business for rectification or revoke of its Courier Service Operation Permit. We are subject to the above provisions or measures with regard to the security of personal information and believe that we are currently in compliance with the law in all material aspects.

Regulations Relating to Pricing

In China, the prices of a few numbers of products and services are set by the government. According to Pricing Law of the PRC (《中華人民共和國價格法》), or the Pricing Law, promulgated on December 29, 1997, which became effective on May 1, 1998, operators must, as required by the government departments in charge of pricing, mark the prices explicitly and

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indicate the service items, pricing structures and other related standards clearly. Operators may not charge any fees that are not explicitly indicated. Operators must not commit unlawful pricing activities, such as colluding with others to manipulate the market price, using false or misleading prices to deceive consumers, or conducting price discrimination against other business operators. Failure to comply with the Pricing Law may subject business operators to administrative sanctions such as warning, ceasing unlawful activities, requiring compensation, confiscating illegal gains, fines. The business operators may be ordered to suspend business for rectification or having their business licences revoked if the violations are severe. We are subject to the Pricing Law as a service provider and believe that our pricing activities are currently in compliance with the laws in all material aspects.

Regulations Relating to Leasing

We lease properties for our offices, sorting hubs, pickup and dispatch outlets and other facilities. Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) which took effect on January 1, 1995 with the latest amendment on August 26, 2019, which became effective on January 1, 2020, lessors and lessees are required to enter into a written lease contract, containing such provisions as the term of the lease, the use of the premises, rental price, liability for repair, and other rights and obligations of both parties. Both lessor and lessee are also required to file for registration and record the lease contract with the real estate administration department. Pursuant to implementing rules stipulated by certain provinces or cities, if the lessor and lessee fail to go through the registration procedures, both lessor and lessee may be subject to fines.

According to Civil Code of the PRC, or Civil Code (《中華人民共和國民法典》) which was promulgated by the National People's Congress and took effect on January 1, 2021, with the consent of the lessor, the lessee may sublease the leased object to a third person. Where the lessee subleases the leased object, the lease contract between the lessee and the lessor shall continue to be valid, and the lessee shall be liable to the lessor for compensation for any loss caused to the leased object by the third person. Where the lessee subleases the leased object without the consent of the lessor, the lessor may rescind the contract.

Regulations Relating to Land Use Right and Construction

Certain of our offices, sorting hubs and other facilities, together with the land use rights attached, are obtained or built by us or bought from third parties. Pursuant to Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the Standing Committee of the National People's Congress on June 25, 1986 with the latest amendment on August 26, 2019, which became effective on January 1, 2020, and Civil Code, any entity that needs land for the purposes of construction must obtain land use right and must register with local counterparts of Land and Resources Ministry. Land use right is established at the time of registration.

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According to the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 4, 1992 with the amendment on January 26, 2011, and the PRC Law on Urban and Rural Planning (《中華人民共和國城鄉規劃法》) promulgated by the National People's Congress on October 28, 2007 and became effective on January 1, 2008 with the latest amendment on April 23, 2019, the Measures for Administration of Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Housing Construction and Urban-Rural Development with the latest amendment on March 30, 2021, the Administrative Measures for Archival Filing on Inspection Upon Completion of Buildings and Municipal Infrastructure (《房屋建築工程和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on April 4, 2000 and most recently amended on October 19, 2009, and the Regulations on the Quality Management of Construction Engineering (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000 and most recently amended on April 23, 2019, after obtaining land use right, the owner of land use right must obtain construction land planning permit, construction works planning permit from the relevant municipal planning authority, and a construction permit from relevant construction authority in order to commence construction. After a building is completed, an examination of completion by the relevant governmental authorities and experts must be organised.

Regulations Relating to Environmental Protection

Pursuant to the PRC Law on Environment Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by the Standing Committee of the National People's Congress on October 28, 2002 and most recently amended on December 29, 2018, and the Administrative Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998 with the latest amendment on July 16, 2017, each construction project is required to undergo an environmental impact assessment, and an environmental impact assessment report must be submitted to the relevant governmental authorities in charge of ecological environment for approval before the commencement of construction. In the event that there is a material change in respect of the location, scale, nature of the construction project, the production techniques employed or the measures adopted for preventing pollution and preventing ecological damage of a given project, a new environmental impact assessment report must be submitted for approval. Subject to the Administrative Regulations on the Environmental Protection of Construction Projects, and the Interim Measures on the Administration of Acceptance Inspection of Construction Project Environmental Protection (《建設項目竣工環境保護驗收暫行辦法》) promulgated on November 20, 2017, except those construction projects requiring water, noise and solid waste pollution prevention facilities, which are still subject to acceptance by the environmental authorities, the constructing entities may organise the acceptance inspection upon the completion by themselves for other construction projects. Failure to comply with the above-mentioned regulations may subject an enterprise to fines, suspension of the construction and other administrative liabilities and even criminal liabilities under severe circumstances.

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Regulations Relating to Fire Protection

Pursuant to Fire Protection Law of the PRC (《中華人民共和國消防法》), or the Fire Protection Law, promulgated by the Standing committee of the National People's Congress on April 29, 1998 with the latest amendment on April 29, 2021, we shall perform the following fire safety and protection responsibilities: (1) implement a fire safety accountability system, and formulate their own fire safety regulations and operating rules and firefighting and emergency evacuation plans; (2) install firefighting facilities and equipment, set up fire protection safety signs and conduct regular inspection and maintenance to ensure that such facilities and equipment remain in good condition and functional in accordance with relevant State and industrial standards; (3) conduct a comprehensive inspection of firefighting facilities in buildings at least once a year to ensure that such facilities remain in good condition and functional; relevant inspection records shall be complete and accurate and shall be kept for future reference; (4) guarantee that fire escapes and exits and passageways for fire engines are kept clear and fire compartments, smoke bays and firebreaks conform to fire protection technical standards; (5) organise fire protection inspections in order to remove any potential fire hazard in time; (6) organise target-specific fire drills; and (7) other fire safety and protection responsibilities required by laws and regulations.

In China, all kinds of warehouses that store goods operated by the state, collectives, and individuals shall comply with the Regulations on Fire Protection Management (《倉庫防火安全管理規則》) promulgated by the Ministry of Public Security on April 10, 1990, and the Code of Design on Building Fire Protection and Prevention (《建築設計防火規範》) promulgated by the Ministry of Housing and Urban-Rural Development with the latest amendment on March 30, 2018. Pursuant to the Regulations on Fire Protection Management, the warehouse shall designate a key leader as the person in charge of fire prevention, who is fully responsible for the fire safety management of the warehouse, and the goods stored in the warehouse shall be classified, piled, grouped and piled, and necessary fire distances shall be reserved. The total storage capacity of a warehouse and the fire protection distance from buildings, etc. must comply with the provisions of the Code of Design on Building Fire Protection and Prevention.

Regulations Relating to Intellectual Property Rights

The PRC government has adopted comprehensive governing laws for intellectual property rights, including copyrights, patents, trademarks and domain names.

Copyright. Copyright in China, including copyrighted software, is principally protected under the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the Standing Committee of the National People's Congress on September 7, 1990, which was most recently amended on November 11, 2020 and the latest amendment became effective on June 1, 2021, and its implementation rules and Regulations on the Protection of Computer Software (《計算機軟件保護條例》), promulgated by the State Council on June 4, 1991 with the latest amendment on January 30, 2013 and became effective on March 1, 2013. Under the Regulations on the Protection of Computer Software, the term of protection for copyrighted software is 50 years.

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Patent. The Patent Law of the PRC (《中華人民共和國專利法》), promulgated the Standing Committee of the National People’s Congress on March 12, 1984, which was most recently amended on October 17, 2020 and the latest amendment became effective on June 1, 2021, provides for patentable inventions, utility models and designs, which must meet three conditions: novelty, inventiveness and practical applicability. The National Intellectual Property Administration is responsible for examining and approving patent applications. The duration of a patent right is either 10 years or 20 years from the date of application, depending on the type of patent right.

Trademark. The Trademark Law of the PRC(《中華人民共和國商標法》), promulgated by the Standing Committee of the National People’s Congress on August 23, 1982, with the latest amendment became effective on November 1, 2019, and its implementation rules (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 with the latest amendment became effective on May 1, 2014, protect registered trademarks. The PRC Trademark Office of the National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout China. The Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where registration application for a trademark that is identical or similar to another trademark which has already registered or given preliminary examination, the application for such trademark may be rejected. Trademark registration is effective for a renewable ten-year period, unless otherwise revoked.

Domain Name. Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) which was promulgated on August 24, 2017 and became effective on November 1, 2017 by the Ministry of Industry and Information Technology, or the MIIT. The MIIT is the major regulatory body responsible for the administration of the PRC internet domain names, under supervision of which the China Internet Network Information Centre is responsible for the daily administration of .cn domain names and Chinese domain names. Our domain name registration is handled through domain name service agencies; established under the relevant regulations, and we become domain name holders upon successful registration.

Regulations Relating to Employment

Pursuant to the Labour Law of the PRC (《中華人民共和國勞動法》), promulgated by the Standing Committee of National People’s Congress on July 5, 1994 and most recently amended on December 29, 2018, and the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), promulgated by the Standing Committee of the National People’s Congress on June 29, 2007 and amended on December 28, 2012, and the Regulation on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) which was promulgated and implemented by the State Council on September 18, 2008, employers must execute written labour contracts with full-time employees. If an employer fails to enter into a written employment contract with an employee more than one month but less than one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee

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and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. If an Employer fails to enter into a written employment contract with an employee within one year from the date the employee commences work, they shall be deemed to have entered into a non-fixed-term labour contract. All employers must comply with local minimum wage standards. Violation of the Labour Law of the PRC and the Labour Contract Law of the PRC may result in the imposition of fines and other administrative and criminal liability in the case of serious violation.

Enterprises in China are required by PRC laws and regulations to participate in certain employee benefit plans, including social insurance funds, namely a pension plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund, and contribute to such plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to Opinions of the General Office of the State Council on Comprehensively Promoting the Combined Implementation of Maternity Insurance and Employees' Basic Medical Insurance (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) issued on March 6, 2019, maternity insurance fund shall be incorporated in employees' basic medical insurance fund for unification of collection and payment and consistency of coordination levels. The aggregate ratio of payments by employers for participation in maternity insurance and employees' basic medical insurance shall be taken as basis to determine the rate of employees' basic insurance premium payable by employers and no individuals shall pay maternity insurance premium. All provinces (autonomous regions and municipalities directly under the Central Government) shall strengthen work deployment, and urge and guide each coordination region to accelerate implementation and to realise the combined implementation of two insurances by the end of 2019. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and most recently amended on December 29, 2018, and Interim Regulations on Levying Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019, an employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline and be subject to a late fee of up to 0.05% per day. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times of the amount overdue and/or subject to a late fee of 0.2% per day. According to the Regulations on Management of Housing Fund (《住房公積金管理條例》), promulgated by the State Council on April 3, 1999 and most recently amended on March 24, 2019, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

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Regulations Relating to Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and with the latest amendment on August 5, 2008. Payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can usually be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

On March 30, 2015, SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or SAFE Circular 19, with the latest amendment on December 30, 2019. Pursuant to SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises is subject to the discretionary foreign exchange settlement, which means the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) may be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is temporarily 100%. SAFE can adjust such proportion in due time based on the circumstances of international balance of payments.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises.

On January 18, 2017, SAFE issued the Notice of State Administration of Foreign Exchange on Improving the Review of Authenticity and Compliance to Further Promoting the Reform of Foreign Exchange Administration (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), or SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities

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shall make detailed explanations of the sources of capital and utilisation arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which, among other things, expanded the use of foreign exchange capital to domestic equity investment area.

Regulations Relating to PRC Mergers & Acquisitions and Public Listing on an Overseas Stock Exchange

Pursuant to Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors) (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which was promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the SAIC, the CSRC and the SAFE on August 8, 2006, and subsequently amended by the MOFCOM on June 22, 2009, which provided that the scenarios qualify as an acquisition of a domestic enterprise by a foreign investor. On December 30, 2019, MOFCOM and the SAMR issued the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which took effect on January 1, 2020. According to the Measures for Reporting of Information on Foreign Investment, to acquire the equity of a non-foreign-invested enterprise within the territory of China, a foreign investor shall submit the initial report through the enterprise registration system when it applies for the registration of changes to the acquired enterprise.

Regulations Relating to Dividend Distribution

According to the FIL, foreign investment enterprises in China may pay dividends freely in RMB or any other foreign currency according to law. In addition, according to the PRC Company Law, foreign investment enterprises, same as domestic enterprises, are required to set aside at least 10% of their after-tax profits (if any) each year to the company's statutory reserves, until the accumulative amount of such fund reaches 50% of its registered capital. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. Further, the foreign investment enterprises may allocate a portion of their after-tax profits based on PRC accounting standards as discretionary reserve funds. These reserve funds are not distributable as cash dividends.

Regulations relating to Anti-Monopoly and Anti-unfair Competition

The currently effective Anti-Monopoly Law of PRC (《中華人民共和國反壟斷法》) (the “**Anti-Monopoly Law**”) was promulgated by the Standing Committee of the National People's Congress in 2007, and SAMR has sought public comments on the Draft Amendment to the

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Anti-Monopoly Law (the “**Draft for Comment**”) in January 2020. Pursuant to the Anti-Monopoly Law, the relevant operators of a concentration of undertakings which reaches the standard for declaration shall make an advance declaration to the anti-monopoly law enforcement authority under the State Council. On February 7, 2021, the Anti-Monopoly Committee of the State Council promulgated the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (《關於平台經濟領域的反壟斷指南》) which stipulates that any concentration of undertakings involving variable interest entities (VIE) shall fall within the scope of anti-monopoly review. Moreover, the Draft for Comment also suggests that when a foreign investor participates in the concentration of undertakings by merging and acquiring a domestic enterprise or by any other means, the matter may also be subject to review on national security as is required by the relevant regulations.

Competition among business operators is generally governed by the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “**Anti-unfair Competition Law**”), which was promulgated by the Standing Committee of the National People’s Congress on September 2, 1993 and recently amended on April 23, 2019. According to the Anti-unfair Competition Law, when trading on the market, operators must abide by the principles of voluntariness, equality, fairness and honesty and observe laws and business ethics. Acts of operators constitute unfair competition where they contravene the provisions of the Anti-unfair Competition Law and disturb market competition with a result of damaging the lawful rights and interests of other operators or consumers. When the lawful rights and interests of an operator are damaged by the acts of unfair competition, it may institute proceedings in a People’s court. In comparison, where an operator commits unfair competition in contravention of the provisions of the Anti-unfair Competition Law and causes damage to another operator, it will be responsible for compensating for the damages.

Although we do not believe we have engaged in any behaviors in violation of the Anti-monopoly Law or the Anti-unfair Competition Law, such as entering into monopolistic agreements or abusing market position, we cannot assure you that the regulators would agree with us and we may be required to adjust our business practices or may be subject to penalties, such as confiscation of incomes or potential fines, if our business practices are deemed to be non-compliant with the Anti-monopoly Law or the Anti-unfair Competition Law. We may also be subject to claims from our competitors or users, which could adversely affect our business and operations.

Regulations Relating to Offshore Financing

SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 37 on July 4, 2014, which replaced the former circular commonly known as “SAFE Circular 75.” SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC

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residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfil the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Regulations Relating to Tax

Dividend Withholding Tax

Pursuant to Law of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅法》), or the EIT Law, promulgated by the National People's Congress on March 16, 2007 with the latest amendment on December 29, 2018, and its implementation rules (《中華人民共和國企業所得稅法實施條例》), promulgated by the State Council on December 6, 2007 with the latest amendment on April 23, 2019, if a non-resident enterprise has not set up an organisation or establishment in China, or has set up an organisation or establishment but the income derived has no actual connection with such organisation or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Circular of the State Administration of Taxation on Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》), or STA Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced withholding tax: (i) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Furthermore, the Administrative Measures for Convention Treatment for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》), which became effective on January 1, 2020, require that non-resident taxpayers claiming treaty benefits shall be handled in accordance with the principles of "self-assessment, claiming benefits, retention of the relevant materials for future inspection." Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of

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withholding through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the provisions of these Measures for future inspection, and be subject to subsequent administration by tax authorities.

Enterprise Income Tax

The principal regulations governing enterprise income tax in China are the EIT Law and its implementing rules. Under the EIT Law, enterprises are classified as resident enterprises and nonresident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25%. Under the EIT Law, an enterprise established outside China with its “de facto management bodies” located within China is considered a “resident enterprise,” meaning that it is treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define de facto management body as a managing body that in practise exercises “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise.

The STA issued Circular of the State Administration of Taxation on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organisational Management (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 STA Circular 82 on April 22, 2009, with the latest amendment on December 29, 2017. According to STA Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a “de facto management body” in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following criteria are met: (a) the primary location of the day-to-day operational senior management and senior management department’s performance of their duties is in China; (b) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organisations or personnel in China; (c) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholders meeting minutes are located or maintained in China; and (d) 50% or more of voting board members or senior executives habitually reside in China. In addition, the STA issued the Bulletin of the STA on Printing and Distributing the Administrative Measures for Income Tax on Chinese-controlled Resident Enterprises Incorporated Overseas (Trial Implementation) in 2011 and amended on June 15, 2018 by the Announcement of the STA on Revising Certain Taxation Normative Documents, providing more guidance on the implementation of STA Circular 82. This bulletin clarifies matters including resident status determination, post determination administration and competent tax authorities. In January 2014, the STA issued the Bulletin of the STA on Issues concerning the Determination of Resident Enterprises Based on the Standards of Actual Management Institutions, or STA Bulletin 9. According to STA Bulletin 9, a Chinese-controlled offshore incorporated enterprise that satisfies the conditions prescribed under the STA Circular 82 for being recognised as a PRC tax resident must apply for being recognised as a PRC tax resident to the competent tax authority at the place of registration of its main investor within the territory of China.

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The STA issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, on February 3, 2015, and recently amended on December 29, 2017. Under Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterised and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties in China, and equity investments in PRC resident enterprises. In respect of an indirect offshore transfer of assets of a PRC establishment, the relevant gain is to be regarded as effectively connected with the PRC establishment and therefore included in its enterprise income tax filing and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties in China or to equity investments in a PRC resident enterprise, which is not effectively connected to a PRC establishment of a non-resident enterprise, a PRC enterprise income tax at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. According to the Announcement of the STA on Matters Concerning Withholding of Income Tax of Non-resident Enterprises at Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》), or STA Announcement 37, effective on December 1, 2017 and amended on June 15, 2018 by the Announcement of the STA on Revising Certain Taxation Normative Documents (《國家稅務總局有關部分稅收規範性文件的公告》), the withholding party shall, within seven days of the day on which the withholding obligation occurs, declare and remit the withholding tax to the competent tax authority at its locality. Where the withholding party fails to withhold and remit the income tax payable or is unable to perform its obligation in this regard, the non-resident enterprise that earns the income shall, declare and pay the tax that has not been withheld to the competent tax authority at the place where the income occurs, and complete the Withholding Statement of the People’s Republic of China for Enterprise Income Tax. There is uncertainty as to the implementation details of STA Public Notice 7 and STA Announcement 37. If STA Public Notice 7 or STA Announcement 37 was determined by the tax authorities to be applicable to some of our transactions involving PRC taxable assets, our offshore subsidiaries conducting the relevant transactions might be required to spend valuable resources to comply with STA Public Notice 7 and STA Announcement 37 or to establish that the relevant transactions should not be taxed under STA Public Notice 7 or STA Announcement 37.

Where the payers fail to withhold any or sufficient tax, the non-PRC residents, as the transferors, are required to declare and pay such taxes to the tax authorities on their own within the statutory time limit. Failure to comply with the tax payment obligations by the non-PRC residents will result in penalties, including full payment of taxes owed, fines ranging from fifty percent to five times the amount of unpaid or underpaid tax and default interest on those taxes.

Pursuant to the EIT Law and its implementation rules, certain “high and new technology enterprises strongly supported by the state” that independently own core intellectual property and meet statutory criteria are permitted to enjoy a reduced 15% enterprise income tax rate. On

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January 29, 2016 the State Administration for Taxation, the Ministry of Science and Technology and the Ministry of Finance jointly issued the Administrative Measures for the Certification of High and New Technology Enterprises specifying the criteria and procedures for the qualification and certification of the High and New Technology Enterprises.

Under the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies (《關於深入實施西部大開發戰略有關稅收政策問題的通知》), or the Circular 58, issued by the MOF, the STA and the General Administration of Customs on July 27, 2011, and the Bulletin of the STA on Issues of Enterprise Income Tax Concerning In-depth Implementation of Western Region Development Strategy (《國家稅務總局關於深入實施西部大開發戰略有關企業所得稅問題的公告》) issued by the STA on April 6, 2012, with the latest amendment on October 1, 2014, or the Circular 12, and the Announcement on Continuation of the Enterprise Income Tax Policy for the Western Region Development which will become effective on January 1, 2021, from January 1, 2011 to December 31, 2030, the primary business of the enterprise is listed in the one of industry items provided in the Catalogue of Encouraged Industries in Western Regions and annual primary business revenue of which accounts for more than 70% of the total enterprise revenue, may pay enterprise income tax at the reduced tax rate of 15% subject to the examination and confirmation of the competent tax authority. The STA issued the Announcement of the STA on Enterprise Income Tax Issues concerning the Implementation of the Catalogue of Encouraged Industries in the Western Region (《國家稅務總局關於執行<西部地區鼓勵類產業目錄>有關企業所得稅問題的的公告》) thereafter, and from October 1, 2014, the payment of enterprise income tax at the reduced tax rate of 15% shall cease to apply to enterprises that have enjoyed policies for preferential treatment of enterprise income tax under the Circular 12 if their primary businesses no longer fall within the “encouraged” category of Catalogue of Encouraged Industries in the Western Region. Afterwards, the STA abolished the examination and confirmation procedures of the competent tax authority for the preferential treatment under the Circular 12.

PRC Value-added Tax

Pursuant to the Interim Value-Added Tax Regulations of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, with the latest amendment on November 19, 2017, and its Implementation Rules (增值稅暫行條例實施細則) promulgated by the MOF on December 18, 2008, with the latest amendment on October 28, 2011, subject to applicable exceptions, tax payers selling goods, providing labour services of processing, repairs or maintenance, or selling services, intangible assets or real property in China, or importing goods to China shall pay value-added tax, or the VAT. A taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the revenue from services provided.

Pursuant to the Pilot Proposals for the Collection of Value-Added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點方案》), or the Circular 110, promulgated by the MOF and the STA, starting from January 1, 2012, the PRC government has been gradually implementing a pilot programme in certain provinces and municipalities, levying a 11% VAT on revenue generated from transportation services in lieu of the business tax. Pursuant to the Circular of

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the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (《財政部國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) issued afterwards, or the Circular 36, issued on March 23, 2016, business tax shall be completely replaced by the VAT from May 1, 2016 and the VAT rate applicable to VAT taxpayers ranges from 6% to 17% (which has been reduced to 13% after April 1, 2019 pursuant to Circular 39). Pursuant to Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), or the Circular 32, issued on April 4, 2018, for VAT taxable sales or importation of goods originally subject to value-added tax rates of 17% and 11%, such tax rates were adjusted to 16% and 10%, respectively. Further, pursuant to the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》), or the Circular 39, issued by the MOF, the STA and the General Administration of Customs on March 21, 2019, which came into force on April 1, 2019, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9%, respectively. Under Circular 39, during the period from April 2019 to December 2021, certain qualified service industry taxpayers can enjoy an extra 10% for deduction of the tax payable, which is calculated based on the input VAT filed with the tax bureau. In addition, under Circular 39, qualifying tax payers who meet certain requirements are eligible for the newly increased unutilised input VAT refund. The refund of newly increased unutilised input VAT for the current period shall be calculated as per the following formula: refundable amount of newly increased unutilised input VAT for the current period = newly increased unutilised input VAT × the input component ratio × 60%.

Regulations Relating to Consumer Protection

Under the Law on the Protection of the Rights and Interests of Consumers of the PRC (《中華人民共和國消費者權益保護法》), promulgated by the Standing Committee of the National People's Congress on October 31, 1993, became effective on January 1, 1994 and was recently amended on October 25, 2013, a business operator providing a commodity or service to a consumer is subject to a number of requirements, including the following: (1) to ensure that commodities and services meet with certain safety requirements; (2) to disclose serious defects of a commodity or a service and adopt preventive measures against damage occurrence; (3) to provide consumers with true information and to refrain from conducting false advertising; (4) not to set unreasonable or unfair terms for consumers or alleviate or release itself from civil liability for harming the legal rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices or other means; and (5) not to insult or slander consumers or to search the person of, or articles carried by, a consumer or to infringe upon the personal freedom of a consumer.

Business operators may be subject to civil liabilities for failing to fulfil the obligations discussed above. These liabilities include restoring the consumer's reputation, eliminating the adverse effects suffered by the consumer, and offering an apology and compensation for any losses incurred. The following penalties may also be imposed upon business operators for the

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infraction of these obligations: issuance of a warning, confiscation of any illegal income, imposition of a fine, an order to cease business operations, revocation of its business licence or imposition of criminal liabilities under circumstances that are specified in laws and statutory regulations.

Regulations Relating to Internet Information Security and Privacy Protection

The Cybersecurity Law of the PRC(《中華人民共和國網絡安全法》), promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and became effective on June 1, 2017, requires network operators to abide by the principles of legality, appropriateness and necessity when collecting or using personal data. Network operators are prohibited from leaking, tampering with or damaging collected personal data, and they should adopt technical and other necessary measures to ensure security of personal data, safeguard against information leakage, damage or loss, improve information management with respect to data published by users and establish complaint and reporting mechanisms with respect to network data security.

Recent Development

On July 30, 2021, the State Council Promulgated the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (the “**CII Regulation**”), which became effective on September 1, 2021. According to the CII regulation, a critical information infrastructure, or CII, refers to an important network facility or information system in important industries and fields such as public communication and information services, energy, transportation, water conservancy, finance, public services, e-government, national defense technology industry, etc., and CII also refers to other important network facility and information system that may seriously endanger national security, national economy and the people's livelihood, and public interests in the event of damage, loss of function, or data leakage. The competent departments and supervision and management departments of the aforementioned important industries and fields are the departments responsible for the CII security protection work. They will be responsible for organizing the identification of CIIs in this industry or field in accordance with the identification rules, promptly notify the CII operators of the identification results, and notify the public security department of the State Council. On June 10, 2021, the Standing Committee of the National People's Congress issued the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”), which became effective on September 1, 2021. The Data Security Law clarifies the scope of data to cover a wide range of information records generated from all aspects of production, operation and management of government affairs and enterprises in the process of the gradual transformation of digitalization, and requires that data collection shall be conducted in a legitimate and proper manner, and theft or illegal collection of data is not permitted. Data processors shall establish and improve the whole-process data security management rules, organize and implement data security trainings as well as take appropriate technical measures and other necessary measures to protect data security. In addition, data processing activities shall be conducted on the basis of the graded protection system for cybersecurity. Monitoring of the data processing activities shall be strengthened, and remedial

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measures shall be taken immediately in case of discovery of risks regarding data security related defects or bugs. In case of data security incidents, responding measures shall be taken immediately, and disclosure to users and report to the competent authorities shall be made in a timely manner.

On July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council also jointly issue the Opinion on Severely Punishing Illegal Activities in Securities Market (《關於依法從嚴打擊證券違法活動的意見》), which stressed on “improving laws and regulations on data security, cross-border data flow and management of confidential information, speeding up the revisions to regulations on strengthening the confidentiality and document management of securities issuance and listing outside the mainland of the PRC (境外上市) to increase the accountability of entities listed outside the mainland of the PRC to information security, and enhancing standardized management of mechanism and procedure for cross-border data transfer, enhancing the cooperation of cross-border audit supervision”.

On July 10, 2021, the Cyberspace Administration of the PRC, jointly with the relevant authorities, amended the Measures for Cybersecurity Review (《網絡安全審查辦法》) for public comment, with a deadline falling on July 25, 2021 (hereinafter referred to as the “Draft for Comment”). Pursuant to Article 6 of the Draft for Comment, any operator with data on more than 1 million users must go through a cybersecurity review by the cybersecurity review office before listing in a foreign country (original text read as follows: “掌握超過 100 萬用戶個人信息的運營者赴國外上市,必須向網絡安全審查辦公室申報網絡安全審查”).

As advised by our PRC Legal Advisor, we believe that the above-mentioned regulatory changes will not have a material adverse effect on our business operations and financial conditions on the following basis:

1. currently we mainly provide transportation services, value-added services and dispatch services to freight partners, and do not have direct transactions with individual shippers;
2. for individual shippers, we only have access to limited information, primarily including names, addresses and phone numbers;
3. we do not operate a mobile application for individual shippers. We only collect and process limited personal data to the extent necessary in our operations after obtaining sufficient consent from individuals, which is in strict compliance with relevant laws and regulations;
4. our business is operated only in China. All of our data are stored in servers located in China and does not involve cross-border data transmission;

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5. we have been striving to create a safe and secure environment for its business operations. We developed a company-wide policy on information security management to protect data privacy and deployed various technical measures to protect its IT systems from unauthorized access and to detect and prevent security risks. See “Business – Data Privacy and Protection.” In addition, we have obtained the Information System Security Level Protection Record Certificate (《信息系統安全等級保護備案證明》) issued by the Shanghai Public Security Bureau. As of the Latest Practicable Date, we have not received any fines or other penalties in relation to cybersecurity or data protection;

6. Pursuant to Article 6 of the Draft for Comment, any operator with data on more than 1 million users must go through a cybersecurity review by the cybersecurity review office before listing in a foreign country (國外上市). According to the understanding on PRC laws and regulations by our PRC Legal Advisor, Hong Kong does not fall within the scope of “foreign country” (國外). If the Measures for Cybersecurity Review (《網絡安全審查辦法》) remains the above statements unchanged after its duly promulgation and there is no special explanation for Hong Kong to be included in the scope of “foreign country” (國外), our PRC Legal Advisor understands that we are not required to undertake a cybersecurity review by the Cybersecurity Review Office for the Listing.

Furthermore, we will actively monitor policy changes, consult our PRC Legal Advisor regularly, and review and update our internal measures and standards on cybersecurity from time to time to ensure strict compliance with all applicable laws and regulations.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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We operate a leading express freight network in China’s less-than-truckload (“LTL”) market. Express freight network operators, like us, are LTL service providers who have nationwide coverage, and deliver timely and comprehensive freight transportation services. According to iResearch, our express freight network is the largest in China in terms of total freight volume in each of 2017, 2018, 2019 and 2020, particularly with approximately 10.2 million tons of total freight volume and a market share of 17.3% in 2020 among all express freight networks in China. Our gross profit margin was 14.8% in 2020, the highest among all express freight networks in China, according to iResearch. We have achieved growth in total freight volume at a CAGR of approximately 31.0% from 2015 to 2020, and a growth rate of 25.9% from 2019 to 2020.

BUSINESS MILESTONES

The following is a summary of our key business development milestones:

Year	Event
2010	Our predecessor, Shanghai Anneng Logistics Co., Ltd. (上海安能物流有限公司), was founded in Shanghai, PRC
2012	Adoption of our freight partnership platform model
2014	Launched our time-definite products Our Company was incorporated in the Cayman Islands
2015	Launched our proprietary Luban system and mini freight product Conducted Series D financing in which our Company raised approximately US\$150 million
2016	Conducted Series E financing in which our Company raised approximately US\$150 million Launched our express parcel business
2017	Became the largest express freight network in China’s LTL market in terms of annual total freight volume

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Event
2018	Recognised as a National AAAAA Logistics Business Enterprise of Comprehensive Business by China Federation of Logistics and Purchasing Acquired Giantruck, our major line-haul transportation management platform
2019	Strategic exit from our express parcel business to focus on our core LTL business
2020	Conducted Series H financing in which our Company raised approximately US\$125 million Launched our guaranteed-safety product and comprehensively upgraded our time-definite product Became the first express freight network in China’s LTL industry to exceed daily volume of 50,000 tons and the largest express freight network by total freight volume Awarded the 2020 21st Century China’s Best Business Model Award by the 21st Century Business Herald and National Anti-Epidemic Innovative Enterprise by the China Federation of Logistics & Purchasing
2021	Conducted Series I financing in which our Company raised approximately US\$180 million

OUR MAJOR SUBSIDIARIES

The principal business activities, place and date of establishment of each member of our Group that made a material contribution to our results of operations during the Track Record Period (the “**Major Subsidiaries**”) are shown below:

Name of entity	Place of establishment	Date of establishment	Principal business activities
Shanghai ANE	PRC	June 1, 2015	Logistics and supply chain management services
Giantruck	PRC	September 25, 2015	Logistics management and road transportation services

For information on our other subsidiaries, please see Note 1 of the Accountants’ Report set out in Appendix I to this Prospectus.

OUR ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES

(a) Establishment of Shanghai Anneng and Onshore Financing

Our predecessor, Shanghai Anneng Logistics Co., Ltd. (上海安能物流有限公司) (“**Shanghai Anneng**”) was established in the PRC on August 4, 2010. Prior to its Series A financing, it was held as to approximately 18.0% by Mr. Qin, 5.1% by Mr. Wang, 4.7% by Mr. Liu Haiyan, 1.1% by Feimalv, an investor who was an Independent Third Party, and 71.0% by Shanghai Anneng Investment Management Centre (Limited Partnership) (上海安能投資管理中心(有限合夥)), a shareholding platform established to hold shares on behalf of certain directors, senior management and employees of the Group.

Series A Financing

In April 2013, Shanghai Anneng entered into a capital increase agreement with Tianjin Sequoia Juye Equity Investment Partnership (Limited Partnership) (天津紅杉聚業股權投資合夥企業(有限合夥)) (“**Sequoia**”). Pursuant to the agreement, Sequoia subscribed for additional registered capital in the amount of RMB600,000 for a total consideration of RMB30,000,000, which was determined on an arms’ length basis. Such capital increase represented approximately 23.1% of Shanghai Anneng’s registered share capital upon completion.

Series B Financing

In December 2013, Shanghai Anneng entered into a capital increase agreement with Topaz, an affiliate of Warburg Pincus LLC (“**Warburg Pincus**”) at the time. Pursuant to the agreement, Topaz subscribed for additional registered capital in the amount of RMB1,030,600, for a total consideration of RMB90,000,000, which was determined on an arms’ length basis. Such capital increase represented approximately 20.7% of Shanghai Anneng’s registered share capital upon completion.

(b) Incorporation of our Company and subsidiaries

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on July 31, 2014 with an authorised share capital of US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each. On the date of incorporation, our Company was held as to approximately 61.3% by Mr. Qin, 22.62% by Mr. Wang and 16.07% by Mr. Liu Haiyan.

Following our Company’s incorporation, we effected a series of capital reorganisations and rounds of pre-IPO financing.

On November 10, 2014, ANE BVI was incorporated as a limited liability company in the British Virgin Islands as a direct wholly-owned subsidiary of our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

On November 25, 2014, ANE Hong Kong was incorporated as a limited liability company in Hong Kong as a direct wholly-owned subsidiary of ANE BVI.

On February 11, 2015, ANE Fast was incorporated as a limited liability company in the Cayman Islands as a direct wholly-owned subsidiary of our Company. On March 2, 2015, our Company transferred its shareholding in ANE BVI to ANE Fast after which ANE BVI became a direct wholly-owned subsidiary of ANE Fast.

Each of ANE Fast, ANE BVI and ANE Hong Kong is an investment holding company. For details of our corporate structure, please see “– Corporate Structure” below.

(c) Series C Financing and Acquisition of Equity Interests in Shanghai Anneng

In September 2014, our Company entered into a restructuring and investment agreement (“**Restructuring and Investment Agreement**”) with Topaz, pursuant to which our Company issued and sold to Topaz: (i) 20,623,126 Senior Convertible Preferred Shares and 4,346,768 Series C preferred shares in November 2014; and (ii) 6,520,153 Series C preferred shares in May 2015 (the “**Series C Financing**”), for a total cash consideration of approximately US\$64,600,000.

In connection with the Series C Financing, we re-designated our shares such that our authorised share capital was US\$50,000 divided into: (i) 391,000,512 Class 1 ordinary shares; (ii) 5,747,420 Class 2 ordinary shares; (iii) 20,000,000 Series A preferred shares; (iv) 3,252,068 Series B preferred shares; (v) 50,000,000 Senior Convertible Preferred Shares; and (vi) 30,000,000 Series C preferred shares.

Pursuant to the Restructuring and Investment Agreement and in consideration for our acquisition of the entire equity interest of Shanghai Anneng and thus conversion of Shanghai Anneng into a wholly-foreign-owned company, we further issued and sold 31,688,405 shares in our Company to the then-existing shareholders of Shanghai Anneng in December 2014, comprising 14,908,287 Class 1 ordinary shares, 5,747,420 Class 2 ordinary shares, 7,780,630 Series A preferred shares and 3,252,068 Series B preferred shares. Through such acquisition, Shanghai Anneng became an indirect wholly-owned subsidiary of our Company. Shanghai Anneng subsequently transferred its business to Shanghai ANE and was deregistered.

Immediately upon completion of the above issuances, our Company was held as to approximately 5.6% by Mr. Qin, 2.1% by Mr. Wang, 1.5% by Mr. Liu Haiyan, 32.8% by other Management Shareholders, 12.5% by Max Choice (then a Sequoia entity), 40.0% by Topaz, and 5.5% by other Shareholders who were Independent Third Parties.

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(d) Series D Financing

In June 2015, we entered into a share subscription and purchase agreement, pursuant to which we issued and sold Mulan Holdings Limited, a Carlyle entity (“**Carlyle**”), and Kuanjie (Cayman) Investment Center LP, MBD 2015, L.P. and MBD 2015 Offshore, L.P., (collectively, “**Goldman Sachs**”, and together with Carlyle, the “**Series D Investors**”) 17,246,552 and 4,311,638 Series D preferred shares, respectively, for a total cash consideration of US\$150,000,000. Such shares represented approximately 17.6% and 4.4% of our Company’s issued share capital upon completion.

In July and November 2015, Goldman Sachs and another investor further acquired all Series B preferred shares from an existing Shareholder. Such shares were then re-designated and reclassified as Series D preferred shares and Series C preferred shares, respectively. Subsequently, our Company had no Series B preferred shares issued and outstanding.

(e) Series E Financing and Transfer of Max Choice from Sequoia

In July 2016, we entered into a share subscription and purchase agreement, pursuant to which we issued and sold to Fanatic C, a CDH entity, and CDF ANE Limited 11,688,391 and 5,844,195 Series E preferred shares, respectively, for a total cash consideration of US\$150,000,000. Such shares represented approximately 9.2% and 4.6% of our Company’s issued share capital upon completion.

In December 2016, Sequoia transferred its shareholding in Max Choice to our other investors and ceased to be our Shareholder.

(f) Series F+ Financing

In January 2018, we issued and sold to Osterly D Limited (“**Osterly**”), a CDH entity, a convertible promissory note with a principal amount of US\$60,000,000 (the “**CDH Note**”). Pursuant to a notice from Osterly to convert US\$40,000,000 of the CDH Note into shares, we issued 25,769,875 Series F+ preferred shares to Osterly in March 2019. In March 2020, we repurchased the same shares and repaid all outstanding principal amount under the CDH Note together with all interest accrued. Since then, all our Series F+ preferred shares were cancelled.

(g) Series E Warrants

In March 2018, we sold warrants to the Series E Investors, which entitled Fanatic C to subscribe for 1,168,857 Series E preferred shares and CDF ANE Limited to subscribe for 584,428 Series E preferred shares, respectively, at the then par value of US\$0.0001 per share. We issued such shares pursuant to exercise notices delivered by them on the same day.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(h) Series F Financing

In July 2018, we sold warrants to Mass Priority Limited and Perfect Marina Limited, each of which was an Independent Third Party. Relevant warrants agreements were amended in January 2019, such that the Series F Investors were entitled to subscribe up to 3,419,766 and 12,613,778 Series F preferred shares, respectively. Part of the warrants were converted from the warrants voluntarily surrendered by Giant Truck Holding Limited, the management shareholding platform for Giant Truck's management, out of performance and other considerations. The conversion of such warrants was treated as the Company's repurchase of a warrant to purchase 3,176,240 Class 1 ordinary shares at nil value and issuance of a warrant to Mass Priority Limited to purchase 3,176,240 Series F preferred shares.

Given the above, the warrants were subsequently exercised and we issued such shares to Mass Priority Limited and Perfect Marina Limited respectively in January 2019 and February 2021.

(i) Share Subdivision and Acquisition of Giantruck

In September 2018, we conducted a share subdivision pursuant to which each share in our then issued and unissued share capital with a par value of US\$0.0001 was subdivided into five shares of the corresponding class with a par value of US\$0.00002 each (the "**Share Subdivision**").

On the same day, we issued: (i) 42,655,548 Class 1 ordinary shares; and (ii) a warrant to purchase up to 10,501,135 Class 1 ordinary shares to Giant Truck Holding Limited in consideration for our acquisition of Giantruck (the "**GT Warrant**"). Upon completion of the acquisition, Giantruck became our wholly-owned subsidiary. For further details, please see "– Major Acquisitions, Disposals and Mergers" in this section.

(j) Series G Financing

In January 2019, we issued and sold to Topaz two convertible promissory notes with an aggregate principal amount of US\$50,000,000 (the "**Topaz Notes**"). Pursuant to a notice from Topaz to convert the aggregate principal amount of the Topaz Notes together with all interest accrued on March 10, 2020, we issued 39,156,228 Series G preferred shares to Topaz, representing approximately 5.1% of our Company's issued share capital upon completion.

(k) Series H Financing and Transfer of Topaz from Warburg Pincus

In December 2019, Centurium Capital Management Ltd., through its affiliate, Advance Step, indirectly acquired Topaz from Warburg Pincus. Accordingly, Warburg Pincus ceased to be one of our Shareholders.

In January 2020, Advance Step also purchased 8,982,580 Series D preferred shares and 1,038,555 Series D-1 preferred shares from a Series D Investor, representing approximately 1.3% of our Company's issued share capital in aggregate at the time.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

In January 2020, we further issued and sold to Advance Step two convertible promissory notes with an aggregate principal amount of US\$125,000,000 (the “**Advance Step Notes**”). Pursuant to a notice to convert the aggregate principal amount of the Advance Step Notes together with all interest accrued, we issued 90,014,526 Series H preferred shares to Advance Step in February 2021, representing approximately 8.6% of our Company’s issued share capital upon completion.

In January 2020, we also sold warrants to the Series E Investors to subscribe for 211,223 Class 1 ordinary shares at the then par value of US\$0.00002 per share. We issued such shares pursuant to exercise notices in February 2021.

(I) **Series I Financing**

In February 2021, we entered into share purchase agreements (the “**Series I Financing**”), pursuant to which we issued to and:

- (i) CAE subscribed for a total of 51,988,563 Series I preferred shares for a total consideration of US\$100 million, representing approximately 4.8% of our Company’s issued share capital upon completion of the Series I Financing;
- (ii) Ping An subscribed for a total of 31,193,138 Series I preferred shares for a total consideration of US\$60 million, representing approximately 2.9% of our Company’s issued share capital upon completion of the Series I Financing;
- (iii) Yili subscribed for a total of 5,198,856 Series I preferred shares for a total consideration of US\$10 million, representing approximately 0.48% of our Company’s issued share capital upon completion of the Series I Financing; and
- (iv) GBA subscribed for a total of 5,198,856 Series I preferred shares for a total consideration of US\$10 million, representing approximately 0.48% of our Company’s issued share capital upon completion of the Series I Financing.

The Series I Financing and issuance of all Series I preferred shares were completed on February 25, 2021. Further details of each of the Shareholders above are set out in “– Pre-IPO Investments – 6. Information on the Principal Pre-IPO Investors” in this section below.

In connection with the Series I Financing, we further re-designated our shares such that our authorised share capital as of the Latest Practicable Date was US\$50,000 divided into: (i) 1,589,305,993 Class 1 ordinary shares; (ii) 24,950,465 Class 2 ordinary shares; (iii) 56,000,000 Class 3 ordinary shares; (iv) 76,466,665 Series A preferred shares; (v) 140,577,855 Series C preferred shares; (vi) 103,115,630 Senior Convertible Preferred Shares; (vii) 123,959,595 Series D preferred shares; (viii) 14,332,075 Series D-1 preferred shares; (ix) 96,429,355 Series E preferred shares; (x) 17,000,000 Series F preferred shares; (xi) 64,424,688 Series G preferred shares; (xii) 99,858,266 Series H preferred shares, and (xiii) 93,579,413 Series I preferred shares.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(m) Issuance of equity incentive shares

Pursuant to a trust deed dated February 1, 2021 between our Company and Trident Trust Company (HK) Limited (the “Trustee”), an Independent Third Party, the Trustee has agreed to act as the trustee and hold certain Shares underlying RSUs granted under the Equity Incentive Plans. On February 11, 2021, we issued a total of 64,916,065 Class 1 ordinary shares to the holding company of the Trustee at a nominal consideration. In addition, on February 11 and 26, 2021, we further issued an aggregate of 54,119,274 Class 3 ordinary shares as employee incentive shares.

Details of the shareholding structure of our Company as of the Latest Practicable Date are set out in “– Capitalisation of our Company” and “– Corporate Structure” below.

As of the Latest Practicable Date, other than those granted under the Equity Incentive Plans, our Company does not have any outstanding options, warrants and convertibles. A summary of the principal terms of the Equity Incentive Plans are set out in the section headed “Appendix IV – Statutory and General Information – D. Equity Incentive Plans”.

(n) Share transfers within the Management Shareholders group

On August 2, 2021, ANE-XH Holding Limited transferred 15,441,297 Class 1 ordinary shares and 9,014,785 Series C preferred shares to Giant Topway Holding Limited, an investment vehicle which holds the shares on trust settled by Mr. Qin and ANE-SCS Holding Limited transferred 5,607,795 Class 1 ordinary shares to Double Brighten Creation Limited, an investment vehicle which holds the shares on trust settled by Mr. Wang.

On August 2, 2021, ANE-QXH Holding Limited transferred 21,516,790 Class 3 ordinary shares to Concord Dragon Consulting Limited, a shareholding platform established to hold shares on behalf of certain employees and ex-employees of our Group.

PARTIES ACTING IN CONCERT

The Acting-in-Concert Shareholders, comprising a group of Shareholders led by Mr. Wang and Mr. Qin as the leaders of the management team of the Company, have entered into the AIC Agreement, confirming their acting in concert arrangement and agreement to maintain consolidated control and management of our Group. For details, please refer to the section headed “Relationship with Our Largest Shareholders”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

CAPITALISATION OF OUR COMPANY

The following table sets out our shareholding structure as at the Latest Practicable Date and immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised:

Shareholder	As at the Latest Practicable Date ⁽¹⁾													Immediately upon completion of the Global Offering ⁽²⁾				
	Class 1 ordinary shares	Class 2 ordinary shares	Class 3 ordinary shares	Series A preferred shares#	Series C preferred shares#	Senior Convertible Preferred Shares	Series D preferred shares	Series D-1 preferred shares	Series E preferred shares	Series F preferred shares	Series G preferred shares	Series H preferred shares	Series I preferred shares		Aggregate total number of shares	Aggregate ownership percentage ⁽³⁾	Aggregate voting rights percentage ⁽³⁾	Aggregate total number of shares
Acting-in-Concert Shareholders																		
Mr. Wang ⁽⁴⁾	16,607,795	-	10,000,000	-	-	-	-	-	-	-	-	-	-	26,607,795	2.46%	1.62%	26,607,795	2.29%
Mr. Qin ⁽⁵⁾	57,958,087	-	22,602,484	-	9,014,785	-	-	-	-	-	-	-	-	89,575,356	8.27%	6.51%	89,575,356	7.70%
Mr. Liu Haiyan ⁽⁶⁾	3,982,580	-	-	-	-	-	-	-	-	-	-	-	-	3,982,580	0.37%	0.39%	3,982,580	0.34%
Mr. Zhu ⁽⁷⁾	7,000,000	-	-	-	-	-	-	-	-	-	-	-	-	7,000,000	0.65%	0.68%	7,000,000	0.60%
Other Management Shareholders⁽⁸⁾	116,896,500	24,950,465	21,516,790	-	33,283,130	-	-	-	-	-	-	-	-	196,646,885	18.17%	17.03%	196,646,885	16.91%
Max Choice ⁽⁹⁾ (15)	-	-	-	76,466,665	-	-	-	-	-	-	-	-	-	76,466,665	7.06%	7.44%	76,466,665	6.58%
Carlyle ⁽⁹⁾	-	-	-	-	-	19,329,757	9,970,140	-	-	-	-	-	-	29,299,897	2.71%	2.85%	29,299,897	2.52%
Acting-in-Concert Shareholders in total⁽¹⁰⁾	202,444,962	24,950,465	54,119,274	76,466,665	42,297,915	-	19,329,757	9,970,140	-	-	-	-	-	429,579,178	39.69%	36.51%	323,812,616	27.85%
Other Shareholders																		
Centurium ⁽¹¹⁾	-	-	-	-	43,682,235	103,115,630	8,982,580	1,038,555	-	-	39,156,228	90,014,526	-	285,989,754	26.42%	27.81%	285,989,754	24.60%
CDH ⁽¹²⁾	140,815	-	-	-	42,385,060	-	-	-	64,286,240	-	-	-	-	106,812,115	9.87%	10.39%	106,812,115	9.19%
CAE	-	-	-	-	-	-	-	-	-	-	-	51,988,563	-	51,988,563	4.80%	5.05%	51,988,563	4.47%
CPE Funds ⁽¹³⁾	-	-	-	-	-	-	1,936,114	-	-	-	-	-	-	18,681,768	1.73%	1.82%	18,681,768	1.61%
NWS ⁽¹⁴⁾	-	-	-	-	-	-	32,926,085	-	-	-	-	-	-	32,926,085	3.04%	3.20%	32,926,085	2.83%
CDF ANE Limited ⁽¹⁵⁾	70,408	-	-	-	-	-	-	-	32,143,115	-	-	-	-	32,213,523	2.98%	3.13%	32,213,523	2.77%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	As at the Latest Practicable Date ⁽¹⁾														Immediately upon completion of the Global Offering ⁽²⁾			
	Class 1 ordinary shares	Class 2 ordinary shares	Class 3 ordinary shares	Series A preferred shares [#]	Series C preferred shares [#]	Senior Convertible Preferred Shares	Series D preferred shares	Series D-1 preferred shares	Series E preferred shares	Series F preferred shares	Series G preferred shares	Series H preferred shares	Series I preferred shares	Aggregate total number of shares		Aggregate ownership percentage ⁽³⁾	Aggregate voting rights percentage ⁽³⁾	Aggregate total number of shares
Ping An ⁽¹⁶⁾	-	-	-	-	-	-	-	-	-	-	-	-	31,193,138	31,193,138	2.88%	3.03%	31,193,138	2.68%
GBA ⁽¹⁷⁾	-	-	-	-	2,743,840	-	16,463,043	-	-	-	-	-	5,198,856	24,405,739	2.25%	2.37%	24,405,739	2.10%
Ivy Little Rock I Limited ⁽²⁰⁾	-	-	-	-	-	-	17,513,875	-	-	-	-	-	-	17,513,875	1.62%	1.70%	17,513,875	1.51%
Perfect Marina Limited ⁽²⁰⁾	-	-	-	-	-	-	-	-	12,613,778	-	-	-	-	12,613,778	1.17%	1.23%	12,613,778	1.08%
Goldman Sachs ⁽¹⁸⁾	-	-	-	-	-	-	9,785,071	1,131,340	-	-	-	-	-	10,916,411	1.01%	1.06%	10,916,411	0.94%
Timeless Domain Holding Limited ⁽²⁰⁾	-	-	-	-	6,724,965	-	-	-	-	-	-	-	-	6,724,965	0.62%	0.65%	6,724,965	0.58%
Vigorous Plus Limited ⁽²⁰⁾	6,039,621	-	-	-	-	-	-	-	-	-	-	-	-	6,039,621	0.56%	0.59%	6,039,621	0.52%
Yih ⁽¹⁹⁾	-	-	-	-	-	-	-	-	-	-	-	5,198,856	5,198,856	0.48%	0.51%	5,198,856	0.45%	
Mass Priority Limited ⁽²⁰⁾	-	-	-	-	-	-	-	-	3,419,766	-	-	-	-	3,419,766	0.32%	0.33%	3,419,766	0.29%
Hidden Treasury Holding Limited ⁽²⁰⁾	-	-	-	-	2,743,840	-	-	-	-	-	-	-	-	2,743,840	0.25%	0.27%	2,743,840	0.24%
HG Capital China Growth Fund I LP ⁽²⁰⁾	-	-	-	-	-	-	2,213,530	255,926	-	-	-	-	-	2,469,456	0.23%	0.24%	2,469,456	0.21%
Femalv Holding Limited ⁽²⁰⁾	955,055	-	-	-	-	-	-	-	-	-	-	-	-	955,055	0.09%	0.09%	955,055	0.08%
Investors taking part in the Global Offering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,220,000	6.90%
Total	209,650,861	24,950,465	54,119,274	76,466,665	140,577,855	103,115,630	123,959,595	14,332,075	96,429,355	16,033,544	39,156,228	90,014,526	93,579,413	1,082,385,486	100.00% ⁽²⁰⁾	100.00% ⁽²⁰⁾	1,162,605,486	100.00% ⁽²⁰⁾

Notes:

- # Since November 2015, all our Series B preferred shares have been re-classified as other classes of shares. As such, our Company has no Series B preferred shares issued and outstanding as of the Latest Practicable Date.
- (1) As of the Latest Practicable Date: (i) all non-voting Class 3 ordinary shares are underlying shares of restricted share units granted to the incentive plan participants at par value under the 2021 Equity Incentive Plan, and were issued in advance of the completion of the Global Offering with no voting rights as a result of the negotiation between the Company and its Shareholders for the purpose of avoiding the dilution of voting power of the then existing Shareholders before the Listing; (ii) a portion of the Class 1 ordinary shares are underlying shares of options and restricted share units granted and vested (where applicable) to the incentive plan participants at par value under the 2015 Equity Incentive Plan and 2016 Equity Incentive Plan; and (iii) except the Class 1 ordinary shares issued under the 2015 Equity Incentive Plan and 2016 Equity Incentive Plan, all other Class 1 and all Class 2 ordinary shares were subscribed by Shareholders with consideration determined through arms' length negotiations.
- (2) Calculated after taking into account our shares to be issued pursuant to the Global Offering, assuming the Over-allotment Option is not exercised and each of the Class 1, Class 2 and Class 3 ordinary shares and Preferred Shares will be converted into Shares on a one-to-one basis upon the Global Offering becoming unconditional on the Listing Date.
- (3) The aggregate ownership percentage and aggregate voting rights as at the Latest Practicable Date are different because the Company has issued certain Class 3 ordinary shares that do not carry voting rights. Such Class 3 ordinary shares represent approximately 5% of our Company's total issued share capital as at the Latest Practicable Date. For the purposes of presenting the aggregate voting rights as at the Latest Practicable Date, the Class 3 ordinary shares have been disregarded. Immediately upon completion of the Global Offering, such Class 3 ordinary shares will be converted into Shares on a one-to-one basis and will have the same voting rights as all other Shares.
- (4) Mr. Wang is interested in our shares through the following entities: Double Brighten Creation Limited ("**Double Brighten**") and ANE-WYJ Holding Limited ("**ANE-WYJ**"). As at the Latest Practicable Date, each of Double Brighten and ANE-WYJ holds 16,607,795 shares and 10,000,000 shares, respectively. ANE-WYJ is a limited liability company incorporated in the BVI and wholly-owned by Mr. Wang. Double Brighten is an investment vehicle which holds the Shares on trust settled by Mr. Wang.
- (5) Mr. Qin is interested in the Shares through the following entities: Great Vision L.P. ("**Great Vision**") and Giant Topway Holding Limited ("**Giant Topway**"). As at the Latest Practicable Date, each of Great Vision and Giant Topway holds 54,119,274 and 35,456,082 shares, respectively. Great Vision is owned as to 99.00% by ANE-XH Holding Limited as a general partner and 1.00% by ANE-SCS as a limited partner. Giant Topway is an investment vehicle which holds the Shares on trust settled by Mr. Qin.
- (6) Mr. Liu Haiyan is one of the founding members of our Group and holds 3,982,580 shares through a wholly-owned entity, namely ANE-Haiyer Holding Limited, a limited liability company incorporated in the BVI.
- (7) Mr. Zhu, our executive Director, is beneficially interested in 7,000,000 shares through Wiga Fortuna Limited, a limited liability company incorporated in the BVI to hold shares on trust settled by Mr. Zhu.
- (8) The other Management Shareholders consist of the following entities: Top-Logistic (Ane-Invest) Holding Limited ("**Ane-Invest**"), Top-Logistic (Yelan-Invest) Holding Limited ("**Yelan-Invest**"), Orchid Forest Express Inc. ("**Orchid**"), Giant Truck Holding Limited ("**Giant Truck**"), Real Brighten Trading Limited ("**Real Brighten**") and Concord Dragon Consulting Limited ("**Concord Dragon**"), all of which are companies incorporated in the BVI. As at the Latest Practicable Date, Ane-Invest, Yelan-Invest, Orchid, Giant Truck, Real Brighten and Concord Dragon hold 31,241,989 Shares, 24,950,465 shares, 33,283,130 shares, 49,738,446 shares, 35,916,065 shares and 21,516,790 shares, respectively. The entities mentioned above are shareholding platforms established to hold shares on behalf of certain directors, senior management, employees, ex-employees of our Group and/or independent investors. Mr. Wang and/or Mr. Qin either act as the sole director, or is authorised to represent and vote all of the shares of our Company held by such entities. To our Directors' best knowledge, five employees of the Group (who indirectly hold less than 5% of Yelan-Invest in aggregate) and/or their spouses, hold beneficial interests in our certain freight partners. Such freight partners owned by each of these employees and/or their spouses (as applicable) contributed to less than 0.6% of the Group's revenue in each 2018, 2019, and 2020.

- (9) Max Choice and Carlyle respectively hold 76,466,665 shares and 29,299,897 shares as at the Latest Practicable Date. For details on their background, see “– Pre-IPO Investments – 6. Information on the Principal Pre-IPO Investors” in this section below.
- (10) Pursuant to the AIC Agreement, each of the Acting-in-Concert Shareholders have confirmed their historical acting-in-concert arrangement and agreement to maintain consolidated control over our Group. Upon completion of the Global Offering, the AIC Agreement shall terminate with respect to Max Choice and Carlyle. For details, see the section headed “Relationship with Our Largest Shareholders”.
- (11) Centurium entities include Topaz and Advance Step, which hold 185,954,093 and 100,035,661 shares, respectively as at the Latest Practicable Date.
- (12) CDH entities include Fabulous Album and Fanatic C, which hold 42,385,060 and 64,427,055 shares, respectively as at the Latest Practicable Date.
- (13) CPE Funds include CPE Greater China Enterprises Growth Fund and CPE Growth Fund #1, which hold 17,244,709 and 1,437,059 shares, respectively, as at the Latest Practicable Date.
- (14) NWS is interested in our shares through NWS-HG Logistics Technology Limited.
- (15) Max Choice is a wholly-owned subsidiary of CDF ANE Limited (“CDF ANE”). CDF ANE is held by CDF ANE LLP as to approximately 47.1%, CDF Elixir L.P. as to approximately 42.5% and CDHANE LLP as to approximately 10.4%. The general partner of CDF ANE LLP, CDF Elixir L.P. and CDHANE LLP is CDF Capital Management Limited, the ultimate beneficial owners of which are Xiaoling Zhang and Lina Yu. Both Xiaoling Zhang and Lina Yu are Independent Third Parties. To the best knowledge of the Company, all limited partners of CDF ANE LLP are Independent Third Parties. The limited partnership interests in CDF Elixir L.P. and CDHANE LLP are held by Shanghai Anyun Investment Partnership (Limited Partnership) (上海安勻投資合夥企業(有限合夥)) (“Shanghai Anyun”). The majority limited partnership interests in Shanghai Anyun are in turn held by Ningbo Meishan Bonded Area Haoyuan Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區源元股權投資合夥企業(有限合夥)) (“Ningbo Meishan”) and all other 12 limited partners are Independent Third Parties. The general partner of Ningbo Meishan is Shanghai Yuanyue Commercial Consulting Co., Ltd. (上海緣躍商務諮詢有限公司), a company controlled by Mr. Wang. Except for Shanghai Qinghong Ju Yue Investment Management Center (Limited Partnership) (上海青虹聚岳投資管理中心(有限合夥)), which is controlled by Mr. Wang, the remaining limited partnership interests of Ningbo Meishan are held by Independent Third Parties. For further details, please refer to the section headed “Substantial Shareholders”.
- (16) Ping An is interested in our shares through Shanghai Yunmao Investment Centre (Limited Partnership).
- (17) GBA entities include Miracle Bay Holding Limited, Eternal Light Holding Limited and Glorious Regality Holding Limited, which hold 13,574,790, 8,087,109 and 2,743,840 Shares as at the Latest Practicable Date.
- (18) Goldman Sachs entities include Kuanjie (Cayman) Investment Center LP, MBD 2015, L.P. and MBD 2015 Offshore, L.P., which hold 10,238,570, 499,280 and 178,561 Shares as at the Latest Practicable Date.
- (19) Yili is interested in our shares through Hongkong Jingang Trade Holding Co., Limited.
- (20) Our other Pre-IPO Investors and other early investors are Independent Third Parties, including Ivy Little Rock I Limited, Timeless Domain Holding Limited, Perfect Marina Limited, Vigorous Plus Limited, Mass Priority Limited, Hidden Treasury Holding Limited, HG Capital China Growth Fund I LP and Feimalv Holding Limited, each of which holds less than 2% of our total issued share capital as of the Latest Practicable Date.
- (21) The percentage figures included in this table have been subject to rounding adjustments. Therefore, figures shown as total may not be an arithmetic aggregation of the figures above.
- For details on the background of our Shareholders in notes (10) to (18), see “– Pre-IPO Investments – 6. Information on the Principal Pre-IPO Investors” below.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

1. Acquisition of Giantruck

Giantruck is a limited liability company established in the PRC on September 25, 2015. It is principally engaged in the business of logistics management and road transportation services. In September 2018, with a view to improve our line-haul transportation management and in turn enhance our operational capability and efficiency, we entered into an agreement with the shareholders of Giantruck (the “**Giantruck Sellers**”) to purchase 100% equity interest in Giantruck. To the best knowledge of our Directors, the Giantruck Sellers comprised three limited liability partnerships established in the PRC, two of which were controlled by Mr. Zhu and the other by an ex-employee of the Group. The consideration of the acquisition comprised: (i) the issuance of 42,655,548 Class 1 ordinary shares in our Company to Giant Truck Holding Limited (the “**GT Entity**”); (ii) the GT Warrant; and (iii) cash of RMB129 million. To the best knowledge of the Company, the consideration of the acquisition was determined after arms’ length negotiations between the parties, taking into account Giantruck’s total assets and profitability, as well as potential significant strategic synergies between our Group and Giantruck, among other factors. Completion of the acquisition took place in September 2018 upon which Giantruck became our wholly-owned subsidiary. Our PRC Legal Advisor has confirmed that the acquisition has been properly and legally completed and settled from PRC perspective, with all applicable requisite regulatory approvals obtained.

For further details, please see the section headed “Appendix I – Accountants’ Report – III Supplementary Pre-Acquisition Financial Information of Changshan Giant Truck Supply Chain Management Co., Ltd. (the “Target Company”) and Its Subsidiaries (together, the “Target Group”).”

2. Proposed Acquisition of Zhongka Industrial Park Investment Co.

Our Group entered into a share purchase agreement on July 13, 2021 to purchase 90% equity interest in Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. from Quzhou Juguan Supply Chain Management Partnership (Limited Partnership). For details, see “Waivers from Strict Compliance with the Listing Rules – Waiver in respect of Company to be acquired after the Track Record Period”.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we have not conducted any acquisitions, disposals or mergers since our inception that we consider to be material to us.

REASON FOR THE LISTING

Our Company is seeking a listing on the Stock Exchange in order to raise further capital for the development and expansion of our Company’s business and to further strengthen our business profile, as described in more details in the section headed “Future Plans and Use of Proceeds”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-IPO INVESTMENTS

1. Overview

Our Group has received multiple rounds of Pre-IPO Investments which are summarised below.

Round ⁽¹⁾	Date of initial share purchase agreement	Date on which investment was fully settled ⁽²⁾	Total number of shares subscribed	Total funds raised by our Group (approx.)	Cost per share paid (approx.)	Discount to the Offer Price ⁽⁶⁾
Series C	September 30, 2014	May 29, 2015	20,623,126 Senior Convertible Preferred Shares ⁽³⁾	US\$64,600,000	US\$0.3840 (equivalent to HK\$2.9869) ⁽⁴⁾	80.58%
			10,866,921 Series C preferred shares ⁽³⁾		US\$0.4601 (equivalent to HK\$3.5789) ⁽⁴⁾	76.73%
Series D	June 24, 2015	July 23, 2015	21,558,190 Series D preferred shares ⁽³⁾	US\$150,000,000	US\$1.3916 (equivalent to HK\$10.8246) ⁽⁵⁾	29.62%
Series E	July 22, 2016	September 26, 2016	17,532,586 Series E preferred shares ⁽³⁾	US\$150,000,000	US\$1.7111 (equivalent to HK\$13.3098) ⁽⁵⁾	13.46%
<i>(prior to Share Subdivision)</i>						
<i>(after Share Subdivision)</i>						
Series F	July 31, 2018	February 2, 2021	12,857,304 Series F preferred shares	US\$21,700,000	US\$1.6908 (equivalent to HK\$13.1519) ⁽⁵⁾	14.49%
Series G	January 30, 2019	February 11, 2019	39,156,228 Series G preferred shares	US\$50,000,000	US\$1.2769 (equivalent to HK\$9.9324) ⁽⁵⁾	35.42%
Series H	January 16, 2020	March 10, 2020	90,014,526 Series H preferred shares	US\$125,000,000	US\$1.3887 (equivalent to HK\$10.8020) ⁽⁵⁾	29.77%
Series I	February 8 to 22, 2021	February 25, 2021	93,579,413 Series I preferred shares	US\$180,000,000	US\$1.9235 (equivalent to HK\$14.9619) ⁽⁵⁾	2.72%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) The table above does not include our onshore Series A and Series B financings in April and December 2013. For details, please refer to “– Our Establishment and Major Shareholding Changes” above.
- (2) Date of full settlement refers to the date when the underlying shares have been issued to the Pre-IPO Investors upon irrevocable settlement and receipt of funds by our Company.
- (3) Based on the total number of shares subscribed prior to the Share Subdivision.
- (4) According to the Restructuring and Investment Agreement in the Series C Financing, the cost per share paid for each senior convertible preferred share and Series C preferred share was US\$1.9201 and US\$2.3006, respectively. The cost per share paid above has been adjusted to reflect the Share Subdivision, details of which are set out in “– Our Establishment and Major Shareholding Changes” above.
- (5) Calculated based on the total amount of funds raised divided by the total number of shares subscribed by such Pre-IPO investor. The cost per share paid prior to Series F has been adjusted to reflect the Share Subdivision.
- (6) The discount to the Offer Price is calculated based on the assumption that the Offer Price is HK\$15.38 per Share, being the mid-point of the indicative Offer Price range of HK\$13.88 to HK\$16.88, assuming the conversion of each of the Class 1, 2 and 3 ordinary shares and the Preferred Shares into Shares on a one-to-one basis upon completion of the Global Offering.

2. Principal terms of the Pre-IPO Investments and Pre-IPO Investors’ rights

Basis of determining the consideration paid	The consideration for each round of the Pre-IPO Investments was determined, to our Directors’ best knowledge, based on arm’s length negotiations between our Company and the Pre-IPO Investors after taking into consideration the timing of the Pre-IPO Investments, our then valuation when the respective investment agreements were entered into and the our business operations and financial performance of our Group.
Lock-up period	Except Eternal Light Holding Limited, Timeless Domain Holding Limited, Vigorous Plus Limited, Hongkong Jingang Trade Holding Co., Limited, Mass Priority Limited, Glorious Regality Holding Limited, Hidden Treasury Holding Limited, HG Capital China Growth Fund I LP, CPE Growth Fund #1 and Feimalv Holding Limited, all other pre-IPO investors are now subject to lock-up, which will end on the date falling six months from the Listing Date, pursuant to the undertaking given to the Underwriters.
Use of proceeds from the Pre-IPO Investments	We utilised the proceeds for the principal business of our Group as approved by the Board, including for the purpose of business expansion and general working capital. As of the Latest Practicable Date, other than the majority of the proceeds from the latest Series I Financing which remains unutilised, proceeds from the Pre-IPO Investments has been utilised.
Strategic benefits from the Pre-IPO Investors	At the time of the Pre-IPO Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-IPO Investors’ investments in our Company and the Pre-IPO Investors’ knowledge and experience.

3. Special rights of the Pre-IPO Investors

Our Company and, among others, the Pre-IPO Investors entered into the investors' rights agreements, pursuant to which certain shareholder rights were agreed among the parties. Pursuant to the investors' rights agreements and the existing articles of association of our Company, certain Pre-IPO Investors have, among other rights, (i) the right to elect directors; (ii) registration rights; (iii) redemption rights; and (iv) prior consent to certain corporate actions.

Such Pre-IPO Investors' rights under the investors' rights agreements have been suspended immediately prior to the submission of our application for the listing of our Shares on the Stock Exchange and will automatically terminate upon successful consummation of a qualified IPO, provided, however, that such special rights shall resume to be exercisable upon: (i) the withdrawal or rejection of the listing application by our Company; or (ii) the failure by our Company to achieve a qualified IPO before the June 30, 2022 or such later date as approved by a majority of our Board. A qualified IPO means an initial public offering on the Stock Exchange, the New York Stock Exchange or other internationally recognised securities exchange acceptable to the Pre-IPO Investors that reflects a pre-money valuation of not less than US\$2,600,000,000 (approximately HK\$20,200,000,000) (or any lesser amount as accepted by the Pre-IPO Investors). The Global Offering constitutes a qualified IPO, which will trigger the automatic termination of all special rights granted to the Pre-IPO Investors. No special rights will survive after the Listing.

4. Public Float

Upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the Management Shareholders, Max Choice, CDF ANE Limited and Centurium will hold (directly or indirectly) approximately 27.85%, 6.58%, 2.77% and 24.60% of our total issued Shares, and such shares will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules, as they are our substantial shareholders and thus core connected persons of our Company. For details, please refer to the section headed "Substantial Shareholders" in this Prospectus.

Save as disclosed above in this section and in the section headed "Substantial Shareholders" in this Prospectus, to our Directors' best knowledge, all other Pre-IPO Investors and Shareholders are not core connected persons of our Company. Accordingly, upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), approximately 38.20% of the issued share capital of our Company (on a one share, one vote basis) will count towards the public float.

5. Compliance with Interim Guidance and Guidance Letters

The Joint Sponsors confirm that the Pre-IPO Investments are in compliance with Guidance Letter HKEX-GL29-12 issued in January 2012 and updated in March 2017, the Guidance Letter HKEX-G43-12 issued in October 2012 and updated in July 2013 and March 2017, and Guidance Letter HKEX-44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

6. Information on the Principal Pre-IPO Investors

Our Pre-IPO Investors include certain institutional investors, such as Carlyle, CDH, Centurium and CAE and CPE Funds. Set out below is a description of our principal Pre-IPO Investors, each of which is an Independent Third Party.

(a) *Centurium*

Topaz, an entity established in the British Virgin Islands, is currently wholly-owned by Advance Step, which in turn is wholly-owned by Centurium Capital Partners 2018, L.P., (“**Centurium**”) an investment fund whose ultimate controller is Li Hui. Li Hui is the chairman of the board, chief executive officer and founder of Centurium Capital Management Ltd. (“**Centurium Capital**”). Centurium Capital is the manager of Centurium. Li Hui had been the Company’s director nominated by Centurium during the track record period and resigned in November 2020. He had no executive roles within the Group and was not actively involved in the daily operation of the Group during the entire period when he served as director of the Company. To the best of the Company’s knowledge, Mr. Li Hui resigned as directed by Centurium at Centurium’s sole discretion. There were no disagreement or dispute between Mr. Li Hui and the Board in connection with his resignation. Centurium has more than 40 limited partners and none of them, alone, controls more than 30% equity interest in Centurium. As of the Latest Practicable Date, Centurium, through its affiliated entities, holds approximately 27.81% of our total issued share capital.

(b) *CDH*

CDH Legendary Holdings Limited is the ultimate controller of Fabulous Album and Hangzhou Dinghui Baifu Asset Management Company Limited (杭州鼎暉百孚資產管理有限公司) (“**Hangzhou Dinghui**”) is the ultimate controller of Fanatic C. Fabulous Album is a wholly-owned subsidiary of CDH Tai Simple, L.P. which in turn is controlled by its general partner, CDH Legendary Holdings Limited. Fanatic C is indirectly controlled as to 75% by Hangzhou Dinghui. Each of CDH Legendary Holdings Limited and Hangzhou Dinghui are affiliates of CDH Investments (“**CDH**”), which is ultimately controlled by Wu Shangzhi and Jiao Shuge. Wu Shangzhi and Jiao Shuge are both the founders of CDH and Independent Third Parties. Established in 2002, CDH is a leading alternative investment manager focused on Greater China with approximately US\$23 billion of assets under management as of June 30, 2020. As of the Latest Practicable Date, CDH holds approximately 10.39% of our total issued share capital.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(c) *CAE*

CAE Logistics Investment Limited (“CAE”) is a company limited by shares established in the British Virgin Islands, directly owned as to 86% by CPEChina Fund III, L.P. and as to 14% by CPE Global Opportunities Fund II, L.P..

The general partner of CPEChina Fund III, L.P. is CPE Funds III Limited, an entity established in the Cayman Islands wholly-owned by CPE Holdings Limited, which in turn is wholly-owned by CPE Holdings International Limited. CPE Holdings International Limited is owned by a number of Independent Third Parties that are natural persons none of whom controls CPE Holdings International Limited.

The general partner of CPE Global Opportunities Fund II, L.P. is CPE GOF GP Limited, an entity established in the Cayman Islands wholly-owned by CPE Management International Limited, which in turn is wholly owned by CPE Management International II Limited. CPE Management International II Limited is owned by a number of Independent Third Parties that are natural persons none of whom controls CPE Management International II Limited.

As of the Latest Practicable Date, CPEChina Fund III, L.P. and CPE Global Opportunities Fund II, L.P. have more than 70 and 20 limited partners respectively, which include sovereign wealth funds, pensions, financial institutions and other global institutional investors across North America, Europe, Asia and the Middle East.

As of the Latest Practicable Date, CAE holds approximately 5.05% of our total issued Shares with voting rights.

(d) *CPE Funds*

CPE Greater China Enterprises Growth Fund and CPE Growth Fund #1 (“**CPE Funds**”) are exempted companies incorporated with limited liability under the laws of the Cayman Islands for an unlimited duration. The investors of CPE Greater China Enterprises Growth Fund and CPE Growth Fund #1 include professional investors including institutions, corporations and high net worth individual investors. The CPE Funds are managed by China Pinnacle Equity Management Limited incorporated with limited liability in August 2017 in Hong Kong and is licensed to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under Part V of the SFO with CE number BKY108. It is principally engaged in fund management and the provision of investment advisory services to professional investors as defined under the SFO, including corporations, institutions and high net worth individual investors.

As of the Latest Practicable Date, CPE Funds hold approximately 1.82% of our total issued Shares with voting rights.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(e) *NWS*

NWS-HG Logistics Technology Limited is an indirect wholly-owned subsidiary of NWS Holdings Limited (“NWS”), the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 659). NWS and its subsidiaries are principally engaged in (i) the development of, investment in and/or operation of roads, commercial aircraft leasing, construction and insurance; and (ii) the investment in and/or operation of environmental, logistics and facilities management projects. In January 2021, NWS-HG Logistics Technology Limited acquired shares in our Company from an investor. As of the Latest Practicable Date, NWS holds approximately 3.20% of our total issued share capital.

(f) *Ping An*

Shanghai Yunmao Investment Centre (Limited Partnership) (上海韻貿投資中心(有限合夥)) (“**Shanghai Yunmao**”) is a limited partnership established under the laws of the PRC. The general partner of Shanghai Yunmao is Shenzhen Sidaoke Investment Co., Ltd. (深圳市思道科投資有限公司), which is an indirectly wholly-owned subsidiary of Ping An Insurance (Group) Company of China, Ltd. (“**Ping An**”). Ping An, the ultimate controller and ultimate beneficial owner of Shanghai Yunmao, is a Chinese conglomerate, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2318), and whose subsidiaries mainly deal with insurance, banking, and financial services. The limited partners of Shanghai Yunmao include Guangzhou Ping An Consumer Equity Investment Partnership (Limited Partnership) (廣州市平安消費股權投資合夥企業(有限合夥)), Shanghai Dingyu Cheying Equity Investment Fund Partnership (Limited Partnership) (上海鼎瑜車盈股權投資基金合夥企業(有限合夥)), Tianjin Ping An Consumer Technology Investment Partnership (Limited Partnership) (天津市平安消費科技投資合夥企業(有限合夥)) and Ping An Capital Co., Ltd. (平安資本有限責任公司), holding 59.9988%, 29.9994%, 7.9998% and 2% equity interest in Shanghai Yunmao, respectively. As of the Latest Practicable Date, Ping An holds approximately 3.03% of our total issued share capital.

(g) *Carlyle*

Mulan Holdings Limited, an entity established in the Cayman Islands, and is owned as to 93.66% and 6.34% by Carlyle Asia Partners IV, L.P. and CAP IV CoInvestment, L.P., respectively. Carlyle Asia Partners IV, L.P. and CAP IV CoInvestment, L.P. are managed by their general partner, CAP IV General Partner, L.P., which is in turn managed by its general partner, CAP IV, L.L.C., which is indirectly wholly controlled by The Carlyle Group Inc. (“**Carlyle**”) (NASDAQ: CG). Carlyle is a global investment firm that deploys private capital across three business segments: Global Private Equity, Global Credit and Investment Solutions. With US\$246 billion of assets under management as of December 31, 2020, Carlyle employs over 1,800 people in 29 offices across five continents. As of the date of the Latest Practicable Date, Carlyle holds approximately 2.85% of our total issued share capital.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(h) GBA

Each of Miracle Bay Holding Limited, Eternal Light Holding Limited and Glorious Regality Holding Limited (collectively, “**GBA Entities**”) is an investment holding company incorporated in the British Virgin Islands with limited liability. They are related to Greater Bay Area Homeland Investments Limited (“**GBA Investments**”) either by ownership or by discretionary management. Miracle Bay Holding Limited is indirectly wholly-owned by GBA Investments. Eternal Light Holding Limited and Glorious Regality Holding Limited are indirectly wholly-controlled by Greater Bay Area Homeland Development Fund LP (“**GBA Fund**”). Greater Bay Area Homeland Development Fund (GP) Limited is indirectly wholly owned by GBA Investments and is GBA Fund’s general partner. GBA Fund is under discretionary management by Greater Bay Area Development Fund Management Limited, a wholly owned subsidiary of GBA Investments and a type 1, 4 and 9 licensed corporation under the SFO.

The GBA Entities were jointly established by international large-scale industrial institutions, financial institutions and new economic enterprises. They cover a range of activities, including venture capital, private equity investments and listed company investments and mergers and acquisitions. Their objective is to grasp the historical opportunities of the development of Guangdong-Hong Kong-Macao Greater Bay Area, and the construction of an international innovation and technology hub, focusing on technological innovation, industrial upgrading, quality of life, smart city and all other related industries.

As of the date of this Prospectus, the GBA Entities hold approximately 2.37% of our total issued share capital.

(i) Goldman Sachs

The Goldman Sachs entities include Kuanjie (Cayman) Investment Center LP, MBD 2015, L.P. and MBD 2015 Offshore, L.P.

Kuanjie (Cayman) Investment Center LP is an exempted limited partnership registered in the Cayman Islands. Its general partner, Broad Street (Cayman) GP Limited, is an affiliate of The Goldman Sachs Group, Inc. (“**Goldman Sachs**”), a company listed on the New York Stock Exchange (NYSE: GS). Each of MBD 2015, L.P. and MBD 2015 Offshore, L.P. are limited partnerships registered in the state of Delaware, United States and the Cayman Islands, respectively. MBD Advisors, L.L.C. is their general partner, which is an affiliate of Goldman Sachs. Kuanjie (Cayman) Investment Center LP, MBD 2015, L.P. and MBD 2015 Offshore, L.P. are all controlled by Goldman Sachs. As of the Latest Practicable Date, Goldman Sachs hold approximately 1.06% of our total issued share capital.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(j) Yili

Hongkong Jingang Trade Holding Co., Limited, is a limited liability incorporated in Hong Kong, directly wholly-owned by Inner Mongolia Yili Industrial Group Co., Ltd. (內蒙古伊利實業集團股份有限公司) (“Yili”), a company established under the laws of the PRC in June 1993 and whose shares are listed on the Shanghai Stock Exchange (stock code: 600887). Yili is one of China’s leading dairy companies. As of the Latest Practicable Date, Yili holds approximately 0.51% of our total issued share capital.

EQUITY INCENTIVE PLANS

Our Company has adopted the Equity Incentive Plans on May 29, 2015 (as further amended and approved on January 30, 2019 and December 30, 2020), December 1, 2015 (as further amended and approved on January 30, 2019 and December 30, 2020) and February 7, 2021, the purposes of which are to attract, motivate, retain and reward certain employees, directors, officers and other eligible persons of our Group. The principal terms of such plans are set out in the section headed “Appendix IV – Statutory and General Information – D. Equity Incentive Plans”.

PRC REGULATORY REQUIREMENTS

According to the M&A Rules jointly issued by MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the CSRC, the SAIC and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among other things, further purport to require that an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Our PRC Legal Advisor, is of the opinion that prior CSRC approval for this Global Offering is not required because the CSRC has not issued any definitive rules or interpretations concerning whether offerings such as this offering are subject to the CSRC approval procedures under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented and we cannot assure you that relevant PRC governmental authorities, including the CSRC, would reach the same conclusion as our PRC Legal Advisor.

SAFE REGISTRATION IN THE PRC

Pursuant to the SAFE Circular 37, promulgated by SAFE and which became effective on July 4, 2014 and replaced the SAFE Circular 75; (i) a PRC resident must register with the local SAFE branch in connection with their contribution of offshore assets or domestic enterprises' equity interests in an overseas special purpose vehicle (the "Overseas SPV") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting overseas investment or financing, and (ii) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties. In addition, the PRC subsidiaries of that Overseas SPV may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the Overseas SPV and its offshore subsidiary may be restricted in their ability to contribute additional capital to their PRC subsidiaries.

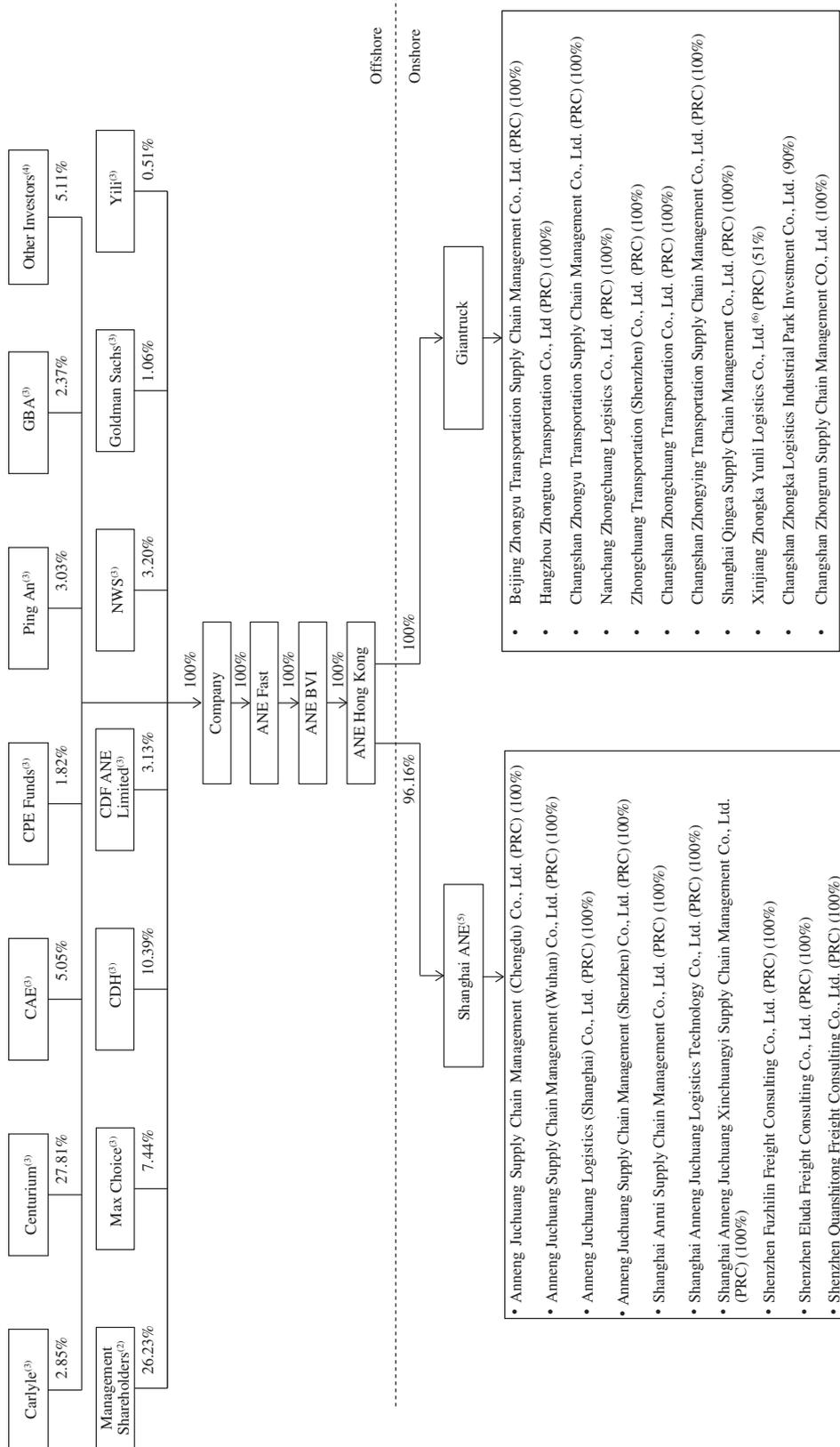
Pursuant to the Circular of the SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), promulgated by SAFE and effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to qualified banks.

As advised by our PRC Legal Advisor, our Executive Directors who are PRC residents and indirectly hold shares in our Company, namely: (i) Mr. Wang and Mr. Qin; and (ii) Mr. Zhu, have completed their respective registration under the SAFE Circular 37 on (i) June 15, 2014; and (ii) September 10, 2018, respectively.

CORPORATE STRUCTURE

Corporate structure before the Global Offering

The following diagram illustrates the simplified corporate and shareholding structure of our Company and subsidiaries after completion of our corporate reorganisation and immediately prior to the completion of the Global Offering.⁽¹⁾

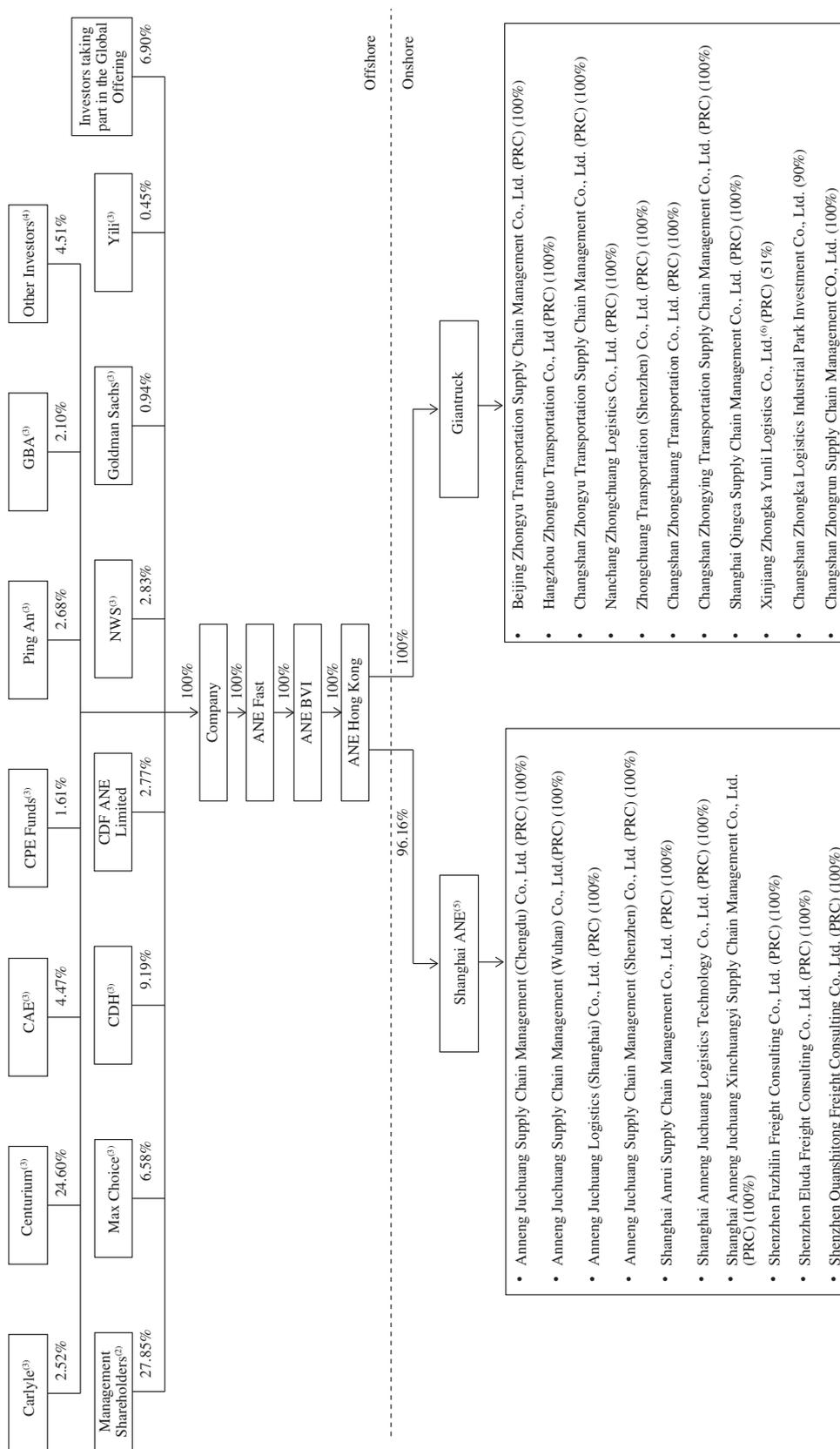


Notes:

- (1) The ownership percentage is adjusted to disregard Class 3 ordinary shares that do not carry voting rights. Upon the Global Offering becoming unconditional on the Listing Date, each of the ordinary shares and preferred shares of the Company will be converted into Shares on a one-to-one basis. The percentage figures included in this diagram have been subject to rounding adjustments. Therefore, figures shown as total may not be an arithmetic aggregation of the figures above.
- (2) For details on the Management Shareholders and the Acting-in-Concert arrangement, see the section headed “Relationship with Our Largest Shareholders”.
- (3) For details on such Shareholders, see “– Pre-IPO Investments – 6. Information on the Principal Pre-IPO Investors” in this section above.
- (4) This includes all our other Pre-IPO Investors and other early investors, who are Independent Third Parties and each hold less than 2% of our total issued share capital. For additional information, see “– Pre-IPO Investments – 6. Information on the Principal Pre-IPO Investors” in this section above.
- (5) The remaining 3.84% equity interest in Shanghai ANE is held as to 2.79% by Ningbo Meishan Free Trade Port Zone Qinghong Equity Investment Partnership Enterprise (Limited Partnership) (“**Ningbo Qinghong**”) and as to 1.05% by Beijing Anju Enterprise Management Centre (Limited Partnership) (“**Beijing Anju**”), respectively. Each of Ningbo Qinghong and Beijing Anju is a limited liability partnership established in the PRC and are shareholding platforms established primarily to hold equity interest on behalf of employees and business partners of the Group. As at the Latest Practicable Date, our Directors, namely: (i) Mr. Wang, is interested in Ningbo Qinghong as to 22.85% and Beijing Anju as to 12.22%; (ii) Mr. Qin is interested in Ningbo Qinghong as to 10.66%; and (iii) Mr. Zhu is interested in Beijing Anju as to 37.71%, as limited partners. Mr. Wang also controls the general partners of Ningbo Qinghong and Beijing Anju. To our Directors’ best knowledge, certain business partners and/or employees/ex-employees of the Group and/or their friends and/or relatives who are Independent Third Parties also held interest in Ningbo Qinghong and Beijing Anju.
- (6) The remaining 49% equity interest in Xinjiang Zhongka Yunli Logistics Co., Ltd. is held by Jiangsu Runkun Supply Chain Management Co., Ltd. as to 19%, Mr. Zhong Guolian (鍾國良) as to 15% and Mr. Chen Yifeng (陳一峰) as to 15%, each of which is an Independent Third Party.

Corporate structure immediately following the Global Offering

The following diagram illustrates the simplified corporate and shareholding structure of our Company and subsidiaries immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised):⁽¹⁾



Notes:

- (1) Assuming the Over-allotment Option is not exercised and each of the Class 1, Class 2 and Class 3 ordinary shares and Preferred Shares of the Company will be converted into Shares on a one-to-one basis upon the Global Offering becoming unconditional on the Listing Date.
- (2)-(6) Please refer to notes (2) to (6) in “– Corporate Structure – Corporate structure before the Global Offering” above.

OVERVIEW

We operate a leading express freight network in China's less-than-truckload ("LTL") market. Express freight network operators, like us, are LTL service providers who have nationwide coverage, and deliver timely and comprehensive freight transportation services. According to iResearch, our express freight network is the largest in China in terms of total freight volume in each of 2017, 2018, 2019 and 2020, particularly with approximately 10.2 million tons of total freight volume and a market share of 17.3% in 2020 among all express freight networks in China. Our gross profit margin was 14.8% in 2020, the highest among all express freight networks in China, according to iResearch. We have achieved growth in total freight volume at a CAGR of approximately 31.0% from 2015 to 2020, and a growth rate of 25.9% from 2019 to 2020.

We mainly provide transportation services, value-added services and dispatch services to our freight partners, our direct customers. We, together with our freight partners and agents, served over 3.6 million shippers, our end-customers, across China as of April 30, 2021.

With the accelerated digitalisation of commerce and trade in China, the full spectrum of supply chain, from manufacturers to distributors, merchants and retailers, require fast and high frequency inventory turnover. This could only be achieved through efficient and comprehensive freight transportation solutions to bring merchandise to warehouses and stores closer to end consumers. This in turn generates significant demand for timely, comprehensive and reliable LTL services with nationwide coverage. We are well-positioned for this opportunity by leveraging our nationwide network with comprehensive and diverse product offerings tailored to different shipper preferences. For instance, we offer time-definite product to address e-commerce merchants' increasing focus on timeliness, guaranteed safety product for medicine distributors in transportation of fragile and valuable goods, and economy freight to meet auto parts suppliers' demand for cost-effectiveness transporting parts to auto manufacturers.

Historically, China's LTL market was highly fragmented and inefficient with a large number of regional direct line and freight operators providing local logistics services in their respective areas. Such freight operators struggle to capture the opportunities and meet the challenges brought by B2C e-commerce growth and evolution in supply chains that have ensued. We have created the freight partner platform model to draw such local operators to our platform as freight partners and agents, empowering them and our entire network to serve as the infrastructure for China's new commerce landscape.

Under this model, we directly operate and control all mission-critical sorting and line-haul transportation operations, while our freight partners establish outlets and provide pickup and dispatch services in collaboration with freight agents. Our freight partner platform model is highly scalable and cost-effective, as we are primarily responsible for the mission-critical infrastructure and can leverage the resources of our freight partners and agents and their outlets to quickly expand our network. In addition to the ability to expand and strengthen our network in an efficient manner, we have established a self-reinforcing platform.

BUSINESS

We enable our freight partners and agents with technology capabilities and operational efficiency to deliver comprehensive high quality services to shippers. By April 30, 2021, we have collaborated with approximately 7,000 freight partners and 22,400 freight agents to serve shippers across approximately 96% of the counties and townships in China. We, together with our freight partners and agents, served a diverse and well-balanced end-customer base of over 3.6 million shippers as of April 30, 2021 across the entire commerce landscape in China.

Technology is at the core of our operations. We enhance our operational efficiency by empowering our freight partners and agents with innovative technology solutions. We have developed a suite of proprietary digitalisation tools which are deployed throughout the entire transportation process. These include the Compass System, our operational control tower and a critical managerial system. These digitalisation tools integrate and analyse extensive operational data from our various management systems, helping us manage the entire network and platform. Leveraging our advanced technology capabilities, we are able to make real-time decisions on critical operational processes, such as route planning, sorting management and outlet management.

Our freight partner platform model and technology infrastructure have enabled us to achieve industry leading cost and operational efficiency. Our unit cost of revenue for the LTL business of RMB591/ton in 2020 was among the lowest in express freight networks in China, according to iResearch. In addition, our unit line-haul transportation costs, the key component of our cost of revenues, decreased by 22.7% from 2018 to 2020.

We have achieved significant growth in scale and profitability for our LTL business during the Track Record Period. Specifically:

- our total freight volume was approximately 7.3 million tons, 8.1 million tons, 10.2 million tons, 2.1 million tons and 3.6 million tons in 2018, 2019, 2020 and the four months ended April 30, 2020 and 2021, respectively;
- our LTL revenue increased by 10.8% from RMB4,813.3 million in 2018 to RMB5,335.0 million in 2019, and further by 32.7% to RMB7,081.8 million in 2020, and increased by 127.0% from RMB1,249.8 million for the four months ended April 30, 2020 to RMB2,836.5 million for the four months ended April 30, 2021;
- our gross profit for the LTL business increased by 22.9% from RMB623.4 million in 2018 to RMB766.0 million in 2019, and further increased by 37.3% to RMB1,051.5 million in 2020, and increased by 83.8% from RMB216.2 million for the four months ended April 30, 2020 to RMB397.4 million for the four months ended April 30, 2021; and

BUSINESS

- we achieved an overall operating profit margin of 1.1% in 2019 as compared to an operating loss margin of 29.4% in 2018, and our operating profit margin significantly increased to 8.2% in 2020. Our operating profit margins were 4.8% for the four months ended April 30, 2021, as compared to 6.5% for the four months ended April 30, 2020.

OUR MISSION

Our mission is to create infinite possibilities with logistics services (“物流創造無限可能”).

OUR VISION

Our vision is to provide the most efficient logistics infrastructure for commerce in China.

OUR VALUES

Our core values serve as the bedrock of everything we do as we strive towards our mission:

- ***Trust***: We appreciate the trust of our freight partners and agents, shippers, employees and business partners, which has been and will continue to be the foundation for our growth.
- ***Collaborative entrepreneurship***: We cultivate collaborative entrepreneurial spirit among our employees, freight partners and agents, and encourage them to work as one team to deliver outstanding services to shippers.
- ***Perseverance***: We value perseverance in our continuous pursuit of excellence, which has contributed to our leadership in this rapidly evolving industry.

OUR FREIGHT PARTNER PLATFORM MODEL

We have created a freight partner platform model, where we directly operate and control all mission-critical sorting and line-haul processes while our freight partners and agents are responsible for investing and operating the outlets at their own costs and providing feeder service, pickup and dispatch services. Under our freight partner platform model, we enable and empower tens of thousands of local freight operators to connect with more shippers and to provide digitalised, nationwide, reliable, timely, efficient and comprehensive LTL services to shippers. We deliver unique values to freight partners, agents and shippers. See “– Our Value Propositions.” We will increase our investment in sorting centres and line-haul transportation as the freight volume increases to continuously optimise operational efficiency while maintaining service quality.

BUSINESS

Our freight partner platform model is built upon our network of critical infrastructure, strong collaboration with freight partners and agents, enabled by our technology systems. The key components of our freight partner platform are:

- **Direct control of critical infrastructure:**
 - *Sorting* through our 151 self-operated sorting centres (of which 10 are key transit hubs and 43 are transit hubs) connecting over 2,000 inter-provincial direct line-haul routes across major Tier 1/2/3 cities in China as at April 30, 2021;
 - *Line-haul transportation operations* through our self-operated fleet consisted of approximately 2,400 high-capacity line-haul truck tractors and over 3,600 trailers, supported by over 1,000 trucks operated by third party fleet as at April 30, 2021, all of which operate under our high operation standards and ANE brand and logo; and
- **Strong collaboration with approximately 29,400 freight partners and freight agents:** we collaborate with our freight partners and freight agents who maintain outlets at their own costs and manage pick up and dispatch services to serve 3.6 million shippers as of April 30, 2021 across the entire commerce landscape in China, covering approximately 96% of the counties and townships as at April 30, 2021.
- **Technology empowerment:** we have developed a suite of proprietary digitalisation tools such as the Compass System, our control tower which integrates and analyses extensive operational data from our various technology systems, including the Luban system for integrated data management, the 360° system for outlet management, the TMS system for line-haul management and the Yitian system for sorting centre management. Our technology systems improve the operational efficiency of our platform, and help us manage the entire network and our platform, and make real-time decisions on critical operational processes, such as route planning, sorting management and outlet management. We also enable our freight partners and agents with technology capabilities to deliver comprehensive and high-quality services to shippers.

We maintain control over the service quality of our freight partners and agents. Both the freight partners and freight agents operate under our brand and are required to adhere to our service guidelines and policies. We organise trainings and continuously monitor their performance and compliance with our policies.

OUR STRENGTHS

We believe our long-term competitive strengths are the result of the implementation of our business strategies, guided by our mission, vision and values, together with strong execution capabilities of our management team.

We operate the largest express freight network with high growth rate and profitability in China

We operate the largest express freight network in China in terms of annual total freight volume in each of 2017, 2018, 2019 and 2020, according to iResearch. With approximately 10.2 million tons of total freight volume in 2020, we had the largest market share of 17.3% among all express freight networks in China, according to iResearch. China is the largest LTL market globally, with a market size of approximately RMB1.5 trillion in 2020, which is approximately five times that of the United States.

We have also achieved high growth rates. Our average daily freight volume increased by approximately 9.5 thousand tons from 28.9 thousand tons in 2019 to 38.4 thousand tons in 2020. Our rapid network expansion has led to a total freight volume CAGR of approximately 31.0% from 2015 to 2020. Our growth has substantially outpaced that of the overall LTL market in China, which experienced a steady growth CAGR of 5.9% from 2015 to 2020.

We operate one of the most extensive express freight networks in China, the density of which enables high utilisation and efficiency of sorting centres and line-haul transportation. We collaborate with approximately 7,000 freight partners and 22,400 freight agents to serve shippers across approximately 96% of the counties and townships in China as of April 30, 2021. This helped us reach a diverse end-customer base of over 3.6 million shippers as of April 30, 2021 across the entire commerce landscape in China. For details, see “– Customer-centric product offerings with high service quality.”

Our operational excellence, economies of scale and network effects have led to industry-leading profitability. In 2020, we achieved a 14.8% gross profit margin, the highest among all express freight networks in China, according to iResearch.

Freight partner platform creating significant network effects

Prior to the emergence of express freight networks, China’s LTL market was highly fragmented and mainly served by a large number of small- and medium-sized local freight operators, which typically have low growth and less attractive business prospects due to a lack of operational scale or technology capabilities. This industry landscape is also associated with various pain points such as limited coverage or door-to-door capabilities, inconsistent service quality, and a lack of IT infrastructure. As a result of the rapidly developing and digitalising commerce landscape, there is significant unmet needs from shippers seeking nationwide, comprehensive, timely and digitalised transportation services.

BUSINESS

We have been leading innovation in the industry. We have created a platform beneficial to all participants and in doing so, have helped reshape the industry landscape. We operate a highly scalable platform under which we directly operate and control all mission-critical nationwide sorting and line-haul transportation operations with economies of scale, while our freight partners and agents are responsible for the pickup and dispatch services.

We are dedicated to creating more value to our freight partners and agents while benefiting from their growth. As a result, we believe we are best positioned to consolidate China's fragmented and inefficient LTL market. As of December 31, 2018, 2019 and 2020 and April 30, 2021, we had approximately 4,700, 5,100, 6,200 and 7,000 freight partners, respectively, enabling us to better serve shippers while expanding nationwide coverage. We collaborate with our freight partners and agents to serve shippers across approximately 96% of the counties and townships in China as of April 30, 2021. In addition, our management and incentivisation system motivates our freight partners and agents to grow in terms of freight volume, operational efficiency and service capability, which in turn strengthens our network, promotes partner stickiness and enhances the entire platform. For details, see “– Our Service Offerings – Value-added Services” and “Financial Information – Description of Major Components of Our Results of Operations – Revenue – LTL Revenues.”

As more freight partners and agents are drawn to our platform, we are able to expand our network coverage and capabilities, reduce marginal costs and improve shipper experience, attracting more shippers to use our products and more freight partners and agents to join our platform. This has created a significant and self-reinforcing network effects. We believe that such network effects and our ability to provide and innovate our service offerings will further drive the growth of our platform.

Strong operational and cost efficiency

We have achieved strong cost leadership across the industry through operational excellence, proprietary technology, economies of scale and network effects. Our unit cost of revenues for LTL business of RMB 591/ton in 2020 was among the lowest for express freight networks in China, according to iResearch.

Our cost leadership and continuous unit cost reduction have been a result of the following factors:

- ***Operating the most extensive sorting network.*** Supported by our 151 sorting centres across major Tier 1/2/3 cities in China as of April 30, 2021, we have achieved superior direct connectivity, the key performance indicator in the LTL industry. As of the same date, our 10 key transit hubs and 43 transit hubs out of the 151 sorting centres are connected via over 2,000 inter-provincial direct line-haul routes, leading to lower transit ratios per freight shipment. Moreover, having an extensive sorting network shortens the distance from outlets to sorting centres, enhancing our economies of scale. Benefiting from our extensive sorting network, our average transit ratio improved from 1.52 in 2018, to 1.48 in 2019 and 1.38 in 2020. Transit ratio is the number of transits of a shipment during its transportation process. One transit refers to line-haul transportation between two sorting centres.

- ***Increasing proportion of self-operated trucks.*** As our economies of scale lead to high utilisation rate of our truck tractors, we have started to invest in self-operated trucks to further improve our operational efficiency. We strategically focus on high-capacity trucks to optimise unit output and reduce unit costs. As of April 30, 2021, our self-operated fleet consisted of approximately 2,400 high-capacity line-haul truck tractors and over 3,600 trailers. As a result of these efforts, we were able to reduce our unit line-haul transportation costs by 22.7% from 2018 to 2020.
- ***Proprietary technology systems.*** Our technology innovation has further enhanced our operational efficiency and cost leadership. By digitalising the entire operation process, we are able to consistently optimise our operations.
- ***Extensive management know-how.*** We have accumulated considerable management know-how in achieving high growth and adapting to fast-changing market conditions while continuously enhancing operational efficiency over the past decade.

Our operational excellence, economies of scale and network effects have led to industry-leading profitability. In 2020, we achieved a 14.8% gross profit margin, the highest among all express freight networks in China, according to iResearch.

Continuous technology innovation and digitalised operation

Technology is at the core of our operations. It is critical to our platform, network and service offerings. Technology empowers our freight partners and agents to grow efficiently, and also drives our core network efficiency and cost leadership. We have digitalised every process of our operations through self-developed IT systems to achieve real-time data tracking, smart outlet management, route planning, sorting management and automated customer service to shippers, which in turn contributes to our superior network capabilities.

- ***Shipping and tracking.*** We have developed an open order management system which is fully integrated with all major e-commerce platforms. This system is compatible with our digital waybill technology, allowing shippers to place and track their orders in real time.
- ***Outlet management.*** We empower freight partners and agents with the Luban integrated data management system, the 360° outlet management system, smart toolkits such as GIS, mobile applications and other AI and IoT applications, significantly improving operational efficiency and service quality. With our proprietary Compass System, we are able to achieve strong managerial control as we directly convey management decisions and track performance of each freight partner and agent through the system.

- **Sorting.** We have developed an in-house Yitian sorting centre management system, to optimise workforce deployment, sorting area utilisation and truck loading/unloading. Our intelligent sorting management system provides full visibility throughout the sorting process. We have also been utilising various smart equipment and AI technologies to improve sorting efficiency. In addition, we are deploying various automated sorting lines and smart equipment to keep pace with our volume growth while minimising labour intensity.
- **Line-haul transportation.** We have deployed various transportation management systems to manage our freight volume prediction, load management, fleet deployment, route planning, driver management, safety control, dispatch scheduling and visualised reports in a digitalised environment. We are continuously improving our algorithms to maximise our truck and line-haul route utilisation.
- **Customer service to shippers.** We have established a “human + AI” integrated customer service system to provide real-time and tailored services to our shippers.

Leveraging the vast amount of operational data accumulated over the years, we have been developing our proprietary algorithms and AI machine learning capabilities to continue to innovate and to improve operational efficiency. We optimise our pricing matrix, route planning and dispatching arrangements by analysing data collected via the Compass System with AI technologies.

Customer-centric product offerings with high service quality

We are highly committed to fostering a customer-centric culture. As the digitalisation of China’s commerce accelerates, nationwide express freight networks like ANE serve as the critical logistics infrastructure underpinning rapidly evolving supply chain in response to consumer demand for merchandise to be shipped to warehouses and stores closer to them in a high-frequency and timely manner. We believe that we are well-positioned to serve the increasingly diverse and growing demand brought by China’s consumption upgrade, leveraging our scale, technology capabilities and platform. We offer a full suite of products tailored to different shipper preferences, and to serve different industry verticals such as FMCG, food and beverage, apparel, furnishings and appliances, and electronics. For instance, we offer time-definite product to address e-commerce merchants’ increasing focus on timeliness, guaranteed safety product for medicine distributors in transportation of fragile and valuable goods, and economy freight to meet auto parts suppliers’ demand for cost-effectiveness transporting parts to auto manufacturers. We continuously broaden our product offerings in accordance with the latest trends. For example, we provided an e-commerce tailored service to facilitate merchants to efficiently transport their merchandise into B2C e-commerce warehouses operated by various e-commerce platforms. We also strategically focus on high-margin and high-growth markets, including time-definite and guaranteed-safety products.

BUSINESS

With our customer centric culture and operational capabilities, we provide multi-channel customer services to shippers by both real-time human assistance and our AI-enabled customer service system. We have achieved industry-leading service quality metrics with an average of 65.6 hours per shipment for time-definite product, a loss rate of approximately 0.002%, and a damage rate of 0.04% in the four months ended April 30, 2021. As a result, we have gained high shipper satisfaction in our operations, with a complaint rate at 0.03% in the four months ended April 30, 2021, creating a strong brand and fostering long-term goodwill and shipper loyalty. With our service quality and product mix, we aim to meet every shipper's need for freight transportation services.

Experienced and entrepreneurial management team backed by world-class shareholders

We have a visionary and entrepreneurial management team with complementary backgrounds and skills. Our senior management collectively have an average of over 15 years of experience in the logistics, technology and financial services industries.

Our senior management are the cultivators and carriers of our culture of trust, collaborative entrepreneurship and perseverance, which is critical to our success. We believe that our valuable corporate culture unites our employees, aligns our interests with partners and lays the foundation for our industry leadership. In addition, our senior management has created the freight partner platform model in LTL industry and grown ANE into the largest express freight network in China in terms of annual total freight volume in each of 2017, 2018, 2019 and 2020. We achieved this leading position within seven years since inception, overtaking the by-then incumbent leader which has had over 20 years of operating history. We have well-structured equity incentive plans in place to align interests of our management members, effectively incentivising their performance and enabling us to retain industry leading talent.

We have received investments from renowned shareholders including Centurium, Carlyle, CDH, CAE, CPE Funds, NWS, Ping An, Goldman Sachs and Yili, providing valuable funding and strategic support throughout our history. We have maintained strong relationships with these shareholders, which we believe will further promote our business growth.

OUR STRATEGIES

Our future strategies focus on meeting the demand for comprehensive transportation services brought by the fast-changing commerce landscape, strengthening our leadership position, accelerating the consolidation in China's LTL industry, and sustaining our strong, profitable growth in the years to come.

Expand shipper base and upgrade product offerings

We will continue to grow our market share in the China LTL market by capturing the growing market demand brought by the rapid development of digitalised supply chain. We will strategically focus on developing high growth regions, industries and shipper groups. We endeavour to continuously consolidate the fragmented LTL market by attracting more freight operators, especially those with key industry expertise, to join our platform.

We will continue to expand our product offerings to meet the continuously-evolving customer needs brought by e-commerce, omni-channel and supply chain evolution. Omni-channel strategy is an approach to sales and marketing that provides consumers with a fully-integrated offline to online shopping experience. This requires seamless integration of online and offline supply chain enabled by comprehensive freight transportation solution and services. In addition, we will also continue to focus on upgrading our products and service offerings to provide differentiated solutions to meet specific transportation demand of shippers across different industries as well as different segments of the supply chain. For example, we upgraded our time-definite and launched safety-guaranteed product in May 2020, allowing us to penetrate into higher margin market such as B2C heavy goods of valuable and fragile items. We have expanded our service scope to cover freight weighing 3 to 10 tons in 2021, allowing us to serve new shipper needs as well as enhancing our network efficiency, such as expedited shipping of auto parts to electric vehicle automakers. Aided by our market leadership position, optimised product offerings will further enhance our pricing power and complete our pricing matrix, which we believe will help us maintain our leadership position in a fast growing market.

Strengthen our platform and collaborations with freight partners and agents

Our freight partner platform, especially the success of our freight partners and agents, is key to our success. We endeavour to create more value to our freight partners and agents by building a more vibrant platform and empowering them with our proprietary technologies and management systems. We will continue to enhance their capabilities, stimulate their growth and improve their operational efficiency. For example, we are partnering with financial institutions, who provide financing support, such as working capital facilities for freight partners to invest in additional capacity and expand shipper base. Moreover, we provide digitalised solutions including integrated SaaS and mobile applications so that they can leverage our IT capabilities to digitalise their services. Value-added services as such will also help us strengthen our platform and diversify our revenue sources. We will upgrade our customer service capability and capacity, such as expanding the service scope of our centralised customer service centre, thereby continuing to enable freight partners and agents to improve their service capabilities, enhance shipper satisfaction and retention, and to build our brand premium. We also plan to help our freight partners and agents develop tailor-made solutions in order to attract key shippers. Moreover, by providing tailored industry solutions and diversified product offerings, we continue to attract specialised freight operators to join our platform to further enhance our network effects.

We will continue to innovate and refine our incentive system for freight partners and agents. For example, we will keep optimising our pricing mechanism to provide customised and transparent prices based on different growth stages and market conditions of our freight partners and agents.

Invest in our mission-critical infrastructure

Investing in mission-critical infrastructure is a long-term strategic imperative.

- ***Expand our sorting centre footprint and capacity.*** We will significantly expand our sorting capacity in multiple aspects to accommodate our high volume growth and improve our network structure. We plan to establish more sorting centres in economically vibrant regions to bring our critical infrastructure closer to commercial and production centres and to our freight partners and agents there to better serve these markets and shippers. We will also acquire and build key transit hubs to optimise our leasing cost and allow long-term strategic planning, including automation initiatives.
- ***Invest in industry-leading line-haul truck fleet.*** We aim to own and operate the largest line-haul truck fleet in China. We have long term investment plan for modern and high-capacity tractors and trailers with superior unit economics and cost efficiency. As our freight volume grows, we will partner with major trucking manufacturers to customise their models to fit our operational needs. We also plan to invest in state-of-the-art trucking technologies including autonomous driving and clean fuel to improve safety and efficiency and minimise environmental impact.

Enhance operational efficiency

Maintaining and enhancing our cost leadership is our core strategic focus. Our leading network scale allows us to constantly add new line-haul routes to improve direct connectivity among sorting centres, thereby further improving economies of scale. We aim to increase the adoption of drop and pull to significantly improve the utilisation rates of truck tractors. Moreover, as we expand the size of our line-haul fleet and optimise unit output, we will continue to lower the procurement costs for major cost items such as fuel, truck parts and maintenance costs for trucks as a result of our increased bargaining power and stronger relationship with suppliers.

We endeavour to create a highly efficient and safe working environment and further upgrade our driver management APPs and management tools, to improve workers' and drivers' safety, productivity and long-term loyalty.

Continue technology innovations

Building on our existing technology innovations and capabilities, we intend to significantly increase our R&D expenses and investments.

- **Sorting** – We will improve precise freight flow forecasts, intelligent resource allocation and just-in-time monitoring to achieve optimal labour arrangements and maximise productivities per head, allowing us to prepare in advance for peak times. To further improve employee productivity and efficiency, we will invest in researching, developing and applying sorting automation, with focuses on AI vision monitoring systems, dynamic volume weighing devices, unmanned forklift, IoT devices and automated cross-belts tailored for freight sorting and loading. We believe that this will help us continuously improve our sorting capabilities and reduce labor costs.
- **Line-haul** – In addition, we will further invest in intelligent transportation management systems, utilising proprietary technologies and algorithms to predict freight volumes, maximise fleet capacity and optimise routeing. We believe that this will help us further increase the load factor and utilisation rates of our trucks, and thus enable us to improve cost efficiency. We are cooperating with leading autonomous truck driving companies to trial and deploy level 3+ autonomous driving technologies on our fleet to enhance transportation safety and efficiency.
- **Full AI-enabled decision-making process** – We plan to leverage full AI-enabled decision-making in our management and operation processes to reduce human error and reliance on individuals. We intend to automate and optimize our decision-making processes by visualising and analysing our operational data with AI technologies. We believe this will increase the efficacy of our decision-making process in planning and strategy execution, and also reduce human costs. As a result, this will enhance our planning and execution efficiency, enabling us to better manage of our pricing matrix and overall operations. We will continue to focus on our digitalisation efforts by investing in machine learning, big data and cloud computing. We believe that these efforts will enhance our position to lead the innovation and application of state-of-the-art technologies in China’s logistics industry.

For details of our technology innovations, see “– Information Technology and Intellectual Property.”

OUR VALUE PROPOSITIONS

Our express freight network is the key enabler for China’s rapidly evolving commerce landscape. Manufacturers, supply chain distributors and merchants require fast inventory turnover as well as high frequency and comprehensive transportation solutions, which brings demand for timely, diverse and reliable LTL services with nationwide coverage. In addition, the

LTL industry in China, despite the historically highly fragmented and inefficient with a large number of direct line and local freight operators, is at the inflection point of accelerated market consolidation. Platforms with nationwide coverage and operational efficiency are best positioned to capture market opportunities. For details, please refer to “Industry Overview – China’s LTL Market – China’s LTL Market Landscape and Trends.

We have been leading the business and technology innovations in the industry. Leveraging our established nationwide coverage and proprietary technologies, we bring novel initiatives to China’s LTL industry to consolidate the market and to unleash its full potential. By doing so, we believe that our business model and technology capabilities deliver unique values to our freight partners, agents and shippers.

Value to Freight Partners and Agents

We created a win-win freight partner platform model in China’s LTL industry.

- ***Platform for growth.*** We are dedicated to empowering our freight partners and agents with growth opportunities. Our freight partners and agents collaborate with us and each other to fulfil the full service cycle in our well-established platform. We operate the largest express freight network in China in terms of annual total freight volume in each of 2017, 2018, 2019 and 2020, according to iResearch, and our brand is well-recognised among shippers as the industry leader in scale, service quality, operational efficiency and network coverage. Leveraging our proprietary data and insights, we also help our freight partners develop tailor-made solutions to key shippers. As a result, our freight partners and agents are able to better serve and retain shippers leveraging our network coverage, brand recognition and operational support.
- ***Meritocracy-based system.*** As a growth-oriented platform promoting entrepreneurship, our freight partners and agents are rewarded for their performance in our platform. We have created a meritocracy-based incentive system to bolster entrepreneurship by (i) providing a tiered pricing system to reward top-performing freight partners with favourable terms, and (ii) creating healthy competition by promoting outperforming freight agents to replace nonperforming freight partners. For example, top-performing freight partners will be entitled to more favourable terms, while outperforming freight agents may be promoted.
- ***Technology and digitalisation empowerment.*** Our freight partners and agents are empowered with innovative technology solutions, such as Luban integrated data management system, 360° outlet management system, mobile applications, IoT devices and proprietary self-developed electronic waybills, to improve their operational efficiency. We also provide freight partners with digital operational tools to better manage their freight agents.

- **Value-added services.** We provide various value-added services that are essential to the business operations of our freight partners and agents, such as electronic waybills, insurance and operation management, to help them meet growth target in an efficient way. We also provide digitalised solutions including integrated SaaS and mobile applications so that they can leverage our IT capabilities to provide digitalised services shippers. We collaborate with financial institutions, who provide financing support, such as working capital facilities for freight partners and agents. We also provide operational guidance to help our freight partners cope with increased complexities brought by their business expansion.

Value to Shippers

We aim to meet shippers' growing and fast-changing demand for freight transportation services.

- **Comprehensive and digitalised transportation solution.** Shippers can find a digitalised solution for their individualised need on our network. We offer an end-to-end product mix ranging from 10 kilograms up to 10 tons, as well as time-definite and guaranteed-safety products, representing a full spectrum of options to cater shippers' demands and preferences.
- **Nationwide coverage.** Shippers enjoy door-to-door nationwide dispatch on our network. We operate the largest nationwide express freight network in China in terms of annual total freight volume in each of 2017, 2018, 2019 and 2020, according to iResearch, covering approximately 96% of the counties and townships in China as of April 30, 2021. With nationwide coverage at industry-leading density, we are able to offer shippers door-to-door freight dispatch products in a timely and cost-effective manner.
- **Cost-efficient services.** Under the evolving commerce landscape, it is critical for shippers to obtain cost-efficient transportation services to reduce operation costs and maintain competitive advantages in the efficiency- and cost-driven omni-channel retail. Leveraging our technology capabilities and operational efficiency, we and our freight partners and agents are able to offer high quality services at a cost-efficient manner.
- **Reliable and quality services.** We are committed to being a reliable transportation service provider and endeavour to set the industry standard for service quality, with a loss rate of approximately 0.002%, a damage rate of 0.04% and a complaint rate of 0.03% in the four months ended April 30, 2021. In addition, we have fully digitalised the transportation process by offering an open-ended system which allows shippers to place and track their orders in real time and provide visibility and traceability across the entire dispatch process. Together with our freight partners and agents, we provide shippers with quality customer services to enable satisfying customer experience.

OUR OPERATIONS

The following chart shows the typical shipment process under our freight partner platform model:



Freight pickup. Freight partners and agents collect the freight from the shipper upon receiving a shipment order. The shipper may also drop off the freight at one of the network outlets. Our freight partners typically consolidate freights collected by themselves and by freight agents, are responsible for feeder transits to our sorting centres. The freight will be delivered to the sorting centres attaching a digital or paper waybill with relevant information. Each waybill is assigned with a unique tracking number and corresponding barcode to enable real-time tracking.

Consolidation Sorting. After our freight partners and agents unload the freight to our departing sorting centres, we take over the freight. Through our proprietary sorting management system, Yitian System, we sort the freight to various loading bays based on routes and destinations. According to different product features and timing requirements, the freights are loaded to line-haul trucks for line-haul transportation. We leverage our operational know-hows, smart devices and automated equipment, such as cross-belt sorting equipment, dynamic weighing machine and unmanned forklift, to maximise utilisation rates and enhance efficiency.

Routeing. Our line-haul routes are designed and managed by our centralised line-haul management unit and regional sorting centres. Leveraging our proprietary technology capabilities, we plan the optimal route in a multi-destination setting. Where the departure sorting centre and the destination sorting centre is connected by a direct line-haul route, we choose to transport the freight directly. Where there is no direct line-haul route, we will choose the most suitable transit hub(s) to minimise unit line-haul transportation costs. For example,

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originally freights transported between Bengbu and Changzhou would be transferred through Nanjing. We have added the Bengbu-Changzhou direct route, which significantly decreases the unit line-haul transportation cost for freight going through this route by over 20%.

Line-haul transportation. We operate line-haul transportation between sorting centres via our line-haul management system TMS. Barcodes on each waybill attached to the freight are scanned as they go through each sorting centre to keep track of the dispatch progress. We monitor the entire transportation process and adjust the line-haul routes based on freight volume to optimise efficiency.

Dispatch. Dispatch freight partners are automatically assigned by our system based the destination of freights and the designated operation area of freight partners. Our destination sorting centres unload and sort the freight for our destination network freight partners and agents. Our freight partners would then pick up the freight from the destination sorting centres and arrange for dispatch. Our freight partners may directly dispatch the freights to recipients or through freight agents. We have designed a proprietary mobile application for dispatch staff of our freight partners and agents, providing order information and route recommendation to ensure timely and safety dispatch.

Our freight partner platform is highly scalable, enabling us to quickly expand our nationwide express freight network with optimised working capital efficiency. As of December 31, 2018, 2019 and 2020 and April 30, 2021, we had a total of approximately 17,000, 20,000, 26,400 and 29,400 freight partners and agents, respectively including approximately 4,700, 5,100, 6,200 and 7,000 freight partners, respectively. The following table sets forth the movement of our freight partners during the Track Record Period:

	Years Ended December 31,			Four Months Ended April 30
	2018	2019	2020	2021
	<i>(thousands of freight partners)</i>			
Number of freight partners at the beginning of the period	3.9	4.7	5.1	6.2
Additions – new freight partners ⁽¹⁾	2.5	2.6	3.2	1.8
Less – discontinued freight partners ⁽²⁾	(1.7)	(2.2)	(2.1)	(1.0)
Number of freight partners at the end of the period	4.7	5.1	6.2	7.0

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Notes:

- (1) Mainly including freight partners that (i) established business relationship with us, (ii) changed their designated business area, and (iii) resumed business relationship with us.
- (2) Mainly including freight partners that (i) terminated business relationship with us, (ii) changed their designated business area, and (iii) suspended business relationship with us.

Under our freight partner platform model, we attract local freight operators to our platform to expand our nationwide express freight network. Meanwhile, we set high performance and service standards for freight partners, and are entitled to terminate those who fail to meet such standards. Some new freight partners may fail to adapt to our high standards and are thus terminated by us. On the other hand, qualified freight partners that meet our standards are screened out to stay on our platform, and may later develop into our top freight partners. In addition, each freight partner refers to the unique account that it established on our Luban system through individual partnership agreements each covering its respective business area. Accordingly, if a freight partner changes its designated business area, it will typically result in a change of account on our Luban System and therefore it will be counted in both the number of “new freight partners” and the number of “discontinued freight partners.”

We have maintained stable relationship with our top freight partners during the Track Record Period. In 2018, 2019, 2020 and the four months ended April 30, 2021, we had 566, 535, 677 and 827 top freight partners, respectively, contributing approximately 50% of our total revenues from freight partners in each of 2018, 2019, 2020 and the four months ended April 30, 2021. The retention rates of such top freight partners, which refer to the ratio of the number of top freight partners which remains as our freight partners in a given period, over the total number of top freight partners in the previous period, were approximately 97.7% in 2019, 98.7% in 2020 and 98.5% in the four months ended April 30, 2021. To the best of our knowledge, we did not have any material disagreements with our freight partners during the Track Record Period.

The following table sets forth the movement of our top freight partners during the Track Record Period:

	Years Ended December 31,			Four Months Ended April 30
	2018	2019	2020	2021
Number of top freight partners at the beginning of the period	N/A ⁽⁵⁾	566	535	677
Additions – new freight partners ⁽¹⁾	N/A ⁽⁵⁾	51	46	15
Additions – existing partners ⁽²⁾	N/A ⁽⁵⁾	137	257	245
Less – discontinued freight partners ⁽³⁾	N/A ⁽⁵⁾	(13)	(7)	(10)
Less – remaining freight partners ⁽⁴⁾	N/A ⁽⁵⁾	(206)	(154)	(100)
	566	535	677	827
Number of top freight partners at the end of the period				

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Notes:

- (1) Refers to new freight partners in a given period that become our top freight partners in the same period.
- (2) Refers to existing freight partners that become our top freight partners due to increase in their revenue contribution.
- (3) Refers to existing freight partners that cease to be our freight partners due to discontinuation.
- (4) Refers to freight partners that cease to be our top freight partners but remained as freight partners, mainly due to decrease in their revenue contribution.
- (5) As top freight partners are defined as largest freight partners contributing 50% of our total revenue from freight partners in a given period, and 2017 is not covered in the Track Record Period, the number of top freight partners as of the end of 2017/the beginning of 2018 is not available.

We have established a platform beneficial to all participants. Our brand name, network and technology empower our freight partners and agents to attract business opportunities and improve operating efficiency, while we benefit from our freight partners' and agents' local expertise and proximity to shippers. We empower our freight partners and agents with proprietary innovative technologies, and the data collected with our freight partner system in turn improves our route planning and operational efficiency. Our incentive system also helps align our interests with our freight partners and agents, and has enabled us to maintain strong freight partner stickiness.

In addition to the ability to expand our network and enhance network density in an efficient manner, our unique freight partner platform model provides us with the ability to standardise and maintain control over service quality. We have established various measures to manage the performance of our freight partners and agents, including adoption of a flat management structure, continuous performance monitoring and centralised training. To improve the performance and service quality of our freight partners and agents, we have established an incentive scheme with monetary rewards and penalties based on key performance targets, operation process and service standards. Our ability to standardise the process and control all mission-critical functions enable operational efficiency and optimal resource allocation.

Relationships with Our Freight Partners and Agents

We carefully select our freight partners based on a variety of factors, including industry experience, geographic location, financial condition, management skills and risk control. As of December 31, 2018, 2019 and 2020 and April 30, 2021, we had approximately 4,700, 5,100, 6,200 and 7,000 freight partners. Freight partnership agreements are signed and renewed on an annual basis. Freight partners are required to place a deposit with us in advance as a performance guarantee, which enhances our control over their services.

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Set forth below is a summary of material terms of our standard freight partnership agreements.

- *Business operation.* Freight partners shall strictly operate their business in accordance with the process and standards as set out in the agreements. They are mainly engaged in the pick-up, dispatch and transportation of freights, and other related services. Freight partners are not permitted to develop business outside of their designated area without our consent.
- *Brand.* Freight partners are authorized to use our brands in their operations within the designated area during the term of the freight agreement, and we reserve the right to sue for improper or unauthorized use of our brands. Freight partners shall only use our brand for operations as prescribed in the freight partnership agreement. Freight partners are obligated to protect our brand image and promote our brand awareness.
- *Deposits.* Freight partners shall make deposits to us as a performance guarantee, the amount of which is determined based on number of factors, which mainly include freight volume and performance of the freight partners and other freight partners in the region, and potential monetary penalties. Generally, the amount of deposit ranges from RMB20,000 to RMB50,000. The deposits are fully refundable upon termination of the agreement, after deduction of any penalties or compensations payables by such freight partners for breach of agreements or other improper activities.
- *Settlement and pricing.* Each freight partner establishes an account in our Luban system, and we require them to make advances used to settle transportation and other service fees. The pricing of such transportation fees are determined by us, primarily based on volumetric weight, transportation distance, product types, market conditions and competition, among others. For our freight partners' pricing charged to shippers, we set guidelines for them after taking into consideration of their cost structure and market condition.
- *Exclusivity.* Freight partners shall conduct their business exclusively under our brand during the term of the freight partnership agreement.
- *Term.* Our freight partnership agreement typically has a term of one year. Upon expiration, based on the operation condition and service quality of freight partners, we are entitled to renew the agreement for no longer than one year.
- *Termination.* We are entitled to unilaterally terminate the agreement if a freight partner fails to meet the performance and operation standards as prescribed in the agreement. In addition, the agreement may be terminated upon mutual consent between the parties.

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To ensure performance and service qualities of our freight partners, the freight partnership agreements also set out terms such as operation process, service standards and quality, maintenance and expansion of outlets, and settlement. For example, we require freight partners to dispatch the freights within the time schedule pre-set by us to enhance timeliness. In 2018, 2019 and 2020, our timely dispatch rate was 86.1%, 86.7% and 87.1%, respectively. Timely dispatch rate refers to the number of shipment successfully dispatched within the time schedule pre-set by us in a given period, over the total number of shipments during the same period. We oversee the performance of our freight partners, set performance targets and provide them with training. We review their key performance indicators on a real-time basis through our IT systems so that our local network managers can help them improve operation performance. If there is a material violation of our operation standards by freight partners, we are entitled to request such freight partners to suspend business and rectify accordingly. We also have the right to impose monetary penalties on our freight partners for failure to adhere to the terms of the agreements. If a freight partner continuously fails to meet the pre-set performance targets, we may unilaterally terminate such freight partnership.

Depending on the size of, and the business volume in, their respective authorized areas, we typically require our freight partners to subcontract a portion of their business to their respective agents. We also consider the working capital conditions of freight partners, the demand and growth potentials of local shippers, historical freight volume and growth rate, and market share of our network in the designated areas, and require freight partners to work with freight agents to meet the demands and better compete in such areas. Freight agents are also authorised to operate under our brand and are directly managed by our freight partners under our supervision. To prevent any improper use of or damages to our brand by freight partners and agents, we have also established various measures. We have been dedicated to the protection of our brand image. We have designated personnel to regularly monitor the usage of our brand. For any improper use or infringement, we actively protect our brand by warnings and notices, administrative claims and lawsuits. While we do not directly enter into agreements with those freight agents, they are required to adhere to our service standards and policies. The performance of our freight agents is also integrated into our system and can be monitored by us.

We have created a meritocracy-based system to bolster entrepreneurship by (i) providing a tiered pricing system to reward top-performing freight partners with favourable terms, and (ii) creating healthy competition by promoting outperforming freight agents and replacing freight partners who perform below our preset service standards. Specifically, we have established an incentive scheme with monetary rewards and penalties to improve the performance and service quality of our freight partners. We consider various business and service related metrics such as freight volume growth, timely dispatch rate, damage rate, shipper complaints and ratings to determine the performance of each freight partner. The standard of business related metrics, such as freight volume growth, for each freight partner is determined based on the local market conditions, competition, and historical performance, among others. The standards for service related metrics are typically the same for all freight partners. We provide monetary reward to top-performing freight partners. On the contrast, to improve their operations, freight partners who perform below our preset service and

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performance standards are subject to penalties. In 2018, we recorded losses from the incentive scheme of RMB22.6 million. In 2019, 2020 and the four months ended April 30, 2021, the income we recorded from the incentive scheme was RMB136.7 million, RMB225.6 million and RMB68.4 million, respectively. The increase in our income from the incentive scheme from 2019 to 2020 was mainly due to (i) our enhanced requirements on service standard, including the comprehensive upgrade for our time-definite product and the launch of guaranteed-safety product in 2020, and additional requirements on dispatch timeliness and customer services to shippers, and (ii) the increase in the number of freight partners. We strive to ensure that interests are aligned across our network, which brings better shipper satisfaction and retention, higher network stability, better freight partner and agent performance and stronger loyalty to our platform. See also “Financial Information — Description of Major Components of Our Results of Operations — Revenue — LTL Revenues.”

We delegate to our freight partners the discretion to manage their pricing and operations within our operation guidelines. We set guidelines for our freight partners’ pricing charged to shippers, taking into consideration of their cost structure and market condition, while giving them flexibilities to manage their pricing. We only set pricing guidelines without setting any explicit limitations, and allow pricing latitude to our freight partners so that they can effectively respond to the competitive dynamics in their local markets with tailor-made pricing based within our guidelines on the business volume and long-term prospect of each shipper. Our freight partners also have discretion over their daily operations such as recruitment and facilities.

Prior to July 2020, based on our arrangements with freight partners, we recorded dispatch fees on a net basis as arrangement fees given acted as an agent in arranging such services. Accordingly, our LTL revenue generated from dispatch is deemed as arrangement of dispatch services and was recorded on a net basis. Since July 2020, in order to enhance our services for shippers and our control over service quality throughout our express freight network, we have reinforced our contractual responsibilities. We have comprehensively updated our freight partnership agreements to enhance our control over the dispatch process. According to iResearch, such arrangement is consistent with industry norms for express freight networks and express parcel players under platform models in China. Pursuant to the updated freight partnership agreement, we are contractually responsible for all freights transported from pick-up to dispatch. We typically do not directly enter into agreements with shippers. We are entitled to assign dispatch partners, arrange and manage the dispatch process, and decide the dispatch area and time requirements for freight partners. As a result, we became the principal that is directly responsible for any damages to or loss of freight in connection with dispatch. Accordingly, we have recorded all dispatch fees received from pick-up freight partners as our revenue on a gross basis, and all dispatch fees paid to dispatch freight partners as our cost of revenue. We believe this arrangement allow us to have stronger control and management over the dispatch process, and thus to enhance shipper satisfaction. In addition, we believe that such gross basis approach is able to better reflect the financial performance of our network as whole, and is consistent with other players in our industry. We have not incurred significant additional costs due to the update in our arrangements with freight partners.

Relationships Between Certain Freight Partners and Our Current and Former Employees

To the best of our knowledge, some of our current or former employees had shareholding interests in 125, 207, 354 and 434 of our freight partners in 2018, 2019 and 2020 and the four months ended April 30, 2021, respectively, contributing around 7%, 9%, 10% and 8% of our total revenues in the same periods, respectively. For details, see “– Our Customers.” Notwithstanding the above, to the best of our knowledge, none of our freight partners was a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules as of April 30, 2021.

We implement the same service guidelines and policies over all of our freight partners. We do not enter into preferential agreements with any freight partner in which our current or former employees hold shareholding interests. The pricing of our transactions with such freight partners is based on the same set of factors applicable to our transactions with other freight partners.

While we already have a robust system in place to oversee the business relationship with freight partners, we are further strengthening our internal controls by implementing various measures to address any potential conflict of interests which may arise as a result of employees and their close relatives holding shareholding interests in our freight partners. Such measures include the introduction of policies designed to monitor, manage, and prevent potential conflict of interests through our reporting system, tiered management mechanism, and internal controls governance system.

OUR SERVICE OFFERINGS**Transportation Services to Freight Partners**

We provide holistic transportation services to freight partners covering sorting, line-haul transportation and dispatch.

Sorting

Sorting is a critical component of our transportation services, supported by our 151 self-operated sorting centres across China as of April 30, 2021, which included key transit hubs, transit hubs and other sorting centres. For details of our sorting centres, see “– Our Network and Infrastructure – Sorting Centres.” Upon the receipt of freight shipped from various pickup outlets from locations in their respective coverage area, the sorting centre consolidates and transports freights to key transit hubs or transit hubs, if necessary, and onto the final destination sorting centre.

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Line-haul Transportation

We are responsible for all of the line-haul transportation between sorting centres. Our transit hubs are connected with each other via over 2,000 inter-provincial direct line-haul routes as of April 30, 2021. Our self-operated fleet consisted of approximately 2,400 high-capacity line-haul trucks and over 3,600 trailers. In addition, our fleet consisted of over 1,000 trucks operated by outsourced third-party fleet. We carefully select third-party fleet operators based on their reputation, operating history, safety record and fleet condition.

Dispatch

Our destination sorting centre allocates the freight to dispatching freight partners and agents to carry out the delivery to end recipients.

Pricing of Our Transportation Services

We charge our freight partners transportation service fees primarily determined by volumetric weight, transportation distance, product types, market conditions and competition, among others. We have established a dynamic pricing system that periodically evaluates and adjusts our pricing levels, allowing us to optimise our capacity management and operational efficiency. We may offer discounts to our freight partners when they meet performance targets. Unless otherwise agreed, our freight partners and agents charge the full shipment service fee from shippers at the time of pickup.

Value-Added Services

Value-Added Services to Freight Partners

As an integral part of our LTL services and in addition to our core transportation services, we provide various value-added services to our freight partners. During the Track Record Period, we have broadened the scope of our value-added services to enable our freight partners with technology solutions and to enhance operational efficiency and management capabilities. Our value-added services are primarily categorized into (i) core operation services, which mainly include electronic waybills and insurance, (ii) business empowerment services, which mainly include assistance services in obtaining financing, digitalized solutions (such as SaaS and mobile applications) and operation management, and (iii) active management services, which mainly consist of our incentive scheme for freight partners.

For assistance services in obtaining financing for freight partners, we are partnering with financial institutions, who provide financing support, such as working capital facilities for freight partners to invest in additional capacity and expand shipper base. We facilitate freight partners with loan applications, and assist the financial institutions in evaluating our freight partners. We conduct analysis on freight partners to evaluate and assess their operational soundness based on our knowledge of their business operations. As part of the analysis, we consider certain criteria such as their operational experience, shipper base, source of income,

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and capability to meet legal and regulatory requirements. Financial institutions conduct independent credit evaluations on the recommended freight partners. With the consent of the relevant freight partners, we share information packages which include the business performance and other information of the freight partners extracted from Luban system and our analysis with the financial institutions to facilitate their credit evaluation process. We enter into cooperation agreements with financial institution partners. Set forth below is a summary of the key terms of the typical agreements between us and such financial institutions:

- *Cooperation arrangement.* We connect freight partners with financial institutions. We facilitate freight partners with loan applications, and assist the financial institutions in evaluating our freight partners.
- *Terms of loans.* Financial institutions shall decide the terms of loans provided to freight partners, such as amount, payment method, interest rate, maturity, among others.
- *Term of agreement.* The agreement typically has a term of one to three years.
- *Termination.* Unless otherwise determined by the law or regulated in the agreements, termination of the agreements requires mutual consent.

In 2018, 2019 and 2020, and for the four months ended April 30, 2021, our revenue generated from such value-added services amounted to nil, RMB317.7 thousand, RMB740.2 thousand and RMB472.9 thousand, respectively.

Pricing

For core operation services, as these services are directly related to freight transportation, we charge freight partners based on their freight volume and number of shipments. For business empowerment services, we charge a fee based on the type of services provided. For assistance services in obtaining financing, we either charge service fees from freight partners for facilitation of their loan applications, or from financial institutions for recommendation of borrowers, both of which are based on a percentage of the loan amount. Fees for digitalised solutions are charged on a subscription-basis. The monetary rewards and penalties of our incentive scheme are determined based on various business and service relates metrics. For details, see “Our Operations – Relationships with Our Freight Partners and Agents.”

Value-Added Services to Truck Drivers

We also provide various value-added services to our line-haul fleet operated by third parties and their drivers, including:

- *Truck aftermarket services:* We offer centralised sourcing of products and services, such as bulk purchase of truck accessories, fuel, ETC toll payment and truck and freight insurance, to lower procurement costs for our truck drivers.

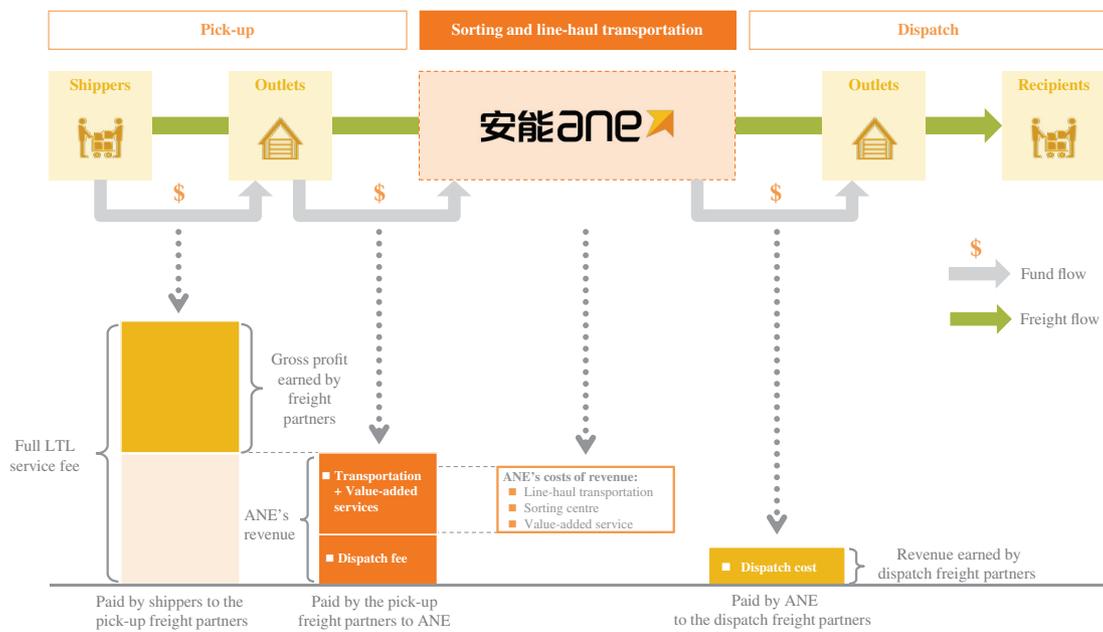
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- *Assistance services in obtaining financing:* We assist truck fleet operated by third parties and drivers in obtaining customised financial services, such as truck loans, trailer rentals and finance lease of trucks or equipment from financial institutions.

Pricing

For truck aftermarket, we charge the fleet operated by third parties a percentage of fees based on savings we generated. For assistance services in obtaining financing for truck drivers, we charge a fee based on the types of assistance services we provide.

The following chart illustrates the fund flows of a typical shipping transaction from shipper to final destination:



PRODUCT OFFERINGS TO SHIPPERS

We, together with our freight partners and agents, offer a portfolio of LTL transportation solutions to shippers. Through our nationwide express freight network and together with our freight partners and agents, we provide a full range of product offerings encompassing time-definite, guaranteed-safety, standard freight and economy freight. We served over 3.6 million diverse shippers, including e-commerce merchants, manufacturers, wholesalers, retailers and individuals across various industries and regions in China in the four months ended April 30, 2021.

The following diagram illustrates our product offerings:

	 Time-Definite	 Guaranteed-Safety	 Standard Freight	 Economy Freight
 <70kg Mini-freight	✓	✓	✓	
 70kg~500kg	✓	✓	✓	
 500kg~3t	✓	✓	✓	✓
 3t~10t			✓	✓

Time-Definite Product

To address shippers’ increasing focus on timeliness, we launched our time-definite product in November 2014, which guarantees dispatch within the promised time. The promised time is preset based on various factors, including transportation distance, transportation routes, dispatch region, among others. In May 2020, we undertook a comprehensive upgrade for our time-definite product to improve shipper experience. Our time-definite product covers from mini freight weighing less than 70 kilograms, to larger freights weighing up to 3 tons. Mini freight primarily comprises heavy goods B2C merchandise such as home appliances and home furnishing and household products. We compensate our shipper for any unexpected delay outside the guaranteed transportation time. With our extensive express freight network and strong technical support, we are able to achieve industry-leading service quality metrics with an average of 58.6 hours per shipment for time-definite product in 2020, as compared to an industry standard between 65 to 72 hours, according to iResearch.

Guaranteed-Safety Product

For shippers delivering fragile and valuable goods, we launched guaranteed safety product in May 2020. Our guaranteed-safety product covers from mini freight weighing less than 70 kilograms to larger freights weighing up to 3 tons. We offer full compensation and expedited claim processing to our shippers in case of damages. For shippers of our guaranteed-safety product, we have dedicated customer service line in place to better serve them and address their needs.

Standard Freight Product

Standard freight product covers all freight weight with a focus on B2B cargo such as food and beverage, FMCG, apparel and electronic products, among others. Our standard freight product offers safe, timely and cost-efficient door-to-door dispatch to shippers such as e-commerce merchants, supply chain distributors and SMEs. Our total volume for standard freight product increased by 8.9% from 5.2 million tons in 2018 to 5.7 million tons in 2019, and further by 32.1% to 7.5 million tons in 2020, and increased by from 1.6 million tons for the four months ended April 30, 2020 to 2.7 million tons for the four months ended April 30, 2021.

Economy Freight Product

Our economy freight product mainly comprises freight weighing 500 kilograms – 10 tons, which primarily consists of raw materials, agricultural products and industrial goods and equipment. Our economy freight product offers cost-effective direct dispatch service to shippers such as raw material suppliers, manufacturers and contract logistics companies. Our total volume for economy freight product increased by 30.2% from 149.0 thousand tons in 2018 to 194.0 thousand tons in 2019, and further by 193.5% to 569.3 thousand tons in 2020, and increased by 187.2% from 63.5 thousand tons for the four months ended April 30, 2020 to 182.4 thousand tons for the four months ended April 30, 2021.

OUR NETWORK AND INFRASTRUCTURE

We provide LTL services through our nationwide network and infrastructure.

Sorting Centres

As of April 30, 2021, we had 151 self-operated sorting centres across China, covering approximately 96% of the counties and townships in China. We directly operate all of our sorting centres on leased premises. Our sorting centres are connected by the line-haul transportation network that we operate. The consolidation sorting centres receive and sort the freight and dispatch them to the destination sorting centres. The following map illustrates our nationwide sorting centre network as of April 30, 2021:



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Based on the functions, operating freight volume and line-haul connectivity, our sorting centres are categorised into key transit hubs, transit hubs and other sorting centres. Of our 151 sorting centres as of April 30, 2021, we had ten key transit hubs with full coverage of China and 43 transit hubs, which are primarily responsible for inter-provincial transfer of freight. As a result of enhanced line-haul connectivity between our sorting centres, our average transit ratio improved from 1.52 in 2018, to 1.48 in 2019 and further to 1.38 in 2020, and improved from 1.43 in the four months ended April 30, 2020 to 1.41 in the four months ended April 30, 2021. The following table sets forth the details of our sorting centres as of April 30, 2021:

	Number	Average Area (m ²)	Average daily handling volume in the four months ended April 30, 2021 (tons)	Functionality
Key hubs	10	49,383	5,757	Nationwide full connectivity
Transit hubs	43	21,979	2,465	Inter-provincial connectivity
Other sorting centres	98	5,462	493	Regional connectivity

Our key transit hubs are located in key commercial centres in China such as Shanghai, Hangzhou, Guangzhou, Shenzhen, Chengdu and Wuxi. On average, our key transit hub handled a freight volume of approximately 0.5 million tons in the four months ended April 30, 2021. Our transit hubs are normally adjacent to highways and is each directly connected to about 15 provinces on average as of April 30, 2021.

Our centralised planning team coordinates the development of new sorting centres and the expansion of existing ones in all aspects, including site selection, facility layout design and equipment purchase. We assess the necessity of adding new sorting centres from time to time to respond to market demand and growth, increase our capacity and optimise our cost structure and to increase our capacity in line with shipper needs. We have also been utilising smart equipment such as unmanned forklift and IOT devices, and AI technologies such as computer vision capabilities to improve sorting efficiency by optimizing our sorting process and reducing labour costs and human errors.

All of the sorting centres are directly operated by us and are located on leased premises. We generally enter into long-term lease agreements, typically ranging from one to five years. As the moving cost for major sorting centres is generally considerable, we currently plan to acquire land and build some self-owned sorting centres to ensure long-term and more stable operations.

In addition to sorting, our sorting centres also serve as an operation base to support our local operation in many aspects. For example, we provide on-premise facilities, such as dorms, canteens and rest areas, at our sorting centres to accommodate drivers and local staff and to create a better working environment.

Line-Haul Network

We directly manage all the line-haul transportation in our network. Our sorting centres are connected with approximately 2,700 well-planned line-haul routes, among which approximately 92% are two-way routes. Two-way routes refer to the routes whereas the same line-haul truck carries out both inbound and outbound transportation between two sorting centres. Our self-operated fleet consisted of approximately 2,400 high-capacity line-haul trucks and over 3,600 trailers, all of which are operated by our approximately 3,600 contracted drivers as of April 30, 2021. In addition, our fleet consisted of over 1,000 trucks operated by third party fleet. Both of our self-operated and fleet operated by third parties operate under our ANE brand and logo. Our fleet has maintained high operation standards during the Track Record Period.

We generally enter into outsourcing line-haul transportation agreements with our third-party fleet operators. According to the agreements and as required by us, the third-party fleet operators' trucks shall be equipped with GPS devices and are monitored by our system to enhance our control. The operators are responsible for any freight damages during transportation. We have established a set of performance standards for our third-party fleet operators. We oversee the performance of such operators, set performance targets and provide them with training. We review their key performance indicators through our IT systems. For those who failed to meet such standards, we can unilaterally terminate our cooperation with them. Set forth below is a summary of the key terms of the typical agreement between us and our third-party fleet operators.

- *Service type.* Fleet operators shall provide line-haul transportation services with such number of trucks as prescribed in the agreement.
- *Settlement and pricing.* Fees are typically settled in approximately three months. The pricing is determined based on the number of trucks, transportation distance and period, subject to adjustments based on the fluctuation of fuel prices.
- *Exclusivity.* The trucks of the fleet operations as prescribed in the agreement shall be exclusive for providing line-haul transportation services to us.
- *Damages.* Fleet operators are responsible for any damages of freights during the transportation.
- *Term.* The agreement typical has a term of two to three years.
- *Termination.* We are entitled to terminate the agreement with a seven-day notice period. The fleet operators may terminate the agreement with a one-month notice period.

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Our trucks typically have a useful life of up to five years. Leveraging the algorithm-driven smart route planning and procurement of trucks, fuel and insurance, our line-haul transportation network is able to achieve greater efficiency and lower transportation costs. For example, smart route planning enables us to deploy optimal truck models for a specific task based on different road conditions, freight features and service requirements. As the utilisation rate of our truck tractors increases, we will continue to invest in self-operated trucks, especially to deploy more high-capacity trucks in routes with high utilisation rates, to optimise unit output and reduce costs. Our service contract with our self-operated truck drivers sets out policies and certain performance targets under which they share the benefit of cost-saving.

Drop-and-pull, where truck tractors operate in motion the whole time while trailers wait for loading, is widely applied in our self-operated fleet running two-way return routes to expedite turnaround and improve the utilisation rate of truck tractors. Our TMS system manages freight volume and route and optimises the utilisation rate of truck tractors and loading time. Benefiting from our extensive line-haul network and optimised route planning, the average mileages per month of our 17.5-metre high capacity truck reached over 20,600 kilometres in the four months ended April 30, 2021.

Network Outlets

As of April 30, 2021, all of the network outlets are owned and operated by approximately 7,000 freight partners and 22,400 freight agents across China, covering approximately 96% of counties and townships in China. Network outlets are located in cities and economically vibrant districts in counties and townships. Each network outlet generally has its own designated geographical coverage and operates business within that coverage area. Network outlets are responsible for business development, and picking up and dispatching of freights within their coverage areas. We generally expect a well-operated outlet to have 5 to 10 staff, 1 to 2 trucks with an operating premise of 200 to 400 sq.m.

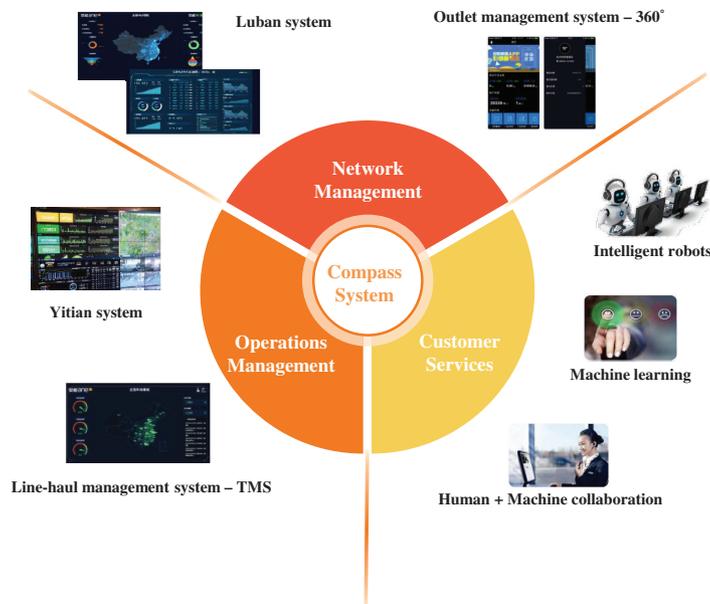
We closely monitor the performance of the network outlets and provide incentives to our freight partners to maximise performance. According to iResearch, we are among the first express freight networks in China that are able to pick up and dispatch twice per day.

INFORMATION TECHNOLOGY AND INTELLECTUAL PROPERTY

Our success is predicated upon our development and application of innovative technologies. Technology is at the core of our operations and we have enhanced our operational efficiency by empowering our freight partners and agents with innovative technology solutions such as mobile applications, Internet of Things (IoT) devices and self-developed electronic waybills.

Our superior IT system is the cornerstone underpinning our excellence in operating efficiency and shipper experience. We have developed the proprietary Compass System, a critical managerial tool to monitor the overall operation of our network and the entire platform, empowering the management to make real-time operational decisions. The Compass System is our operational control tower and is at the core of our decision-making process integrating extensive operational data from our various management systems including the Luban system for integrated data management, the 360° system for outlet management, the TMS system for line-haul management and the Yitian system for sorting centre management. By digitalising our critical operation paths and provide real-time visualised operational data, we are able to make real-time operational decisions accordingly. As a result, the Compass System is able to enhance our planning and execution efficiency.

We have self-developed 48 IT systems for our business operations as of the Latest Practicable Date, all of which are widely applied in our daily operations. The diagram below sets forth our key technologies:



Features of our key technologies include:

- **Integrated data management system – Luban**
 - Our proprietary Luban system is an integrated data management system, which provides centralised, visualised and real-time data management across the entire transportation process. Key features of the Luban system include order management, materials management, waybill management, account management, and data monitoring and processing. In contrast, data input and retrieval is usually conducted by individual accounts at various levels in other LTL companies, especially in direct line and local freight operators, and information is only accessible for a particular level in the hierarchy. As a result, we are able to effectively manage and optimize our overall operations.



Screenshot of Luban system

- **Outlet management system – 360° system**
 - The 360° system improves the operational efficiency of the outlets of our freight partner platform. Our freight partners and agents are able to better perform various tasks using the 360° system, such as shipment pick-up and dispatch, client management and account management. By analysing and monitoring various operational data such as freight volume, timeliness and shippers' feedback, the 360° system helps freight partners and agents make operation decisions and enhance service quality. As a result, we have gained shipper satisfaction in our operations with low damage rate and compliant rate.



Screenshot of Yitian system

• **Line-haul management system – TMS**

- Our line-haul management system, TMS, monitors our fleet via V2X on a real-time basis. We have also developed various features to project required line-haul transportation capacity based on historical freight volume, growth rate, seasonality and geographic region, and monitor truck utilisation to manage our truck fleet. Key features of our TMS system include route planning, fleet deployment, freight volume prediction, load management, driver management, safety management, transportation scheduling and visualised report output. The TMS system has helped decrease our transit ratio by 10% from June 2018 to June 2020, increased our two-way ratio by 3.4% from the fourth quarter of 2019 to the second quarter of 2020. Two-way ratio refers to the ratio of two-way return routes, whereas the same line-haul truck carries out both inbound and outbound transportation between two sorting centres, over the number of total line-haul routes.



Screenshot of TMS system

- **Machine learning**

- Leveraging the data accumulated over the years, we have been developing our proprietary algorithms and AI machine learning capabilities to continue to lead innovation in the industry. We optimise route planning and dispatching arrangements by analysing data collected with the Luban, 360°, Yitian and TMS systems and developing our AI-based management systems. In addition to the above-mentioned systems, we also utilise smart equipment such as unmanned forklifts and autonomous driving technology to improve our labour efficiency. Moreover, computer vision capabilities help us analyse and monitor the operations in sorting centres and ensure workplace safety in a more efficient and effective manner.



Freight size scanning

- **Customer services**

- We have established a “human + AI” integrated customer service system to provide high-quality customer services to shippers. Leveraging intelligent robots and machine learning algorithms, we are able to continuously improve real-time and tailored customer services, such as Q&A, inspection and claims, without significantly adding service personnel.

We regard our trademarks, copyrights, domain names, know-how, proprietary technologies and similar intellectual property as critical to our business. In this regard, we rely primarily on a combination of copyrights, trademarks and trade secret laws and contractual rights, such as confidentiality agreements, to protect our intellectual property rights. We clearly state all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements and commercial agreements we enter into. In addition, we have taken the following key measures to protect our intellectual property rights: (i) implementing a set of comprehensive internal policies to establish robust protection over our intellectual property rights, (ii) timely registration, filing and application for ownership of our intellectual properties and (iii) engaging professional intellectual property service providers.

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As of April 30, 2021, we owned 26 computer software copyrights in China for various aspects of our operations and maintained 69 trademark registrations inside China. We have implemented a data security system which strictly controls access to our technology and information systems. As of the Latest Practicable Date, we had not been subject to any material disputes or claims for infringement upon third parties' intellectual property rights in the PRC.

Data Privacy and Protection

We strive to create a safe and secure environment for our business operations. We are dedicated to protecting the data and privacy of our freight partners and agents, shippers, employees and others, and to strictly complying with applicable information security laws, regulations and industry standards. We have developed a company-wide policy on information security management to regulate our employees' actions to protect data privacy. We have adopted a strict access control mechanism to protect user privacy while meeting business requirements. Our IT department constantly examine and test our IT systems to ensure that any vulnerability identified is timely fixed.

We deploy various technical measures to protect our IT systems from unauthorized access and to detect and prevent security risks. Our information systems apply multiple layers of safeguards and firewalls. To minimize the risk of data loss, we conduct regular data backup and data recovery tests. Our database can only be accessed by authorized personnel after assessment and approval procedures, whose actions are recorded and monitored. We also have data disaster recovery procedures in place to ensure the availability of our systems.

OUR CUSTOMERS

Our direct customers are primarily our freight partners, who, along with our freight agents, own and operate pickup and dispatch outlets. We provide our freight partners with access to our line-haul transportation and sorting network, which form the infrastructure of our LTL services to shippers. Our revenue generated from freight partners accounted for substantially all of our total revenues during the Track Record Period. In addition, to a minor extent, we directly serve some enterprise customers who have high and frequent freight transportation demand.

We, together with our freight partners and agents, served over 3.6 million shippers across China as of April 30, 2021. Our shippers include e-commerce merchants, traders, distributors, retailers and manufacturers across a wide variety of industries such as food and beverage, apparel, medical and healthcare products, fast moving consumer goods (FMCG), furnishings and appliances, equipment, auto parts, and electronics, among others.

During the Track Record Period, we did not have any substantial reliance on any single customer. In 2018, 2019, 2020 and the four months ended April 30, 2021, revenues generated from our five largest customers of each year/period, accounted for 5.7%, 4.3%, 5.5% and 4.3% of our total revenues during those periods, respectively. When calculating the revenue contribution of our customers, we consolidate the revenues generated from freight partners

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under common control. Two of our top five customers in 2018 and one of our top five customers in 2019 were customers for line-haul transportation services provided by Giantruck. All of our other top five customers for each period during the Track Record Period were our freight partners.

To the best of our knowledge, one of our five largest customers during the Track Record Period, contributing 2.9%, 1.8%, 3.0% and 1.8% of our total revenues in 2018, 2019, 2020 and the four months ended April 30, 2021, respectively, is controlled by former employees of our Group; another one of our five largest customers in each of 2018, 2019 and 2020, contributing 0.5%, 0.6% and 0.5% of our total revenues in 2018, 2019 and 2020, respectively, is controlled by the spouse of a current employee of our Group. One of our Group's current employee also holds a minority equity interest in another one of our five largest customers in the four months ended April 30, 2021, contributing to 0.6% of our total revenue for the same periods. Notwithstanding the foregoing, to the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our five largest customers were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Customer Services to Shippers

We are highly committed to fostering a customer-centric culture. We provide service training and guidance to our freight partners and agents and collaborate with them to ensure high-quality customer services to our shippers. For details, see “– Our Operations – Relationships with Our Freight Partners and Agents.”

In order to deliver high quality services, we provide centralised customer services to shippers in addition to services by outlets. For shippers of our guaranteed-safety product and other key customers, we have dedicated customer service line in place to better serve them and address their needs. We directly provide customer services to shippers primarily through call centres, online customer service and online AI-based customer service. We had 699 customer service personnel as of April 30, 2021. We provide regular trainings to our customer service personnel and periodically review callers' level of satisfaction with the service they received from us. We provide real-time customer assistance seven days a week. Our AI-enabled system allows us to provide real-time customer assistance 24 hours a day and seven days a week.

As a result of our continuing and devoted efforts, we have gained superb shipper satisfaction in our operations. In 2018, 2019, 2020 and the four months ended April 30, 2021, our damage rate was 0.29%, 0.11%, 0.05% and 0.04%, respectively, and our effective complaint rate, which represents the ratio of effective complaints out of our total orders, was 0.35%, 0.48%, 0.07% and 0.03%, respectively.

We are responsible for handling claims from shippers for any damages to or loss of freight during the transit. In 2018, 2019, 2020 and the four months ended April 30, 2021, the total amount of compensation we paid was RMB28.4 million, RMB35.2 million, RMB32.9 million

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and RMB13.4 million, respectively, substantially all of which were covered by our cargo insurance. For damages or loss of freight due to the fault of freight partners, such incidents are considered as factors determining their performance and service standards and basis of monetary penalties under our incentive scheme. For details, see “– Our Operations – Relationships with Our Freight Partners and Agents.”

OUR SUPPLIERS

We primarily procure supplies, such as labour outsourcing, fuel, line-haul trucks, line-haul transportation services provided by third-party fleets, software development and premise leasing, through centralised procurement. We endeavour to obtain the best available pricing by periodically reviewing and strengthening our internal procurement policy and processes.

In 2018, 2019, 2020 and the four months ended April 30, 2021, purchases from our five largest suppliers of each year/period accounted for 26.3%, 26.8%, 21.6% and 27.7% of our total purchases during those periods, respectively.

During the Track Record Period, we have not experienced any significant fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers, or delay in dispatch of our orders from our suppliers.

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

RESEARCH AND DEVELOPMENT

Our dedication to innovation have fuelled our growth and enabled us to continuously improve our services. We believe our success is dependent on our strong research and development capabilities and advanced self-developed technology systems. In 2018, 2019 and 2020, and for the four months ended April 30, 2020 and 2021, we incurred RMB30.8 million, RMB19.0 million, RMB30.9 million, RMB8.7 million and RMB15.0 million, respectively, of direct research and development expenses, which were included in our general and administrative expenses. As of December 31, 2018, 2019 and 2020 and April 30, 2021, RMB10.0 million, RMB18.6 million, nil, and nil, of research and development costs was capitalised on our consolidated statements of financial position as intangible assets.

We have established a talented research and development team. As of April 30, 2021, we had 107 employees dedicated to research and development, primarily consisting of software engineers and technology infrastructure architects. As a result of our continuous and devoted efforts, we have developed 48 technology systems, including our Luban and 360° systems, to better manage our business operations and increase efficiency. For details, see “– Information Technology and Intellectual Property.”

SECURITY AND SAFETY

We have integrated safety policies and procedures across the full scope of our business. Our key safety measures include:

Operational and Workplace Security

We have enacted a full scope of operational security measures to ensure the safety of our employees, customers, shippers and partners. We screen all items processed through our network for dangerous and prohibited materials, enforce handling procedures across sorting centres, outlets and at each level of our network and raise safety awareness among our employees and others. We have daily safety examinations to prevent potential safety hazards. We require all personnel in our sorting centres to strictly comply with all operation guidelines and procedures to avoid incidents. We train our employees as well as those of our freight partners and service providers and use monthly follow-up training to maintain skills and safety awareness.

Transportation Safety

To ensure safety and minimize accidents in transportation, we have established a set of policies and measures on safety operation, inspection, responsibility allocation, fire control and emergency plans. We require all drivers and other related personnel to strictly comply with these policies and measures. We organize periodic trainings and other events to raise transportation safety awareness among drivers and others. We also purchase insurance to cover personnel injuries and vehicle damages.

Safety Technology

We and our partners operate trucks configured with GPS tracking as well as integrated safety features such as ESP body stability systems, EBS electronically controlled braking systems, hydraulic brakes and ABS anti-lock braking systems. Our intelligent system can identify and alert dangerous driving behaviours such as speeding, lane departure, fatigue driving and using mobile phones. In addition, we utilise advanced equipment at our facilities to reduce risks to workers involved in sorting and moving goods as well as loading and offloading items from vehicles. We also employ digital workforce management technology to monitor employee work hours to ensure compliance with regulations and reduce fatigue-related risks. Using our intelligent management systems, we are able to monitor vehicles and goods in our platform and to identify risk areas and address them proactively.

COMPETITION

The LTL industry in China is competitive and we compete with a number of different players, including other leading domestic logistics companies operating in the LTL space, or non-LTL players who may leverage their existing infrastructure and establish express freight networks.

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Some of the companies against which we are competing or against which we may compete in the future may have greater financial resources. Mergers and acquisitions in the LTL industry may result in even more resources being concentrated among a smaller number of our competitors.

There can be no assurance that we will be able to compete successfully against our current or future competitors or that competition will not have a material adverse effect on our business, results of operations and financial condition.

BRANDING AND MARKETING

We have established our brand awareness through continuous innovation, high service quality and other marketing initiatives. We are recognised as a National AAAAA Logistics Business Enterprise of Comprehensive Business by the China Federation of Logistics and Purchasing in 2018, won the 2017 China Outstanding Logistics Enterprise from the China Federation of Logistics and Purchasing, and won the 2020 21st Century China's Best Business Model Award in 2020.

We employ a variety of programmes and marketing activities to promote our brand and our services, including developing online marketing channel, creating new media matrix, SEO marketing and offline events and exhibitions. In addition, we require the freight partners and agents to apply our logos on personnel uniforms, transportation vehicles and packaging materials in a consistent and unified manner in order to further enhance our brand recognition during interactions with shippers. In general, we and our freight partners and agents strive to continuously improve our service qualities to elevate our brand and attract and retain more shippers.

EMPLOYEES

As of December 31, 2018, 2019 and 2020 and April 30, 2021, we had a total of 5,064, 3,582, 3,907 and 4,248 employees, respectively. The decrease in the number of our total employees from 2018 to 2019 was primarily due to the discontinuation of our express parcel business in the beginning of 2019. The following table sets forth the breakdown of our own employees as of April 30, 2021 by function:

Functional Area	Number of Employees	% of Total
General Management and Administration	1,472	34.7
Sorting and Regional Management	1,658	39.0
Customer Service	699	16.5
Transportation Management	312	7.3
Research and Development	107	2.5
Total	4,248	100.0

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In addition to our own employees, our workforce comprises of outsourced sorting workers and contracted drivers. Our freight partners and agents hire their own employees according to their operational needs.

All of our employees enter into employment contracts with us, which specify, among other things, the employer's and employee's responsibilities, employee remuneration and grounds for termination of employment. We also sign confidentiality and non-compete agreements with our key employees.

We primarily recruit our employees through on-campus job fairs, recruitment agencies and online channels, including our corporate website and third-party employment websites. We provide regular training and reviews to our employees to enhance their performance.

Our employees are not currently represented by any labour union. We believe that we maintain a good working relationship with our employees, and we have not experienced any major labour disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

FACILITIES AND PROPERTY

As of April 30, 2021, all of the sorting centres operated by us leased an aggregate gross land area of approximately 2.0 million square metres. The terms of such leases generally range from one to five years.

We plan to establish new sorting centres and expand existing ones. As of April 30, 2021, we were in the process of leasing nine new sorting centres with an aggregate land area of over 52,300 square metres. We believe that we will be able to obtain adequate facilities to accommodate our future expansion plans.

As of the Latest Practicable Date, for approximately 34.59% of the areas of our leased properties, which are used as sorting centres and offices, were not provided by the lessors with the applicable certificates, approvals or any other documentation proving their right to lease those properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant governmental authorities, our leases could be invalidated. In the event that we are forced to relocate from any such leased properties, we may incur additional relocation costs. However, our Directors are of the view that any such relocation would not result in material disruptions to our business as the replacement premises for such leased properties, which we currently use as sorting centres and office premises, are readily available. In addition, certain of our leased properties in China, which are used as sorting centres, have not filed the fire-control registration or been satisfied with all fire-control requirements as required by relevant PRC laws and regulatory rules and standards. In the event that our use of properties is successfully challenged by the regulators or due to fire incidents, we may be forced to relocate from the affected properties. For more details of the risks and uncertainties associated with such defects, see "Risk Factors – Risks Relating to Our Business and Industry – Our use of certain leased properties could be

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challenged by third parties or governmental authorities, which may cause interruptions to our business operations.” As of the Latest Practicable Date, the lease agreements with respect to certain properties we lease in the PRC for our business operations had not been registered with the relevant PRC government authorities. For more details of the risks and uncertainties associated with such non-registration, see “Risk Factors – Risks Relating to Our Business and Industry – We may face penalties for the non-registration of our lease agreements in China.”

As of April 30, 2021, none of the properties leased by us had a carrying amount of 15% or more of our combined total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this Prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our Group’s interests in land or buildings.

INSURANCE

We have in place insurance coverage up to a level which we consider to be reasonable and typical for companies in our industry in China. We maintain various insurance policies to safeguard against risks and unexpected events. We have purchased compulsory motor vehicle liability insurance and commercial insurance such as automobile third-party liability insurance, vehicle loss insurance, driver/passenger liability insurance, logistics liability insurance and fire insurance. We also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance to our employees. We purchase standard cargo insurance for all freights handled by us. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed.

CORPORATE SOCIAL RESPONSIBILITY

We are committed to leveraging our technology and transportation infrastructure to benefit society. Since our founding, we have been highly committed to environmental, social and corporate responsibility matters, including environmental sustainability, employee care, charitable endeavours and more.

Governance. As part of our efforts to promote corporate social responsibility and sustainable development, we are in the process of optimizing our corporate governance on environmental, social and corporate governance. We plan to adopt a comprehensive ESG policy and establish an ESG committee responsible for overseeing and guiding our ESG initiatives. In addition, we will also set up an ESG task force led by our compliance department, responsible for the implementation and evaluation of our ESG initiatives, and will regularly report to our ESG committee. Moreover, we plan to engage professional external ESG consultants to help us establish and improve our ESG policies and standards.

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Environmental Sustainability. We have established environmental protection measures throughout our network. We have been committed to reducing the harmful impact of transportation on environment. Moreover, we have used clean-energy truck tractors and high-capacity trailers in order to improve energy efficiency and reduce pollutant emissions. For example, we deployed liquefied natural gas vehicles which are able to reduce energy consumption and carbon emission. We are committed to meet any applicable standards or requirements on emission. We have established a policy on vehicle operation management, governing the energy consumption, safety, insurance and other aspects of our truck fleet, ensuring compliance with national standards on environment protection and energy consumption. To the best of our knowledge, currently all of our self-owned tractors meet the Fifth Stage National Vehicle Emission Standard in (the “Fifth Stage Tractors”) or above in China. In addition, we have started to purchase tractors that meet the Sixth Stage National Vehicle Emission Standard applicable to heavy-duty diesel vehicle after it became effective on July 1, 2021 (the “Effectiveness Date”). As advised by our PRC Legal Advisor, there are no applicable laws or regulations in China prohibiting us from using the Fifth Stage Tractors after the Effectiveness Date, and according to relevant laws and regulations, all heavy-duty diesel vehicle under production, import, sale and registration shall meet the Sixth Stage National Vehicle Emission Standard after the Effectiveness Date. For our future investment in line-haul truck fleet, we will purchase trucks that meet the Sixth Stage National Vehicle Emission Standard or any then effective national standards on vehicle emission. Meanwhile, we encourage our freight partners to use eco-friendly transportation vehicles such as electric trucks for pickup and delivery. Furthermore, we promote the use of clean fuel and energy-saving and environmental friendly equipment in our operation, including sorting and transportation.

Employee care. We strive to provide employees with welfare benefits and a broad range of career development opportunities. We have established a sound talent cultivation mechanism and created an online-offline combined training platform. We have also organised and carried out vocational skills competitions and other activities for employees to improve professional skills. We are also committed to complying with applicable employment laws and regulations and have established various policies on recruitment, talent development, promotion, performance, compensation and benefits. For example, we have set up a management trainee programme which aims to cultivate future leaders of the company through a three-year training plan. We also strive to help our employees balance their work and life. We have organised various recreational and sports activities to enrich the cultural life of employees. We have established a safety production committee in compliance with applicable laws and regulations, and have established various policies on operation and workplace safety, and a series of emergency plans in response to different types of incidents. We have also purchased relevant insurance for our employees to cover occupational accidents.

Supply chain management. To improve the sustainability of our supply chain, we have established policies on procurement management, bidding management and supplier management to reduce operational risks, achieve cost efficiency, and ensure compliance. We have established a designated group to organize and oversee our tendering process for

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suppliers. To better manage our suppliers, we are committed to selecting suppliers who share the same values with us, and we have strict standards on the selection, management, evaluation and replacement of suppliers. We aim to optimize our supply chain system.

Social responsibility and COVID-19 outbreak relief. We aim to create effective and lasting benefits to the local community. We have been committed to charitable endeavours. In particular, in the fight against the COVID-19 outbreak, we have done our utmost to help people in heavily affected regions in China. We actively provided transportation and logistics support of medical and rescue supplies such as masks, protective clothing and livelihood support materials. Meanwhile, we take the health and safety of our employees as our top priority. We provided all of our frontline employees with masks and other protective equipment immediately after the outbreak. As result of our efforts to fight against the COVID-19 outbreak, we were awarded the 2020 21st Century China Best Business Model Award by the 21st Century Business Herald and National Anti-Epidemic Innovative Enterprise by the China Federation of Logistics & Purchasing.

SEASONALITY

Our business is subject to seasonality associated with the e-commerce cycles in China. For example, we generally experience an increased freight volume during special promotional events on major e-commerce platforms in the last quarter of a year.

HEALTH, SAFETY AND ENVIRONMENTAL MATTERS

We are committed to complying with PRC and other applicable regulatory requirements, and to operating our workplace and facilities in a manner that protects the environment and the health and safety of our employees and communities. We have established various internal policies to ensure compliance with applicable laws and regulations. We have in place safety guidelines with which our employees are required to strictly comply and equip our sorting personnel and drivers with adequate safety equipment. We have developed numerous emergency plans in response to safety or natural incidents such as road traffic accidents, fire, flood, drought, typhoon, among others. We regularly evaluate our equipment and facilities to ensure their safety for our operations. We also conduct periodic trainings for employees to strengthen their awareness and knowledge on safety procedures and accident prevention.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to material non-compliance in relation to health, work safety, social or environmental regulations, and have not had any accident, or claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations.

LEGAL PROCEEDINGS AND COMPLIANCE**Legal Proceedings**

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, may result in substantial cost and diversion of our resources, including our management's time and attention.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we have complied with relevant PRC laws and regulations in all material respects.

Failure to Make Full Contributions to Social Insurance and Housing Provident Funds

During the Track Record Period and up to the Latest Practicable Date, social security insurance and housing provident fund contributions for some of our employees had not been made in full in accordance with the relevant PRC laws and regulations. Pursuant to relevant PRC laws and regulations, the under-contribution of social insurance within a prescribed period may subject us to a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management centre may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. As of December 31, 2018, 2019, 2020 and April 30, 2021, we made provisions of RMB198.2 million, RMB198.7 million, RMB148.8 million and RMB154.0 million for the full amount of social insurance and housing provident fund contribution shortfall, respectively. See "Risk Factors – Risks related to doing business in China – Failure to pay the social insurance premium and housing provident funds for and on behalf of our employees in accordance with the Labour Contract Law or comply with other regulations of the PRC may have an adverse impact on our financial conditions and results of operation."

As of the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the deficit amount. Moreover, as of the Latest Practicable Date, we were not aware of any complaint filed by our

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employees regarding our social security insurance and housing provident fund policy. We undertake to make timely payments for the deficient amount and overdue charges, as soon as requested by the competent government authorities.

Going forward, we will take the following measures to comply with the regulatory requirements. We are in the process of communicating with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base, which also requires additional contributions from our employees. We have enhanced our internal control measures requiring social insurance and housing provident fund contributions to be made in compliance with relevant PRC laws and regulations. In addition, we will regularly review and monitor the reporting and contributions of social insurance and housing provident fund and we will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments.

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as information technology, financial reporting, investment management and internal control.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted or will continue to adopt, among other things, the following risk management measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system. For the qualifications and experience of the committee members, see “Directors and Senior Management”;
- adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;
- adopt various measures regarding conflict of interests in our operations, which enable us to identify, monitor and review transactions with potential conflict of interests, and to take corresponding actions; and
- provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks.

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LICENCES AND PERMITS

During the Track Record Period and as of the Latest Practicable Date, as confirmed by our PRC Legal Advisor, we had obtained all requisite licences, approvals and permits from relevant authorities that are material to our operations in the PRC in accordance with applicable PRC laws and regulations. The following table sets forth the material approvals, licences and permits currently held by us:

No.	Name of Licences, Permits and Approvals	Holder	Expiry Date/ Registration Status
1.	Permit for Road Transport Business	Shanghai Ane	November 25, 2022
2.	Permit for Road Transport Business	Shanghai Anrui Supply Chain Management Co., Ltd.	September 6, 2022
3.	Permit for Road Transport Business	Giantruck	May 6, 2024
4.	Permit for Road Transport Business	Hangzhou Zhongtuo Transportation Co., Ltd.	April 26, 2031
5.	Permit for Road Transport Business	Nanchang Zhongchuang Logistics Co., Ltd.	June 18, 2022
6.	Permit for Road Transport Business	Zhongchuang Transportation (Shenzhen) Co., Ltd.	August 9, 2024
7.	Permit for Road Transport Business	Changshan Zhongchuang Transportation Co., Ltd.	September 30, 2024
8.	Permit for Road Transport Business	Changshan Zhongyu Transportation Supply Chain Management Co., Ltd.	March 5, 2024
9.	Permit for Road Transport Business	Changshan Zhongka Logistics Industrial Park Investment Co., Ltd.	December 11, 2023
10.	Permit for Road Transport Business	Beijing Zhongyu Transportation Supply Chain Management Co., Ltd.	January 11, 2025
11.	Permit for Road Transport Business	Shanghai Qingka Supply Chain Management Co., Ltd.	December 14, 2024

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No.	Name of Licences, Permits and Approvals	Holder	Expiry Date/ Registration Status
12.	Permit for Road Transport Business	Changshan Zhongying Transportation Supply Chain Management Co., Ltd.	November 13, 2024
13.	Express Delivery Business Licence	Shanghai Ane	November 27, 2021
14.	Quality Management System Certification	Shanghai Ane	March 19, 2023

For the risks we face if we do not obtain necessary licences and permits to operate our business, please see “Risk Factors – Risks Relating to Our Business and Industry – Failure of us to obtain, maintain or update necessary licences, approvals or permits may have material adverse effect on our business, financial condition and results of operations.”

AWARDS AND RECOGNITION

We have received recognition for the quality and popularity of our products and services. The following table sets forth some of the significant awards and recognition we received during the Track Record Period.

Award/Recognition	Award Year	Awarding Institution/Authority
National Anti-Epidemic Innovative Enterprise (全國物流行業抗疫先進企業)	2020	China Federation of Logistics & Purchasing
2020 21st Century China Best Business Model Award (2020年度21世紀中國最佳商業模式獎)	2020	21st Century Business Herald (21世紀商業評論及南方財經集團)
China E-commerce Logistics and Supply Chain – Excellent Service Provider (中國電子商務物流與供應鏈優秀服務商)	2020	China Federation of Logistics & Purchasing (中國物流與採購聯合會)
2019 Hurun China Global Unicorn Enterprise (2019胡潤全球獨角獸企業獎)	2019	Hurun China (胡潤研究所)
National AAAAA Logistics Business Enterprise of Comprehensive Business (AAAAA 物流企業)	2018	China Federation of Logistics & Purchasing (中國物流與採購聯合會)

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You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Prospectus. Our consolidated financial information has been prepared in accordance with HKFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this Prospectus, including the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2018, 2019 and 2020 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We operate a leading express freight network in China's less-than-truckload ("LTL") market. Express freight network operators, like us, are LTL service providers who have nationwide coverage, and deliver timely and comprehensive freight transportation services. According to iResearch, our express freight network is the largest in China in terms of total freight volume in each of 2017, 2018, 2019 and 2020, particularly with approximately 10.2 million tons of total freight volume and a market share of 17.3% in 2020 among all express freight networks in China. Our gross profit margin was 14.8% in 2020, which was the highest among all express freight networks in China, according to iResearch. We have achieved growth in total freight volume at a CAGR of approximately 31.0% from 2015 to 2020, and a growth rate of 25.9% from 2019 to 2020.

We mainly provide transportation services, value-added services and dispatch services to our freight partners, our direct customers. We, together with our freight partners and agents, served over 3.6 million shippers, our end-customers, across China as of April 30, 2021.

We have created the freight partner platform model to draw such local operators to our platform as freight partners and agents, empowering them and our entire network to serve as the infrastructure for the new commerce evolution. Under this model, we directly operate and control all mission-critical sorting and line-haul transportation operations, while our freight partners establish outlets and provide pickup and dispatch services in collaboration with freight

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agents. Our freight partner platform model is highly scalable and cost-effective, as we are primarily responsible for the mission-critical infrastructure and can leverage the resources of our freight partners and agents and their outlets to quickly expand our network. In addition to the ability to expand and strengthen our network in an efficient manner, we have established a self-reinforcing platform that is beneficial to all participants. We enable our freight partners and agents with technology capabilities and operational efficiency to deliver comprehensive high quality services to shippers. By April 30, 2021, we have collaborated with approximately 7,000 freight partners and 22,400 freight agents to serve shippers across approximately 96% of the counties and townships in China. We, together with our freight partners and agents, served a diverse and well-balanced end-customer base of over 3.6 million shippers as of April 30, 2021 across the entire commerce landscape in China.

Technology is at the core of our operations. We enhance our operational efficiency by empowering our freight partners and agents with innovative technology solutions. We have developed a suite of proprietary digitalisation tools which are deployed throughout the entire transportation process. These include the Compass System, our operational control tower and a critical managerial system to integrate and analyse extensive operational data from our various management systems, helping manage the entire network and platform. Leveraging our advanced technology capabilities, we are able to make real-time decisions on critical operational processes, such as route planning, sorting management and outlet management, among others.

Our freight partner platform model and technology infrastructure have enabled us to achieve industry leading cost and operational efficiency. According to iResearch, our unit cost of revenue for the LTL business of RMB591/ton in 2020 was among the lowest in express freight networks in China. Typically, the range of unit cost of revenue for other express freight networks was RMB600-900/ton in 2020, which includes unit line-haul cost, unit sorting cost and unit dispatch cost, according to iResearch. In addition, our unit line-haul transportation costs, the key component of our cost of revenues, decreased by 22.7% from 2018 to 2020.

We have achieved significant growth in scale and profitability for our LTL business during the Track Record Period. Specifically:

- our total freight volume was approximately 7.3 million tons, 8.1 million tons, 10.2 million tons, 2.1 million tons and 3.6 million tons in 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, respectively;
- our LTL revenue increased by 10.8% from RMB4,813.3 million in 2018 to RMB5,335.0 million in 2019, and further by 32.7% to RMB7,081.8 million in 2020, and increased by 127.0% from RMB1,249.8 million for the four months ended April 30, 2020 to RMB2,836.5 million for the four months ended April 30, 2021;

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- our gross profit for the LTL business increased by 22.9% from RMB623.4 million in 2018 to RMB766.0 million in 2019, and further increased by 37.3% to RMB1,051.5 million in 2020, and increased by 83.8% from RMB216.2 million for the four months ended April 30, 2020 to RMB397.4 million for the four months ended April 30, 2021; and
- we achieved an overall operating profit margin of 1.1% in 2019 as compared to an operating loss margin of 29.4% in 2018, and our operating profit margin significantly increased to 8.2% in 2020. Our operating profit margins were 4.8% for the four months ended April 30, 2021, as compared to 6.5% for the four months ended April 30, 2020.

BASIS OF PREPARATION

Notwithstanding that our Group recorded net current liabilities of RMB386.6 million as of April 30, 2021, our consolidated financial statements have been prepared on a going concern basis. Our Group assesses our liquidity by our ability to generate cash from operating activities and attract additional capital and/or finance funding. Historically, our Group has relied principally on both operational sources of cash and non-operational sources of financing from investors (e.g. convertible redeemable preferred shares and convertible loans) to fund our operations and business development. Our Group's ability to continue as a going concern is dependent on our management's ability to successfully execute our business plan, which includes increasing revenues while controlling operating expenses, as well as, generating operational cash flows and continuing to gain support from existing and new investors. In 2020, we started to generate operating profit and positive cash flows from operating activities. In addition, our Group raised funds of USD180.0 million (approximately equivalent to RMB1,161.4 million) through the issuance of series I convertible redeemable preferred shares in February 2021. As of April 30, 2021, we have unutilized bank facilities available for future use of RMB30.0 million. Our Directors have reviewed our Group's cash flow projections, which cover a period of twelve months from April 30, 2021. Our Directors are of the opinion that our Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain our operations for the next twelve months from April 30, 2021.

Our consolidated financial statements for the Track Record Period been prepared in accordance with HKFRSs (which include all HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from January 1, 2020, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the consolidated financial statements for the Track Record Period.

Our consolidated financial statements have been prepared under the historical cost convention, except for certain financial liabilities which have been measured at fair value through profit or loss.

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MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATION

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, some of which are outside of our control. These factors include but are not limited to the following:

Our ability to consolidate China's LTL market and maintain market leadership

Our continued growth and results of operations are materially affected by our ability to consolidate China's fragmented and inefficient LTL market and to compete effectively. Our freight partner platform model creates a platform that is beneficial to all participants and is highly scalable. We expect to continue to leverage our freight partner platform model to attract more local freight operators to our platform, enabling them with our technology capabilities and operational efficiency, thus further consolidate the market and strengthen our leadership position. We have benefited from our leadership position in terms of brand recognition, economies of scale, operational efficiency, service quality and ability to attract freight partners and agents. Our ability to maintain and strengthen our leadership position will continue to affect our results of operations. In addition, our business is also affected by the market conditions and factors driving China's LTL market, such as supply chain upgrade, demand from B2B commerce and B2C heavy-goods e-commerce. The market conditions, competitive landscape and our market position in the LTL industry will affect the pricing of our services and in turn, our revenue and operating income.

Our ability to grow our scale and freight volume

Our revenues primarily consist of LTL revenues and are therefore affected by the total freight volume. For the years ended December 31, 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, our LTL revenues amounted to RMB4,813.3 million, RMB5,335.0 million, RMB7,081.8 million, RMB1,249.8 million and RMB2,836.5 million, respectively. The following table sets forth our total freight volume and average daily freight volume for the same periods, respectively:

	Years Ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(thousand tons)</i>				
Total freight volume	7,326	8,138	10,211	2,138	3,619
Average daily freight volume ⁽¹⁾	25.7	28.9	38.4	31.0	44.1

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Note:

- (1) Equals total freight volume for a period divided by the number of working days in such period. We had 285, 282, 266, 69 and 82 working days in 2018, 2019, 2020 and the four months ended April 30, 2020 and 2021, respectively. Non-working days include Sundays, public holidays, and other off days, such as extended holidays following Chinese New Year.

We experienced continuous growth in our total freight volume during the Track Record Period. Driven by the significant increase of our average daily freight volume from 28.9 thousand tons to 38.4 thousand tons as a result of our expanded scale, our total freight volume increased from 8.1 million tons in 2019 to 10.2 million tons in 2020, despite the decrease in the number of working days in 2020 due to COVID-19. We anticipate that our future revenue growth will continue to depend largely on the increase of our total freight volume.

Our ability to increase freight volume depends on our ability to continuously expand and optimise our nationwide network coverage, including our continuous investment in sorting centre network and line-haul fleet, and our capability to attract more freight partners and agents. In addition, we aim to increase freight volume by enhancing the quality of our services, expanding and diversifying our product and service offerings, further penetrating our shipper base and further investing in our technology capabilities.

Our ability to expand product and service offerings

We plan to continue to focus on upgrading our product and service portfolios to provide differentiated solutions to meet the evolving, demanding and varying needs of shippers across different industries. In this regard, we aim to broaden our service offering scopes to capture emerging marketing opportunities and better serve shippers. For example, we launched our guaranteed-safety product in May 2020 for shippers delivering fragile and valuable goods, and we have also expanded our service scope to cover freight weighing 3 to 10 tons. We aim to increase the stickiness of our shippers and increase the wallet-share of our services from the total logistics spending of our shippers.

Our ability to control cost and enhance operational efficiency

Our ability to control costs and enhance operational efficiency may affect our results of operations. We have achieved strong cost leadership across the industry through operational excellence, proprietary technology, economies of scale and network effects. Our freight partner platform is highly scalable, enabling us to quickly expand our nationwide express freight network with optimised working capital efficiency. Moreover, costs to operate our businesses, including transportation, labour, lease and other costs are subject to factors such as fluctuations in fuel prices, toll fees, increases in wage rates and leasing costs, among other things. These factors will affect our ability to control costs. Maintaining and enhancing our cost leadership and operational efficiency is our core strategic focus, which may significantly affect our results of operations.

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Our ability to effectively invest in our network and infrastructure and technology

Investing in our network and infrastructure is a long-term strategic imperative. We plan to continue expand our network by creating more value to our freight partners and agents, enhancing their capabilities, stimulating their growth and improving their operational efficiency. As our freight volume grows in parallel with our network, we plan to further invest in sorting centres and self-operated line-haul fleet to support our platform and realise economies of scale. We expect our continued investments to further improve our operational capacity, increase market penetration, and enhance our service quality and operational efficiency. Our ability to continuously invest in our network and infrastructure relies on capital resources from equity and debt financings, as well as cash generated from operations.

Our ability to effectively invest in technology innovations

Our future growth and results of operations is affected by our technology innovations and capabilities, which are critical to our platform. Building on our existing technology innovations and capabilities, we intend to significantly increase our R&D expenses and investments in our sorting network, line-haul transportation and full AI-enabled decision-making process. We believe investments in technology will drive overall long-term growth, while increasing our operating efficiency.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgements related to accounting items. The estimates and assumptions we use and the judgements we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgements based on past experience and other factors, including industry practises and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future. Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgements used in the preparation of our financial statements. Our significant accounting policies, estimates, assumptions and judgements, which are important for understanding our financial condition and results of operations, are set forth in further details in Notes 3 and 4 to the Accountant's Report included in Appendix I to this prospectus.

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Significant Accounting Policies

Revenue Recognition

Revenue from contracts with customers

Our Group is mainly involved in the business of providing LTL Services and express parcel services to its customers and normally charged fees for (a) transportation and dispatch services, including sorting and line-haul transportation services and dispatch and arrangement for dispatch services, and (b) value-added services. Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

(a) Transportation and dispatch services

Our Group provides sorting and line-haul transportation services between its sorting centres and then dispatch the goods for its customers. Our Group recognises transportation service and dispatch service revenue over time as customers receive the benefit of the services as the goods are transported from one location to another. As such, transportation service and dispatch service revenue is recognised proportionally as goods move from one location to another and the related costs are recognised as incurred. Our Group uses an output method of progress based on time-in-transit as it best depicts the transfer of control to the customer. Our Group also provides arrangement for dispatch service which is recognised at a point in time upon completion of the services.

(b) Value-added services

Our Group also provides value-added services to customers, such as sales of freight related consumables, insurance and operation management and logistics technology services. Revenues are recognised at a point in time when control of the goods is transferred to the customer or recognised over time (such as logistics technology services) or at a point in time upon completion of the services (such as insurance and operation management).

Share-based Payments

We have established share award plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our Group's operations. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

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The cost of equity-settled transactions with employees for grants is measured by reference to the fair values at the dates at which they are granted. The fair values are determined by an external valuer using a binomial model. Further details of which are given in Note 35 to the Accountants' Report included in Appendix I to this prospectus.

Convertible Loans and Convertible Redeemable Preferred Shares

Convertible loans and convertible redeemable preferred shares are designated as our financial liabilities at fair value through profit or loss, which are recognised initially at fair value. For details of our convertible loans and convertible redeemable preferred shares, please refer to Notes 30 and 31 to the Accountants' Report included in Appendix I to this prospectus.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from our Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practises prevailing in the countries in which our Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if our Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Leases

Our Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

Our Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Our Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Unless our Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. Right-of-use assets are subject to impairment.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by our Group and payments of penalties for termination of a lease, if the lease term reflects our Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, our Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term leases

Our Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of our Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Our Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of our Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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The recoverable amounts of the CGU have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5-year period. The cash flows of the unit are projected based on the forecast of LTL Services. Key assumptions used in the calculation are as follows:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
Discount rate	20.1%	18.9%	17.7%	16.4%
Terminal growth rate	3%	3%	3%	3%

Assumptions were used in the value in use calculation of the CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate – The discount rates used are before tax and reflects specific risks relating to the relevant unit.

Terminal growth rate – The forecasted terminal growth rate is based on senior management’s expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit. The terminal growth rate is derived by referring to macroeconomic forecast growth rate and industry forecast growth comprehensively, such as the forecast inflation rate in China and the forecast growth rate of China’s LTL industry. The industry has experienced sustained growth and is expected to continue to grow. Accordingly, as of end of each Track Record Period, we adopted a conservative approach by using 3.0% as key assumption of terminal growth rate.

The values assigned to the key assumption are consistent with external information sources.

As of December 31, 2018, 2019 and 2020 and April 30, 2021, the recoverable amount of the CGU exceeds its carrying amount by RMB1,607.4 million, RMB1,981.7 million, RMB5,005.3 million and RMB5,817.4 million, respectively.

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The following table sets forth the impact of possible changes of the key assumption, with all other variables held constant, of goodwill impairment testing as of the dates indicated.

	Recoverable amount of the CGU exceeds its carrying amount by			
	Year ended 31 December,			Four months ended 30 April
	2018	2019	2020	2021
	<i>(RMB in thousands)</i>			
Possible changes of key assumptions				
Pre-tax discount rate increase by 3%	1,334,258	1,664,730	4,097,529	4,676,340
Terminal growth rate decrease by 1%	1,510,574	1,862,192	4,677,617	5,414,902

The values assigned to the key assumption are consistent with external information sources.

In the opinion of the Directors, there is no reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amounts of the CGU to exceed the recoverable amount.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of Financial Assets

We recognize an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The expected credit loss rate for trade receivables during the Track Record Period gradually increased from 27.4% as of December 31, 2018 to 47.3% as of April 30, 2021. Meanwhile, the expected credit loss rate for trade receivables past due between 1 to 2 years

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decreased from 65.0% as of December 31, 2018 to 19.8% as of April 30, 2021 and the expected credit loss rate for trade receivables past due between 2 to 3 years decreased from 100.0% as of December 31, 2019 to 67.1% as of April 30, 2021.

The main reason for the decrease in our expected credit loss rate for trade receivables past due between 1 to 2 years in 2019 compared to 2018 was that we estimated higher expected credit loss rate for those receivables from the express parcel business as of December 31, 2018 due to the exit of the express parcel business and the default risk of related express parcel business freight partners increased significantly. We discontinued express parcel business at the beginning of 2019 and write off part of the related receivables, and the expected credit loss rate decreased accordingly.

The further decrease in our expected credit loss rate for trade receivables past due between 1 to 2 years as of December 31, 2020 and as of April 30, 2021 were mainly due to the changes in the composition of past due receivables from certain enterprise customers and freight partners. The proportion of enterprise customers increased as of December 31, 2020 and as of April 30, 2021 and the credit risk of these enterprise customers were lower than those freight partners that discontinued business with us, our expected credit loss rate decreased as of December 31, 2020 and as of April 30, 2021 accordingly.

The main reason for the decrease in our expected credit loss rate for trade receivables past due between 2 to 3 years as of April 30, 2021 was that we estimated 100% credit loss rate for those receivables from freight partners discontinued business with us as of December 31, 2019 and 2020. During the period ended April 30, 2021, the receivables balances past due between 2 to 3 years also included those receivables from certain enterprise customers with credit loss rate lower than 100%. The overall expected credit loss rate decreased accordingly.

Our expected credit loss rate for deposits and other receivables were 20.18%, 20.98%, 19.50% and 15.77% as of December 31, 2018, 2019, 2020 and as of April 30, 2021 respectively.

The decrease in expected credit loss rate for deposits and other receivables as of December 31, 2020 and as of April 30, 2021 compared to the rates as of December 31, 2018 and 2019 was mainly due to the increase of the carrying amount of deposits and other receivables. Considering there was no significant changes in expected credit loss rate of suppliers, the impairment amount of deposit and other receivables has not changed significantly.

The main reason for the increase in carrying amount of deposits and other receivables in 2020 was that we purchased self-operated high-capacity fleets in 2020, the deposits of loans for the fleets increased accordingly. The carrying amount of deposit and other receivables increased as of April 30, 2021 is primarily due to the increase in our leased sorting hubs, mainly driven by the increase in its freight volume as a result of our network expansion.

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Significant Accounting Judgements and Estimates

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each period during the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

Our Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires our Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are included in Note 18 to the Accountant's Report included in Appendix I to this prospectus.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in Note 24 to the Accountant's Report included in Appendix I to this prospectus.

Leases – Estimating the incremental borrowing rate

Our Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that our Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what our Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). Our Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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Estimation of the Fair Value of the Level 3 Financial Instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Our Level 3 financial instruments include our convertible loans, convertible redeemable preferred shares and other non-current liabilities. We do not have any Level 3 financial assets as of December 31, 2018, 2019 or 2020, or April 30, 2021. As these instruments are not traded in active markets, their fair values have been determined by using applicable valuation techniques.

Our finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. Our finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation of each year/period during the Track Record Period. The valuation was reviewed and approved by our chief financial officer.

The convertible redeemable preferred shares issued by our Company are not traded in an active market and the respective fair values are determined by using valuation techniques, including discounted cash flow method and equity allocation model. Valuation techniques are certified by an independent and recognised international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Key assumptions include the risk-free interest rate, discounts for lack of marketability (“DLOM”) and volatility. Further details are set out in Note 31 to the Accountant’s Report included in Appendix I to this prospectus.

The convertible loans borrowed by our Company exhibit the characteristics of an embedded derivative and our Group has designated the entire instruments as financial liabilities at fair value through profit or loss. As it is not traded in an active market, our Group applied the discounted cash flow method to determine its fair value by using the risk-free rate plus an implied spread. Key assumptions such as the discount rate were based on our Group’s best estimates. Further details are set out in Note 30 to the Accountant’s Report included in Appendix I to this prospectus.

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In relation to the valuation of the financial liabilities at fair value through profit or loss, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of the relevant agreements in relation to the convertible redeemable preferred shares and the convertible loans; (ii) engaged independent business valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information, especially those unobservable inputs, such as discount rate, discount of lack of marketability and expected volatility, which require management assessments and estimates; and (iv) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

The Reporting Accountants' work included the following procedures: review of the valuation report performed by an independent valuer engaged by management, with the assistance from our internal valuation specialists in relation to the methodology, assumptions and sources of data used by management. Details of the fair value measurement of financial liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, together with a quantitative sensitivity analysis are disclosed in Notes 30, 31, 32 and 41 to the Historical Financial Information of Group for the Track Record Period as set out in the accountants report issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants in Appendix I. The reporting accountants' opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on I-2 of Appendix I.

In relation to the valuation of the financial liabilities at fair value through profit or loss, the Joint Sponsors have conducted relevant due diligence works, including but not limited to, (i) reviewing relevant notes in the Accountant's Report as contained in Appendix I to this prospectus; (ii) reviewing terms of the convertible redeemable preferred shares and the convertible loans and the valuation report prepared by an independent valuer engaged by the Company; (iii) assessing the qualification of the valuer; and (iv) discussing with the Company, the Reporting Accountants and the valuer about the key basis and assumptions for the valuation of Level 3 financial liabilities. Having considered the work done by the Directors, the Reporting Accountant and the valuer and the relevant due diligence done as stated above, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation analysis performed on the Level 3 financial liabilities.

Fair value measurement of share-based payments

Our Group has set up 2015 equity incentive plan (the "2015 Plan") and 2016 equity incentive plan (the "2016 Plan") in 2015, and granted options to our Company's directors, the Group's employees and consultants. The fair values of the options are determined by the binomial option-pricing model at the grant dates. Significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield, are made by the board of directors of our Company. Further details are included in Note 35 to the Accountant's Report included in Appendix I to this prospectus.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss, with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(Unaudited)</i>									
	<i>(in thousands, except percentages)</i>									
Revenues	5,331,927	100.0	5,338,201	100.0	7,081,791	100.0	1,249,828	100	2,836,547	100.0
Cost of revenues	(5,916,437)	(111.0)	(4,658,661)	(87.3)	(6,030,325)	(85.2)	(1,033,648)	(82.7)	(2,439,126)	(86.0)
Gross (loss)/profit	(584,510)	(11.0)	679,540	12.7	1,051,466	14.8	216,180	17.3	397,421	14.0
General and administrative expenses	(717,484)	(13.5)	(632,046)	(11.8)	(526,305)	(7.4)	(143,617)	(11.5)	(248,143)	(8.7)
Other income and gains/(losses), net	(262,975)	(4.9)	13,643	0.3	53,161	0.8	8,889	0.7	(12,476)	(0.4)
Operating (loss)/profit	(1,564,969)	(29.4)	61,137	1.1	578,322	8.2	81,452	6.5	136,802	4.8
Finance costs	(96,162)	(1.8)	(96,658)	(1.8)	(81,019)	(1.1)	(27,455)	(2.2)	(64,511)	(2.3)
Fair value change of financial liabilities at fair value through profit or loss	(545,269)	(10.2)	(239,576)	(4.5)	(396,150)	(5.6)	112,239	9.0	(2,207,150)	(77.8)
Changes in expected redemption amount associated with the put option liabilities	90,925	1.7	(43,522)	(0.8)	(18,294)	(0.3)	(3,460)	(0.3)	(191,517)	(6.8)
(Loss)/Profit before tax	(2,115,475)	(39.7)	(318,619)	(6.0)	82,859	1.2	162,776	13.0	(2,326,376)	(82.0)
Income tax credit/(expenses)	(86)	(0.0)	103,692	1.9	135,322	1.9	(12,325)	(1.0)	75,965	2.7
(Loss)/Profit for the year/period	<u>(2,115,561)</u>	<u>(39.7)</u>	<u>(214,927)</u>	<u>(4.0)</u>	<u>218,181</u>	<u>3.1</u>	<u>150,451</u>	<u>12.0</u>	<u>(2,250,411)</u>	<u>(79.3)</u>
(Loss)/Profit for the year/period attributable to:										
Owners of the Company	(2,113,878)	(39.6)	(214,934)	(4.0)	218,123	3.1	150,422	12.0	(2,250,251)	(79.3)
Non-controlling interests	(1,683)	(0.0)	7	0.0	58	0.0	29	0.0	(160)	(0.0)

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NON-HKFRS MEASURES

To supplement our consolidated financial statements that are presented in accordance with HKFRS, we also use adjusted (loss)/profit for the year/period (a non-HKFRS measure), adjusted net (loss)/profit margin (a non-HKFRS measure) and adjusted EBITDA (a non-HKFRS measure), as additional financial measures, which are not required by, or presented in accordance with, HKFRS. We believe that these non-HKFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of these non-HKFRS measures may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS. We define adjusted (loss)/profit for the year/period (a non-HKFRS measure) as (loss)/profit for the year/period adjusted for share-based payment expenses, fair value change of financial liabilities at fair value through profit or loss, changes in expected redemption amount associated with the put option liabilities and listing expense. We define adjusted net (loss)/profit margin (a non-HKFRS measure) as adjusted (loss)/profit for the year/period (a non-HKFRS measure) as a percentage of total revenues. The following table sets out our non-HKFRS measures, and a reconciliation from (loss)/profit for the year/period to adjusted (loss)/profit for the year/period (a non-HKFRS measure) for the periods indicated.

	Years Ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
				<i>(Unaudited)</i>	
				<i>(RMB in thousands)</i>	
(Loss)/Profit for the year/period	(2,115,561)	(214,927)	218,181	150,451	(2,250,411)
Add:					
Share-based payment expenses ⁽¹⁾	49,498	141,703	8,962	4,666	29,579
Fair value change of financial liabilities at fair value through profit or loss ⁽²⁾	545,269	239,576	396,150	(112,239)	2,207,150
Changes in expected redemption amount associated with the put option liabilities ⁽³⁾	(90,925)	43,522	18,294	3,460	191,517
Listing expenses ⁽⁴⁾	–	–	12,729	–	5,425
Adjusted (loss)/profit for the year/period	(1,611,719)	209,874	654,316	46,338	183,260

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Notes:

- (1) Share-based payment expenses relates to the share rewards we granted to our employees, which is a non-cash item.
- (2) Fair value change of financial liabilities at fair value through profit or loss represent the losses arising from change in fair value of our issued Preferred Shares and convertible loans, which is a non-cash item and is not directly related to our operating activities. Such fair value changes are also non-recurring in nature as the relevant Preferred Shares will be automatically converted into ordinary shares upon the completion of the Listing.
- (3) Changes in expected redemption amount associated with the put option liabilities is a non-cash item and is not directly related to our operating activities. Such changes are also non-recurring in nature as the relevant financial liabilities associated with put option will be classified into non-controlling interest upon the completion of the Listing.
- (4) Listing expenses represent the fees incurred in relation to the Global Offering, which is a non-recurring item.

	Years Ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
				<i>(Unaudited)</i>	
			(%)		
Net (loss)/profit margin	(39.7)	(4.0)	3.1	12.0	(79.3)
Adjusted net (loss)/profit margin	(30.2)	3.9	9.2	3.7	6.5

As our adjusted profit/(loss) for the year (a non-HKFRS measure) in 2018 and 2019 included the performance of our express parcel business, we cannot derive the adjusted unit net profit for the LTL business. As a pure-play LTL carrier, our adjusted unit net profit in 2020 and the four months ended April 30, 2020 and 2021 was RMB64/ton, RMB22/ton and RMB51/ton, respectively.

We define adjusted EBITDA (a non-HKFRS measure) as loss for the year/period adjusted for depreciation, amortisation, interest income, finance costs, income tax credit, share-based payment expenses, fair value change of financial liabilities at fair value through profit or loss, changes in expected redemption amount associated with the put option liabilities, and listing expense. The following table sets out our non- HKFRS measures, and a reconciliation from (loss)/profit for the year/period to adjusted EBITDA (a non-HKFRS measure) for the periods indicated.

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	Years Ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(Unaudited)</i>				
	<i>(RMB in thousands)</i>				
(Loss)/Profit for the year	(2,115,561)	(214,927)	218,181	150,451	(2,250,411)
Add:					
Depreciation	669,030	683,591	589,293	183,724	252,045
Amortisation of other intangible assets	10,831	10,543	13,694	3,859	6,693
Interest income	(1,812)	(2,121)	(3,430)	(1,974)	(2,244)
Finance costs	96,162	96,658	81,019	27,455	64,511
Income tax expense/(credit)	86	(103,692)	(135,322)	12,325	(75,965)
Share-based payment expenses ⁽¹⁾	49,498	141,703	8,962	4,666	29,579
Fair value change of financial liabilities at fair value through profit or loss ⁽²⁾	545,269	239,576	396,150	(112,239)	2,207,150
Changes in expected redemption amount associated with the put option liabilities ⁽³⁾	(90,925)	43,522	18,294	3,460	191,517
Listing expenses ⁽⁴⁾	–	–	12,729	–	5,425
Adjusted EBITDA	(837,422)	894,853	1,199,570	271,727	428,300

Notes:

- (1) Share-based payment expenses relates to the share rewards we granted to our employees, which is a non-cash item.
- (2) Fair value change of financial liabilities at fair value through profit or loss represent the losses arising from change in fair value of our issued Preferred Shares and convertible loans, which is a non-cash item and is not directly related to our operating activities. Such fair value changes are also non-recurring in nature as the relevant Preferred Shares will be automatically converted into ordinary shares upon the completion of the Listing.
- (3) Changes in expected redemption amount associated with the put option liabilities is a non-cash item and is not directly related to our operating activities. Such changes are also non-recurring in nature as the relevant financial liabilities associated with put option will be classified into non-controlling interest upon the completion of the Listing.
- (4) Listing expenses represent the fees incurred in relation to the Global Offering, which is a non-recurring item.

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we derive our revenues from: (i) LTL services and (ii) express parcel services, which was discontinued in the beginning of 2019. The following table sets forth a breakdown of our revenue in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(Unaudited)</i>									
	<i>(thousands, except percentages)</i>									
LTL	4,813,274	90.3	5,334,964	99.9	7,081,791	100.0	1,249,828	100.0	2,836,547	100.0
Express parcel	518,653	9.7	3,237	0.1	–	–	–	–	–	–
Total revenues	<u>5,331,927</u>	<u>100.0</u>	<u>5,338,201</u>	<u>100.0</u>	<u>7,081,791</u>	<u>100.0</u>	<u>1,249,828</u>	<u>100.0</u>	<u>2,836,547</u>	<u>100.0</u>

LTL Revenues

Our LTL revenues mainly include transportation services, value-added services and dispatch services (including arrangement for dispatch services). The following table sets forth a breakdown of our revenue from LTL services for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(Unaudited)</i>									
	<i>(in thousands, except percentages)</i>									
Transportation	4,086,982	84.9	4,175,904	78.3	4,451,451	62.9	923,097	73.9	1,706,621	60.2
Value-added services	718,090	14.9	1,046,776	19.6	1,430,422	20.2	274,249	21.9	472,470	16.7
Dispatch ⁽¹⁾	8,202	0.2	112,284	2.1	1,199,918	16.9	52,482	4.2	657,456	23.2
Total revenues	<u>4,813,274</u>	<u>100.0</u>	<u>5,334,964</u>	<u>100.0</u>	<u>7,081,791</u>	<u>100.0</u>	<u>1,249,828</u>	<u>100.0</u>	<u>2,836,547</u>	<u>100.0</u>

Notes:

(1) Includes dispatch services and arrangement for dispatch services.

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LTL is our core business, and we are currently a pure-play LTL carrier. We primarily charge freight partners fees for (i) transportation services, including sorting and line-haul transportation, (ii) value-added services provided to our platform participants, in particular, our freight partners and line-haul truck fleet operated by third parties, and (iii) dispatch services (including arrangement for dispatch services) for each shipment that is processed through our network. Our freight partners and agents typically charge the full shipment service fee from the shipper at the time of pickup. We set guidelines for pricing of such full shipment service fee by taking into consideration of their cost structure and market condition, while giving them flexibilities to manage their pricing.

The level of pricing of our transportation services is determined by various factors, including the volumetric weight of the freight, transportation distance, product types, market conditions and competition, among others. We have established a dynamic pricing system which periodically evaluates and adjusts our pricing levels, allowing us to optimise our capacity management and operational efficiency.

As an integral part of our LTL services, we provide various value-added services to our platform participants. Our value-added services are primarily categorized into (i) core operation services, which mainly include electronic waybills and insurance, (ii) business empowerment services, which mainly include assistance services in obtaining financing, digitalized solutions (such as SaaS and mobile applications) and operation management, and (iii) active management services, which mainly consist of our incentive scheme for freight partners. During the Track Record Period, we have broadened the scope of our value-added services to enable our freight partners and agents with technology solutions and to enhance their operational efficiency and management capabilities. For details, please refer to “Business – Our Service Offerings – Value-added Services.” To improve the performance and service quality of our freight partners and agents, we have established an incentive scheme with monetary rewards and penalties based on key performance targets, operation process and service standards. We will provide monetary rewards to freight partners if they achieved the preset freight volume and business growth targets and service standards. On the contrast, to improve their operations, freight partners who perform below our preset performance targets, operation process and service standards are subject to penalties. In a given period, if the amount of monetary rewards we grant is greater than the amount of monetary penalties we impose, we will record losses from the incentive scheme. Otherwise we will record income from the incentive scheme. In 2018, we recorded losses from the incentive scheme of RMB22.6 million. In 2019, 2020 and the four months ended April 30, 2021, the income we recorded from the incentive scheme was RMB136.7 million, RMB225.6 million and RMB68.4 million, respectively.

We primarily rely on freight partners and agents to carry out dispatch services, while also carrying out dispatch services by ourselves in limited circumstances. Prior to July 2020, based on our arrangements with freight partners, we recorded dispatch fees on a net basis as arrangement fees given we acted as an agent in arranging such services. Accordingly, our LTL revenue generated from dispatch is deemed as arrangement for dispatch services and was recorded on a net basis. Since July 2020, in order to enhance our services for shippers and our control over service quality throughout our express freight network, we have reinforced our contractual responsibilities, under which we became the principal that is directly responsible

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for any damages to or loss of freight in connection with dispatch. Accordingly, we have recorded all dispatch fees received from pick-up freight partners as our revenue, and all dispatch fees paid to dispatch freight partners as our cost of revenue.

Our unit price for transportation and value-added services was RMB656/ton, RMB642/ton, RMB576/ton, RMB560/ton and RMB602/ton in 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, respectively. The deduction in our unit price for transportation and value-added services from 2019 to 2020 was driven by our reduced unit cost from economies of scale and waived toll charges due to COVID-19, enabling our freight partners and agents to offer attractive pricing to shippers and to better grow their businesses. The increase in our unit price for transportation and value-added services from the four months ended April 30, 2020 to the four months ended April 30, 2021 was driven by our increased transportation costs due to increased fuel costs and toll charges.

Our unit price for dispatch services (including arrangement of dispatch services) was RMB1/ton, RMB14/ton in 2018 and 2019, respectively, on a net basis. In the six months ended June 30, 2020, our dispatch revenue was RMB90.6 million, our total freight volume was 3.9 million tons, and our unit dispatch price was RMB23/ton on a net basis. We changed the revenue recognition for dispatch services (including arrangement of dispatch services) from a net basis to a gross basis since July 2020. In the six months ended December 31, 2020, our dispatch revenue was RMB1,109.4 million, our total freight volume was 6.3 million tons, and our unit dispatch price was RMB176/ton on a gross basis. In the four months ended April 30, 2021, our unit dispatch price was RMB182/ton on a gross basis.

Our unit price for total LTL services was RMB657/ton, RMB656/ton, RMB694/ton, RMB585/ton and RMB784/ton in 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, respectively. The increase in our unit price for LTL services from 2019 to 2020 and from the four months ended April 30, 2020 to the four months ended April 30, 2021 was mainly because we changed the revenue recognition for dispatch services (including arrangement of dispatch services) from a net basis to a gross basis since July 2020.

Express Parcel Revenues

Historically, we also operated express parcel business from December 2016 to the beginning of 2019. In 2018 and 2019, our revenues from express parcel services amounted to RMB518.7 million and RMB3.2 million, respectively, accounting for 9.7% and 0.1% of our total revenues for the same years, respectively.

In order to promote the business development of our express parcel, we provided service incentive supports to our customers for arrangement for dispatch services. Such incentive payments were recognized as variable consideration. Given the incentive payments were larger than transaction prices in 2018, we recorded a negative amount of RMB33.5 million for revenue from arrangement for dispatch services for our express parcel business. As a result, our total dispatch revenues, including dispatch revenues from both LTL and express parcel businesses, amounted to negative RMB25.3 million in 2018.

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Cost of revenues

The following table sets forth a breakdown of our cost of revenues in absolute amounts and as a percentage of our total cost of revenues for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	(Unaudited)									
	(in thousands, except percentages)									
LTL	4,189,868	70.8	4,568,931	98.1	6,030,325	100.0	1,033,648	100.0	2,439,126	100.0
Express parcel	1,726,569	29.2	89,730	1.9	-	-	-	-	-	-
Total cost of revenues	<u>5,916,437</u>	<u>100.0</u>	<u>4,658,661</u>	<u>100.0</u>	<u>6,030,325</u>	<u>100.0</u>	<u>1,033,648</u>	<u>100.0</u>	<u>2,439,126</u>	<u>100.0</u>

LTL Cost of Revenues

Our cost of revenues for the LTL business primarily consists of costs for (i) line-haul transportation, (ii) sorting centre, (iii) value-added services, and (iv) dispatch. The following table sets forth a breakdown of our cost of revenues for LTL services and as a percentage of our total revenues for LTL services for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	(Unaudited)									
	(in thousands, except percentages)									
Line-haul transportation	2,831,801	58.8	2,966,825	55.6	3,057,511	43.2	560,366	44.8	1,131,934	39.9
Sorting centre	1,271,282	26.4	1,519,499	28.5	1,762,343	24.9	454,277	36.3	649,180	22.9
Value-added services	70,794	1.5	75,006	1.4	245,670	3.5	18,326	1.5	79,868	2.8
Dispatch	15,991	0.3	7,601	0.1	964,801	13.6	679	0.1	578,144	20.4
Total	<u>4,189,868</u>	<u>87.0</u>	<u>4,568,931</u>	<u>85.6</u>	<u>6,030,325</u>	<u>85.2</u>	<u>1,033,648</u>	<u>82.7</u>	<u>2,439,126</u>	<u>86.0</u>

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The following table sets forth a breakdown of our unit cost of revenues for LTL services for the periods indicated:

	Years Ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(RMB/ton)</i>				
Unit line-haul transportation cost	387	365	299	262	313
Unit sorting centre cost	174	187	173	213	179
Unit cost of value-added services	10	9	24	9	22
Unit dispatch cost	2	1	94	0	160
Unit cost of revenues	573	562	590	484	674

Line-haul transportation cost primarily includes (i) service costs for third-party fleet operators and (ii) operating costs incurred by our self-operated fleet such as truck fuel costs, road tolls, driver compensation and depreciation costs. The following table sets forth a breakdown of our line-haul transportation cost for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
Services costs for third-party fleets	2,831,801	100.0	2,966,825	100.0	2,517,396	82.3	553,718	98.8	601,129	53.1
Operating costs incurred by self-operated fleet	-	-	-	-	540,115	17.7	6,648	1.2	530,805	46.9
Total line-haul transportation costs	2,831,801	100.0	2,966,825	100.0	3,057,511	100.0	560,366	100.0	1,131,934	100.0

(Unaudited)
(in thousands, except percentages)

In 2018 and 2019, we relied on third-party fleet operators to provide line-haul transportation services. Since 2020, we started to utilize our self-operated fleet.

Total line-haul transportation cost as a percentage of our LTL revenues decreased from 58.8% in 2018 to 55.6% in 2019, and further to 43.2% in 2020, and decreased from 44.8% for the four months ended April 30, 2020 to 39.9% for the four months ended April 30, 2021. Our

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unit line-haul transportation cost for LTL services decreased from RMB387/ton in 2018 to RMB365/ton in 2019, and further to RMB299/ton in 2020, and increased from RMB262/ton for the four months ended April 30, 2020 to RMB313/ton for the four months ended April 30, 2021. The decrease in line-haul transportation cost as a percentage of LTL revenues and our unit line-haul transportation cost was mainly due to (i) economies of scale brought by our increased freight volume, (ii) enhanced direct connectivity and routing due to our optimised line-haul management, (iii) increased deployment of self-operated high-capacity trucks, (iv) increased centralised procurement of truck auto parts and fuel as we increased our self-operated fleet size from 12 trucks as of December 31, 2019 to approximately 1,500 high-capacity line-haul trucks as of December 31, 2020, and our stronger bargaining power against major suppliers, and (v) the change in our revenue recognition for dispatch revenues from net basis to gross basis.

Sorting centre cost includes (i) labour costs, (ii) depreciation of right-of-use assets in relation to leased sorting centres, (iii) property management fees and utility costs, (iv) equipment rental costs and (v) operation and maintenance cost. The following table sets forth a breakdown of our sorting centre cost for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(Unaudited)</i>									
	<i>(in thousands, except percentages)</i>									
Labour costs	753,169	59.2	869,084	57.2	1,046,660	59.4	231,628	51.0	382,462	58.9
Depreciation of right-of-use assets	319,731	25.2	419,424	27.6	456,558	25.9	147,590	32.5	174,997	27.0
Property management fees and utility costs	65,651	5.2	81,217	5.3	105,723	6.0	30,399	6.7	38,618	5.9
Equipment rental costs	64,722	5.1	65,630	4.3	71,008	4.0	21,193	4.7	28,783	4.4
Others	68,009	5.3	84,144	5.5	82,394	4.7	23,467	5.2	24,320	3.7
Total sorting centre costs	<u>1,272,282</u>	<u>100.0</u>	<u>1,519,499</u>	<u>100.0</u>	<u>1,762,343</u>	<u>100.0</u>	<u>454,277</u>	<u>100.0</u>	<u>649,180</u>	<u>100.0</u>

Our labour costs increased from RMB753.2 million in 2018 to RMB869.1 million in 2019, and further to RMB1,046.7 million in 2020, primarily driven by the growth in our freight volume. Our labour costs increase from RMB231.6 million for the four months ended April 30, 2020, to RMB382.5 million for the four months ended April 30, 2021, primarily driven by improved handling capacity to support the growth in freight volume. Driven by our expanded sorting network during the Track Record Period, (i) our depreciation of right-of-use assets increased from RMB319.7 million in 2018 to RMB419.4 million in 2019, and further to RMB456.6 million in 2020, and increased from RMB147.6 million for the four months ended

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April 30, 2020, to RMB175.0 million for the four months ended April 30, 2021, primarily driven by increases in leased sorting centres and (ii) our property management fees and utility costs increased from RMB65.7 million in 2018 to RMB81.2 million in 2019, and further to RMB105.7 million in 2020, and increased from RMB30.4 million for the four months ended April 30, 2020, to RMB38.6 million for the four months ended April 30, 2021, primarily driven by increases in leased sorting centres. Our equipment rental costs remained relatively stable from RMB64.7 million in 2018 to RMB65.6 million in 2019, and increased to RMB71.0 million in 2020 primarily as a result of our increased deployment of sorting equipment to increase our sorting capacity. Our equipment rental costs increase from RMB21.2 million for the four months ended April 30, 2020, to RMB28.8 million for the four months ended April 30, 2021, primarily driven by increases in leased sorting equipment.

Total sorting centre cost accounted for 26.4%, 28.5%, 24.9%, 36.3% and 22.9% of our LTL revenues in 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, respectively. Our unit sorting cost for LTL services was RMB174/ton, RMB187/ton, RMB173/ton, RMB213/ton and RMB179/ton in 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, respectively. Our sorting centre cost as a percentage of LTL revenues and unit sorting cost remained relatively stable in 2018 and 2019. Our sorting centre cost as a percentage of LTL revenues and unit sorting cost decreased from 2019 to 2020, and from the four months ended April 30, 2020, to the four months ended April 30, 2021 mainly due to (i) economies of scale as a result of our investment in sorting centre infrastructure, and (ii) the deployment of smart devices and automated equipment.

Costs of value-added services are costs directly incurred in relation to our provision of value-added services, such as cost of digital devices and consumables. Total cost of value-added services accounted for 1.5%, 1.4%, 3.5%, 1.5% and 2.8% of our revenues for LTL services in 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, respectively.

Dispatch costs primarily represent (i) dispatch fees paid to our freight partners, the price of which is determined based on the cost structure of freight partners and market conditions, and (ii) costs incurred by our self-operated dispatch services. Since July 2020, we have updated our arrangements with freight partners, and have recorded all dispatch fees paid to dispatch freight partners as our cost of revenue. For details, see “– Description of Major Components of Our Results of Operations – Revenues – LTL Revenues.” In the six months ended June 30, 2020, our dispatch cost was RMB1.4 million, our total freight volume was 3.9 million tons, and our unit dispatch cost was RMB0.4/ton on a net basis. In the six months ended December 31, 2020, our dispatch cost was RMB963.4 million, and our total freight volume was 6.3 million tons. For the same period, our unit dispatch cost was RMB153/ton. In the four months ended April 30, 2021, our unit dispatch cost was RMB160/ton on a gross basis.

Express Parcel Cost of Revenues

In 2018 and 2019, our cost of revenues for express parcel services amounted to RMB1,726.6 million and RMB89.7 million, respectively.

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Gross Profit

The following table sets forth a breakdown of our gross profit in absolute amounts and as a percentage of revenue, or gross margins, for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(Unaudited)</i>									
	<i>(in thousands, except percentages)</i>									
LTL	623,406	13.0	766,033	14.4	1,051,466	14.8	216,180	17.3	397,421	14.0
Express parcel	(1,207,916)	(232.9)	(86,493)	(2,672.0)	-	-	-	-	-	-
Total	<u>(584,510)</u>	<u>(11.0)</u>	<u>679,540</u>	<u>12.7</u>	<u>1,051,466</u>	<u>14.8</u>	<u>216,180</u>	<u>17.3</u>	<u>397,421</u>	<u>14.0</u>

For the years ended December 31, 2018, 2019 and 2020 and the four months ended April 30, 2020 and 2021, our gross profit for LTL services amounted to RMB623.4 million, RMB766.0 million, RMB1,051.5 million, RMB216.2 million and RMB397.4 million, respectively. As a result of the economies of scale from the expansion of our network and our enhanced operational efficiency, (i) our unit gross profit for LTL services increased from RMB85/ton in 2018 to RMB94/ton in 2019, and further to RMB103/ton in 2020, and increased from RMB101/ton in the four months ended April 30, 2020 to RMB110/ton in the four months ended April 30, 2021, and (ii) our gross margin for LTL services increased from 13.0% in 2018, to 14.4% in 2019, and further to 14.8% in 2020. Our gross margin for LTL services decreased from 17.3% to 14.0% for the four months ended April 30, 2020 and 2021, primarily because we changed the revenue recognition for dispatch services (including arrangement of dispatch services) from a net basis to a gross basis, which result in a lower gross margin as compared to the net basis, since July 2020. For details, see “– Description of Major Components of Our Results of Operations – Revenues – LTL Revenues” and “– Description of Major Components of Our Results of Operations – Cost of Revenues – LTL Cost of Revenues.”

Our express parcel business was loss-making in 2018 and 2019, primarily because (i) we faced intense competition in China’s express parcel market, and (ii) our express parcel business did not achieve economies of scale to improve profitability with less than three years’ of operations.

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General and Administrative Expenses

Our general and administrative expenses, which consist primarily of (i) salaries and other benefits, (ii) business operation expenses, mainly including expenses for rental, travelling, meetings and utilities, (iii) professional service fees, mainly including legal and other advisory fees and listing expenses, (iv) depreciation and amortisation, primarily in relation to the amortisation of our technology investments and depreciation of our office assets, and (v) share based compensation.

The following table sets forth a breakdown of the major components of our general and administrative expenses both in absolute amount and as a percentage of total general and administrative expenses for the periods indicated.

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(Unaudited)</i>									
	<i>(in thousands, except percentages)</i>									
Salaries and other benefits	396,218	55.2	308,772	48.9	277,226	52.7	76,765	53.5	135,765	54.7
Business operation expenses	138,970	19.4	81,213	12.8	113,313	21.5	30,063	20.8	34,389	13.9
Professional service fees	80,968	11.3	54,415	8.6	80,766	15.3	16,953	11.8	34,776	14.0
Depreciation and amortisation	53,352	7.4	46,552	7.4	46,277	8.8	15,309	10.7	14,154	5.7
Share-based payment expenses	47,976	6.7	141,094	22.3	8,723	1.7	4,527	3.2	29,059	11.7
Total	717,484	100.0	632,046	100.0	526,305	100.0	143,617	100.0	248,143	100.0

Our general and administrative expenses decreased from 2018 to 2020 despite the increase in our freight volume for the same periods, reflecting our increased operating leverage.

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Other income and gains/(losses), net

Other income and gains/(losses), net consist primarily of (i) government grants, which mainly represent long-term subsidies from local governments, (ii) foreign exchange (losses)/gains, (iii) interest income, (iv) loss on disposal of long-term assets, which are mainly in relation to our disposal of vehicles and equipment, (v) asset impairment in relation to our equipment, and (vi) others, which mainly include litigation costs, compensation to landlords and outlets in relation to our discontinuation of the express parcel business, and premise sublease income. The government grants we received during the Track Record Period primarily include various forms of government financial incentives and preferential tax treatments, to recognize our contribution to the development of local economy. Criteria and conditions of such government grants mainly include revenue, location of registered address, compliance record, and operation conditions, among others. The following table sets forth a breakdown of the components of our other income and gains/(losses), net for the periods indicated:

	Years Ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(Unaudited)</i>				
	<i>(RMB in thousands)</i>				
Government grants	9,569	51,502	54,503	13,976	4,868
Foreign exchange (loss)/gain	(34,082)	(6,780)	19,477	(2,695)	1,962
Interest income	1,812	2,121	3,430	1,974	2,244
Loss on disposal of long-term assets	(12,102)	(7,504)	(8,601)	185	(7,367)
Asset impairment	(195,255)	(5,660)	(11,295)	(3,936)	(12,882)
Others	(32,917)	(20,036)	(4,353)	(615)	(1,301)
Total	(262,975)	13,643	53,161	8,889	(12,476)

We recorded other losses of RMB263.0 million in 2018, as compared to other income and gains of RMB13.6 million in 2019, which was primarily due to the decrease in asset impairment of RMB189.6 million, primarily in relation to the discontinuation of our express parcel business.

Operating Profit/(Loss)

The following table sets forth our operating profit or loss in absolute amounts and as a percentage of revenue, or operating profit or loss margins, for the periods indicated:

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(Unaudited)</i>									
	<i>(in thousands, except percentages)</i>									
Operating profit/(loss)	(1,564,969)	(29.4)	61,137	1.1	578,322	8.2	81,452	6.5	136,802	4.8

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As a result of the foregoing, we recorded an operating loss of RMB1,565.0 million in 2018, and operating profits of RMB61.1 million, RMB578.3 million, RMB81.5 million and RMB136.8 million in 2019 and 2020 and the four months ended April 30, 2020 and 2021, respectively. Despite the loss-making express parcel business, our overall operating profit margin was 1.1% in 2019, as compared to an operating loss margin of 29.4% in 2018, and our operating profit margin further increased to 8.2% in 2020. Our operating profit margins were 6.5% and 4.8% for the four months ended April 30, 2020 and 2021, respectively. As our operating profit/(loss) in 2018 and 2019 included the performance of our express parcel business, we cannot derive the unit operating profit for the LTL business. As a pure-play LTL carrier, our unit operating profit in 2020 and the four months ended April 30, 2020 and 2021 was RMB57/ton, RMB38/ton and RMB38/ton, respectively.

Finance Costs

Our finance costs comprise of (i) interest on lease liabilities, (ii) interest on bank and other loans, and (iii) transaction costs for the issue of convertible redeemable preferred shares and convertible loans. The following table sets forth a breakdown of the major components of our finance costs both in absolute amount and as a percentage of total finance costs for the periods indicated.

	Years Ended December 31,						Four Months Ended April 30,			
	2018		2019		2020		2020		2021	
	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%	<i>RMB</i>	%
	<i>(Unaudited)</i>									
	<i>(in thousands, except percentages)</i>									
Interest on lease liabilities	56,124	58.4	55,549	57.5	53,842	66.5	18,153	66.1	20,444	31.7
Interest on bank and other loans	28,994	30.1	38,341	39.7	23,793	29.4	5,789	21.1	19,707	30.5
Transaction costs for the issue of convertible redeemable preferred shares and convertible loans and prepaid forward contract	11,044	11.5	2,768	2.8	3,384	4.1	3,513	12.8	24,360	37.8
Total	96,162	100.0	96,658	100.0	81,019	100.0	27,455	100.0	64,511	100.0

Fair Value Change of Financial Liabilities at Fair Value through Profit or Loss

Our fair value change of financial liabilities at fair value through profit or loss mainly represents the change in fair value of our preferred shares and convertible loans. In 2018, 2019 and 2020 and the four months ended April 30, 2021, we recorded fair value change of financial liabilities at fair value through profit or loss of RMB545.3 million, RMB239.6 million, RMB396.2 million and RMB2,207.2 million, respectively, as a result of the increase in fair value of the underlying securities.

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Changes in Expected Redemption Amount Associated with the Put Option Liabilities

Our changes in expected redemption amount associated with the put option liabilities mainly represent the changes in the net present values of the redemption amounts of such liabilities. In 2018, we recorded gains in expected redemption amount associated with the put option liabilities of RMB90.9 million. In 2019 and 2020, we recorded losses in expected redemption amount associated with the put option liabilities of RMB43.5 million and RMB18.3 million, respectively. For the four months ended April, 30, 2020 and 2021, we recorded losses in expected redemption amount associated with the put option liabilities of RMB3.5 million and RMB191.5 million, respectively.

Income Tax Credit

We had income tax expenses of RMB86 thousand and RMB12.3 million in 2018 and the four months ended April 30, 2020, and income tax credit of RMB103.7 million, RMB135.3 million and RMB76.0 million in 2019, 2020 and the four months ended April 30, 2021, respectively. We recorded income tax credit primarily due to the recognition of deferred tax assets as we expect our major subsidiaries to make profit and therefore utilise the accumulated losses carried forward. During the Track Record Period and up to the Latest Practicable Date, we have been in compliance with applicable tax regulations, and we did not have any material dispute with any tax authority.

We are subject to various rates of income tax under different jurisdictions. The following summarises major factors affecting our applicable tax rates in the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC.

Cayman Islands

Under the current laws of the Cayman Islands, entities incorporated in the Cayman Islands are not subject to tax on income or capital gain. In addition, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on income or capital gain. In addition, the British Virgin Islands does not impose a withholding tax on payments of dividends to shareholders.

Hong Kong

No provision for Hong Kong profits tax was made as we did not have any assessable income subject to Hong Kong profits tax during the Track Record Period.

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PRC

Corporate income tax provision was made on the estimated assessable profits of entities within our Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. All of the Group's subsidiaries registered in the PRC, except for certain subsidiaries which enjoy tax rate at 5%, that have operations only in Mainland China are subject to PRC enterprise income tax ("EIT") at a rate of 25% on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws in 2018, 2019 and 2020.

(Loss)/Profit for the Year/Period

As a result of the foregoing, we recorded losses for the year of RMB2,115.6 million and RMB214.9 million in 2018, 2019, respectively. We recorded profit for the year of RMB218.2 million in 2020. Our overall net loss margin was 39.7% and 4.0% in 2018 and 2019, respectively, and we recorded net profit margin of 3.1% in 2020. For the four months ended April 30, 2020, we recorded profit for the period of RMB150.5 million and net profit margin of 12.0%. For the four months ended April 30, 2021, we recorded loss for the period of RMB2,250.4 million and net loss margin of 79.3%.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2021 Compared to Four Months Ended April 30, 2020

Revenue

Our total revenue increased by 127.0% from RMB1,249.8 million for four months ended April 30, 2020 to RMB2,836.5 million for four months ended April 30, 2021, mainly driven by the increase in our LTL revenues.

LTL Revenues

Revenue from our LTL services increased by 127.0% from RMB1,249.8 million for four months ended April 30, 2020 to RMB2,836.5 million for four months ended April 30, 2021, primarily driven by (i) the increase in our transportation revenues from RMB923.1 million for the four months ended April 30, 2020, to RMB1,706.6 million for the four months ended April 30, 2021, (ii) the increase in our value-added services revenues from RMB274.2 million for the four months ended April 30, 2020 to RMB472.5 million for the four months ended April 30, 2021 and (iii) the increase in our dispatch revenues from RMB52.5 million for the four months ended April 30, 2020 to RMB657.5 million for the four months ended April 30, 2021.

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The increase in our transportation revenues was mainly driven by the increase in our freight volume from 2.1 million tons for the four months ended April 30, 2020 to 3.6 million tons for the four months ended April 30, 2021, and the increase in our average daily freight volume from 31 thousand tons for the four months ended April 30, 2020 to 44 thousand tons for the four months ended April 30, 2021, as a result of our network expansion.

The increase in our value-added services revenues was mainly because of our business growth, broadened scope of value-added services, and our increased number of freight partners to over 7,000 as of April 30, 2021. The increase in our dispatch revenues was mainly due to the change in our revenue recognition for dispatch revenues from net basis to gross basis. For details, see “– Description of Major Components of Our Results of Operations – Revenues – LTL Revenues.”

Express Parcel Services

Revenue from our express parcel services was nil for the four months ended April 30, 2020 and 2021, as we discontinued our express parcel business at the beginning of 2019 to focus on our core LTL business.

Cost of revenues

Our cost of revenues increased by 136.0% from RMB1,033.6 million for the four months ended April 30, 2020 to RMB2,439.1 million for the four months ended April 30, 2021.

LTL Cost of Revenues

Our LTL cost of revenues increased by 136.0% from RMB1,033.6 million for the four months ended April 30, 2020 to RMB2,439.1 million for the four months ended April 30, 2021, which was mainly due to (i) the increase in our dispatch cost from RMB679.4 thousand for the four months ended April 30, 2020 to RMB578.1 million for the four months ended April 30, 2021 due to the change in our revenue recognition, and (ii) the increase in our freight volume from 2.1 million tons for the four months ended April 30, 2020 to 3.6 million tons for the four months ended April 30, 2021, reflecting (a) the increase in our line-haul transportation cost from RMB560.4 million for the four months ended April 30, 2020 to RMB1,131.9 million for the four months ended April 30, 2021, (b) the increase in our sorting centre cost from RMB454.3 million for the four months ended April 30, 2020 to RMB649.2 million for the four months ended April 30, 2021, and (c) the increase in cost for value-added services from RMB18.3 million for the four months ended April 30, 2020 to RMB79.9 million for the four months ended April 30, 2021.

The increase in our unit line-haul transportation cost from RMB262/ton for the four months ended April 30, 2020 to RMB313/ton for the four months ended April 30, 2021 was mainly because (i) we ceased to enjoy waived toll charges as a result of the COVID-19 outbreak in 2020, and (ii) our fuel costs increased significantly due to rising oil price.

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The decrease in our unit sorting centre cost from RMB213/ton for the four months ended April 30, 2020, to RMB179/ton for the four months ended April 30, 2021 was mainly due to (i) less unit lease costs as a result of more working days in the four months ended April 30, 2021, (ii) economies of scale as a result of our investment in sorting centre infrastructure, and (iii) the deployment of smart devices and automated equipment.

The increase in our value-added services cost from RMB18.3 million for the four months ended April 30, 2020 to RMB79.9 million for the four months ended April 30, 2021 was mainly in line with the increased scope of our value-added services.

The increase in our dispatch cost was due to the change in our revenue recognition for dispatch revenues from net basis to gross basis. For details, see “– Description of Major Components of Our Results of Operations – Revenues – LTL Revenues.”

Express Parcel Cost of Revenues

Our cost of revenues for express parcel services was nil for the four months ended April 30, 2020 and 2021, as we discontinued our express parcel business in the beginning of 2019 to focus on our core LTL business.

Gross Profit and Gross Margin

Our gross profit increased by 83.8% from RMB216.2 million for the four months ended April 30, 2020 to RMB397.4 million for the four months ended April 30, 2021, primarily driven by the increased gross profit from LTL services. Our gross profit margin decreased from 17.3% for the four months ended April 30, 2020 to 14.0% for the four months ended April 30, 2021, mainly because changed the revenue recognition for dispatch services (including arrangement of dispatch services) from a net basis to a gross basis, which result in a lower gross margin as compared to the net basis, since July 2020. Our unit gross profit for LTL services increased from RMB101/ton for the four months ended April 30, 2020 to RMB110/ton for the four months ended April 30, 2021, primarily due to our increased economies of scale and network efficiency.

General and Administrative Expenses

Our general and administrative expenses increased by 72.8% from RMB143.6 million for the four months ended April 30, 2020 to RMB248.1 million for the four months ended April 30, 2021. The increase was primarily due to (i) the increase in salaries and other benefits of RMB59.0 million, mainly because (a) we ceased to enjoy reductions in social insurance in relation to the COVID-19 outbreak in 2020, and (b) we recruited additional number of employees to support our business expansion, (ii) the increase in share-based compensations of RMB24.5 million in relation to our grant of share awards to employees in 2021, and (iii) the increase in professional fees of RMB17.8 million, primarily in relation to our investment in R&D projects.

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Other Income and Gains/(Losses), Net

We recorded other income and gains of RMB8.9 million for the four months ended April 30, 2020, as compared to other losses of RMB12.5 million for the four months ended April 30, 2021. The change was primarily because the decrease in government grants of RMB9.1 million, mainly because we ceased to enjoy certain government subsidies in relation to the COVID-19 outbreak.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit increased by 68.0% from RMB81.5 million for the four months ended April 30, 2020 to RMB136.8 million for the four months ended April 30, 2021, and our operating profit margin decreased from 6.5% for the four months ended April 30, 2020 to 4.8% for the four months ended April 30, 2021, which was in line with our decrease in gross profit margin.

Finance Costs

Our finance costs increased by 135.0% from RMB27.5 million for the four months ended April 30, 2020 to RMB64.5 million for the four months ended April 30, 2021, primarily attributable to (i) the increase in transaction costs for the issue of convertible redeemable preferred shares of RMB20.8 million in relation to our series I financing in 2021, and (ii) the increase in interest on bank and other loans of RMB13.9 million due to the increase loans for the purchase of trucks.

Fair Value Change of Financial Liabilities at Fair Value through Profit or Loss

We recorded gains on fair value change of financial liabilities at fair value through profit or loss RMB112.2 million for the four months ended April 30, 2020, as compared to a loss of RMB2,207.2 million for the four months ended April 30, 2021, (i) primarily attributable to the increase in the Company's valuation in 2021, and (ii) considering the Company's initial public offering process.

Changes in Expected Redemption Amount Associated with the Put Option Liabilities

We recorded losses in expected redemption amount associated with the put option liabilities of RMB3.5 million and RMB191.5 million for the four months ended April 30, 2020 and 2021, respectively, primarily attributable to the increase in the Company's valuation in 2021.

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Income Tax Credit

We recorded income tax expense of RMB12.3 million for the four months ended April 30, 2020 and income tax credit of RMB76.0 million for the four months ended April 30, 2021. The change was primarily due to the increase in the recognition of deferred tax assets as we expect our major subsidiaries to make profit and therefore utilise the accumulated tax losses carried forward.

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

As a result of the foregoing, we recorded profit of RMB150.5 million with a net profit margin of 12.0% for the four months ended April 30, 2020, as compared to loss of RMB2,250.4 million and net loss margin of 79.3% for the four months ended April 30, 2021, which was, in particular, attributable to the loss on fair value change of financial liabilities at fair value through profit or loss of RMB2,207.2 million for the four months ended April 30, 2021.

Adjusted (Loss)/Profit for the Period and Adjusted Net (Loss)/Profit Margin

As a result of the foregoing, our adjusted profit for the year (a non-HKFRS measure) increased significantly from RMB46.3 million for the four months ended April 30, 2020, to RMB183.3 million for the four months ended April 30, 2021, and our adjusted net profit margin (a non-HKFRS measure) increased from 3.7% for the four months ended April 30, 2020, to 6.5% for the four months ended April 30, 2021, which was attributable to our improved economies of scale, enhanced operational efficiency and increased income tax credit.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our total revenue increased by 32.7% from RMB5,338.2 million in 2019 to RMB7,081.8 million in 2020, mainly driven by the increase in our LTL revenues.

LTL Revenues

Revenue from our LTL services increased by 32.7% from RMB5,335.0 million in 2019 to RMB7,081.8 million in 2020, primarily driven by (i) the increase in our transportation revenues from RMB4,175.9 million in 2019 to RMB4,451.5 million in 2020, (ii) the increase in our value-added services revenues from RMB1,046.8 million in 2019 to RMB1,430.4 million in 2020 and (iii) the increase in our dispatch revenues from RMB112.3 million in 2019 to RMB1,199.9 million in 2020.

The increase in our transportation revenues was mainly driven by the increase in our freight volume from 8.1 million tons in 2019 to 10.2 million tons in 2020, and the increase in our average daily freight volume from 28.9 thousand tons in 2019 to 38.4 thousand tons in 2020, as a result of our network expansion. The increase in our transportation revenues was

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partially offset by a deduction in our unit price, which was driven by our reduced unit cost from economies of scale and waived toll charges from February to early-May in 2020 due to COVID-19, to enable our freight partners to offer attractive pricing to shippers and to better grow their business.

The increase in our value-added services revenues was mainly because of our business growth, broadened scope of value-added services, and our increased number of freight partners from over 5,100 as of December 31, 2019 to over 6,200 as of December 31, 2020.

The increase in our dispatch revenues was mainly due to the change in our revenue recognition for dispatch revenues from net basis to gross basis. For details, see “– Description of Major Components of Our Results of Operations – Revenue – LTL Revenues.”

Express Parcel Services

Revenue from our express parcel services decreased from RMB3.2 million in 2019 to nil in 2020, primarily because we discontinued our express parcel business at the beginning of 2019 to focus on our core LTL business.

Cost of revenues

Our cost of revenues increased by 29.4% from RMB4,658.7 million in 2019 to RMB6,030.3 million in 2020, primarily due to the increase in cost of revenues for LTL services.

LTL Cost of Revenues

Our LTL cost of revenues increased by 32.0% from RMB4,568.9 million in 2019 to RMB6,030.3 million in 2020, which was mainly due to (i) the increase in our dispatch cost from RMB7.6 million in 2019 to RMB964.8 million in 2020 due to the change in our revenue recognition, and (ii) the increase in our freight volume from 8.1 million tons in 2019 to 10.2 million tons in 2020, reflecting (a) the increase in our line-haul transportation cost from RMB2,966.8 million in 2019 to RMB3,057.5 million in 2020, (b) the increase in our sorting centre cost from RMB1,519.5 million in 2019 to RMB1,762.3 million in 2020, and (c) the increase in cost for value-added services from RMB75.0 million in 2019 to RMB245.7 million in 2020.

The decrease in our unit line-haul transportation cost from RMB365/ton in 2019 to RMB299/ton in 2020 was mainly due to (i) economies of scale brought by our increased freight volume from 8.1 million tons in 2019 to 10.2 million tons in 2020, (ii) enhanced direct connectivity and routeing due to our optimised line-haul management, (iii) the ramping up and deployment of self-operated high-capacity trucks in the second half of 2020, and (iv) increasing centralised procurement of truck auto parts, ETC toll and fuel as we increased our self-operated fleet size, and our stronger bargaining power against major suppliers.

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The decrease in our unit sorting centre cost from RMB187/ton in 2019 to RMB173/ton in 2020 was mainly due to (i) economies of scale as a result of our investment in sorting centre infrastructure, and (ii) the deployment of smart devices and automated equipment.

The increase in our value-added services cost RMB75.0 million in 2019 to RMB245.7 million in 2020 was mainly in line with the increased revenue of our value-added services.

The increase in our dispatch cost was due to the change in our revenue recognition for dispatch revenues from net basis to gross basis. For details, see “– Description of Major Components of Our Results of Operations – Revenue – LTL Revenues.”

Express Parcel Cost of Revenues

Our cost of revenues for express parcel services decreased from RMB89.7 million in 2019 to nil in 2020, primarily because we discontinued our express parcel business in the beginning of 2019 to focus on our core LTL business.

Gross Profit and Gross Margin

Our gross profit increased by 54.7% from RMB679.5 million in 2019 to RMB1,051.5 million in 2020, primarily driven by the increased gross profit from LTL services. Our gross profit margin increased from 12.7% in 2019 to 14.8% in 2020, despite that we changed the revenue recognition for dispatch services (including arrangement of dispatch services) from a net basis to a gross basis, which result in a lower gross margin as compared to the net basis, since July 2020. The increase in our gross profit margin from 2019 to 2020 was primarily due to the increased profitability of our LTL services and the discontinuation of the loss-making express parcel business at the beginning of 2019. Our unit gross profit for LTL services increased from RMB94/ton in 2019 to RMB103/ton in 2020.

LTL Services

Our gross profit for LTL services increased by 37.3% from RMB766.0 million in 2019 to RMB1,051.5 million in 2020. Our gross profit margin for LTL services increased from 14.4% in 2019 to 14.8% in 2020, primarily attributable to (i) economies of scale from increased LTL freight volume, (ii) higher operating leverage, and (iii) reduced line-haul unit transportation cost as a result of enhanced efficiency in line-haul network.

Express Parcel Services

Our gross loss for express parcel services decreased from RMB86.5 million in 2019 to nil in 2020. Our gross loss margin for express parcel services was 2,672.0% in 2019.

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General and Administrative Expenses

Our general and administrative expenses decreased by 16.7% from RMB632.0 million in 2019 to RMB526.3 million in 2020. The decrease was primarily due to the decrease in share-based payment expenses of RMB132.4 million in 2020, because we had a major grant of share awards to our employees in 2019.

Other Income and Gains/(Losses), Net

Our other income and gains increased by 289.7% from RMB13.6 million in 2019 to RMB53.2 million in 2020. The increase was primarily because we recorded foreign exchange gain of RMB19.5 million in 2020, as compared to foreign exchange loss of RMB6.8 million in 2019.

Operating Profit and Operating Profit Margin

As a result of the foregoing, our operating profit increased significantly from RMB61.1 million in 2019 to RMB578.3 million in 2020, and our operating profit margin increased significantly from 1.1% in 2019 to 8.2% in 2020, which was also attributable to the discontinuation of the loss-making express parcel business.

Finance Costs

Our finance costs decreased by 16.2% from RMB96.7 million in 2019 to RMB81.0 million in 2020, primarily attributable to the decrease in interest on bank and other loans of RMB14.5 million in relation to the decreased interest rates of our borrowings.

Fair Value Change of Financial Liabilities at Fair Value through Profit or Loss

Our fair value change of financial liabilities at fair value through profit or loss increased by 65.4% from RMB239.6 million in 2019 to RMB396.2 million in 2020, primarily attributable to greater increase in fair value of the underlying securities in 2020, due to increased issuance of securities and larger increase in the Company's valuation in 2020.

Changes in Expected Redemption Amount Associated with the Put Option Liabilities

Our changes in expected redemption amount associated with the put option liabilities decreased from RMB43.5 million in 2019 to RMB18.3 million in 2020, mainly attributable to lesser change in net present value of such liabilities primarily as a result of the increased probability of the initial public offering in 2020.

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Income Tax Credit

Our income tax credit increased by 30.5% from RMB103.7 million in 2019 to RMB135.3 million in 2020, primarily due to the increase in the recognition of deferred tax assets as we expect our major subsidiaries to make profit and therefore utilise the accumulated tax losses carried forward.

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

As a result of the foregoing, we recorded loss for the year of RMB214.9 million and net loss margin of 4.0% in 2019, as compared to profit for the year of RMB218.2 million and net profit margin of 3.1% in 2020, which was, in particular, attributable to (i) economies of scale and improved operational efficiency, and (ii) the discontinuation of the loss-making express parcel business in the beginning of 2019.

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

As a result of the foregoing, our adjusted profit for the year (a non-HKFRS measure) increased significantly from RMB209.9 million in 2019 to RMB654.3 million in 2020, and our adjusted net profit margin (a non-HKFRS measure) increased from 3.9% in 2019 to 9.2% in 2020, which was attributable to (i) economies of scale and improved operational efficiency, and (ii) the discontinuation of the loss-making express parcel business in the beginning of 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue

Our total revenue increased slightly from RMB5,331.9 million in 2018 to RMB5,338.2 million in 2019, mainly as a result of the increase LTL revenues, partially offset by the loss of express parcel revenue in 2019.

LTL Revenues

Revenue from our LTL services increased by 10.8% from RMB4,813.3 million in 2018 to RMB5,335.0 million in 2019, primarily driven by (i) the increase in our transportation revenues from RMB4,087.0 million in 2018 to RMB4,175.9 million in 2019, (ii) the increase in our value-added services revenues from RMB718.1 million in 2018 to RMB1,046.8 million in 2019 and (iii) the increase in our dispatch revenues from RMB8.2 million in 2018 to RMB112.3 million in 2019.

The growth in our transportation service revenues was mainly driven by (i) the increase in our freight volume from 7.3 million tons in 2018 to 8.1 million tons in 2019, and the increase in our average daily freight volume from 25.7 thousand tons in 2019 to 28.9 thousand tons in 2020, as a result of our network expansion, and (ii) strategic focus on high-margin products, and partially offset by our exit from low-margin products and a deduction in our unit price.

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The increase in our value-added services revenues was mainly because we broadened the scope of our value-added services and increased services to truck drivers and fleet following our acquisition of Giantruck.

The increase in our dispatch revenues, on a net basis, was mainly driven by (i) reduced dispatch subsidies to freight partners in 2019, and (ii) the increase in our freight volume from 7.3 million tons in 2018 to 8.1 million tons in 2019 as a result of our network expansion.

Express Parcel Services

Revenue from our express parcel services decreased significantly from RMB518.7 million in 2018 to RMB3.2 million in 2019, primarily because we discontinued our express parcel business at the beginning of 2019 to focus on our core LTL business.

Cost of revenues

Our cost of revenues decreased by 21.3% from RMB5,916.4 million in 2018 to RMB4,658.7 million in 2019, primarily due to the decrease in cost of revenues for express parcel services, which was discontinued at the beginning of 2019, and offset by the increase in LTL cost of revenues.

LTL Cost of Revenues

Our LTL cost of revenues increased by 9.0% from RMB4,189.9 million in 2018 to RMB4,568.9 million in 2019, which was mainly due to the increase in our freight volume from 7.3 million tons in 2018 to 8.1 million tons in 2019, reflecting (a) the increase in our line-haul transportation cost from RMB2,831.8 million in 2018 to RMB2,966.8 million in 2019, and (b) the increase in our sorting centre cost from RMB1,271.3 million in 2018 to RMB1,519.5 million in 2019.

The decrease in unit line-haul transportation cost from RMB387/ton in 2018 to RMB365/ton in 2019 was mainly due to our enhanced direct connectivity and routing as a result of our optimised line-haul management.

The increase in our unit sorting centre cost from RMB174/ton in 2018 to RMB187/ton in 2019 was mainly because we expanded our sorting facilities in preparation for our LTL business growth, which include the transfer of leases for certain sorting premises to our LTL business from the discontinued express parcel business.

Our value-added services cost remained relatively stable from RMB70.8 million in 2018 to RMB75.0 million in 2019.

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Express Parcel Cost of Revenues

Our cost of revenues for express parcel services decreased significantly from RMB1,726.6 million in 2018 to RMB89.7 million in 2019, primarily because we discontinued our express parcel business at the beginning of 2019 to focus on our core LTL business.

Gross Profit and Gross Margin

We recorded a gross loss of RMB584.5 million in 2018, as compared to a gross profit of RMB679.5 million in 2019, primarily due to the increased profitability of our LTL services and the discontinuation of the loss-making express parcel business at the beginning of 2019. Accordingly, our gross loss margin was 11.0% in 2018 and our gross profit margin was 12.7% in 2019. Our unit gross profit for our LTL services increased from RMB85/ton in 2018 to RMB94/ton in 2019.

LTL Services

Our gross profit for LTL services increased by 22.9% from RMB623.4 million in 2018 to RMB766.0 million in 2019. Our gross profit margin for LTL services increased from 13.0% in 2018 to 14.4% in 2019, primarily attributable to our strategic focus on high margin products and enhanced cost-control efforts.

Express Parcel Services

Our gross loss for express parcel services decreased by 92.8% from RMB1,207.9 million in 2018 to RMB86.5 million in 2019. Our gross loss margin for express parcel services increased from 232.9% in 2018 to 2,672.0% in 2019.

General and Administrative Expenses

Our general and administrative expenses decreased by 11.9% from RMB717.5 million in 2018 to RMB632.0 million in 2019. The decrease was primarily due to (i) the decrease in salaries and other benefits of RMB87.4 million, mainly attributable to our discontinuation of the loss-making express parcel business at the beginning of 2019, (ii) the decrease in business operation expenses of RMB57.8 million, primarily due to the discontinuation of the loss-making express parcel business in the beginning of 2019, and (iii) the decrease in professional service fees of RMB26.6 million, partially offset by the increase in share-based payment expenses of RMB93.1 million, because we had a major grant of share awards to our employees in 2019.

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Other Income and Gains/(Losses), Net

We recorded other losses of RMB263.0 million in 2018, as compared to other income and gains of RMB13.6 million in 2019. The change was primarily due to (i) the decrease in assets impairment of RMB189.6 million in relation to the discontinuation of our express parcel business, and (ii) the increase in government grants of RMB41.9 million, mainly in relation to government grants to Giantruck which was acquired by us in September 2018.

Operating Profit and Operating Profit Margin

As a result of the foregoing, we recorded an operating loss of RMB1,565.0 million and an operating loss margin of 29.4% in 2018, and operating profits of RMB61.1 million and an operating profit margin of 1.1% in 2019, which was also attributable to the discontinuation of the loss-making express parcel business in the beginning of 2019.

Finance Costs

Our finance costs increased by 0.5% from RMB96.2 million in 2018 to RMB96.7 million in 2019, primarily attributable to the increase in interest on bank and other loans of RMB9.3 million in relation to the convertible bonds we issued in 2018.

Fair Value Change of Financial Liabilities at Fair Value through Profit or Loss

Our fair value change of financial liabilities at fair value through profit or loss decreased by 56.1% from RMB545.3 million in 2018 to RMB239.6 million in 2019, primarily attributable to the lesser increase in fair value of the underlying securities in 2019, due to less issuance of securities in 2019.

Changes in Expected Redemption Amount Associated with the Put Option Liabilities

We recorded gains in expected redemption amount associated with the put option liabilities of RMB90.9 million in 2018, as compared to losses in expected redemption amount associated with the put option liabilities of RMB43.5 million in 2019, mainly attributable to the increase in the Company's valuation in 2019.

Income Tax Credit

We recorded income tax credit of RMB103.7 million in 2019, as compared to income tax expenses of RMB0.1 million in 2018, primarily due to the increase in the recognition of deferred tax assets as we expect our major subsidiaries to make profit and therefore utilise the accumulated tax losses carried forward.

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

As a result of the foregoing, our loss for the year decreased by 89.8% from RMB2,115.6 million in 2018 to RMB214.9 million in 2019, and our net loss margin decreased from 39.7% in 2018 to 4.0% in 2019, which was attributable to (i) our improved operational efficiency, and (ii) the discontinuation of the loss-making express parcel business in the beginning of 2019.

Adjusted (Loss)/Profit and Adjusted Net (Loss)/Profit Margin

As a result of the foregoing, we recorded an adjusted loss for the year (a non-HKFRS measure) of RMB1,611.7 million and a adjusted net loss margin (a non-HKFRS measure) of 30.2% in 2018, and an adjusted profit for the year (a non-HKFRS measure) of RMB209.9 million and an adjusted net profit margin (a non-HKFRS measure) of 3.9% in 2019, which was attributable to (i) our improved operational efficiency, and (ii) the discontinuation of the loss-making express parcel business in the beginning of 2019.

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DISCUSSION OF CERTAIN KEY ITEMS ON OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our Group's audited consolidated financial statements included in Appendix I to this Prospectus.

	As of December 31,			As of
	2018	2019	2020	April 30, 2021
	<i>(RMB in thousands)</i>			
ASSETS				
Non-current assets				
Property, plant and equipment	333,238	153,722	838,684	1,228,600
Prepayment for property, plant and equipment	55,294	5,663	19,137	32,514
Right-of-use assets	939,716	833,035	856,381	1,029,211
Goodwill	113,910	113,910	113,910	113,910
Other intangible assets	29,155	37,248	34,527	30,110
Deferred tax assets	42,644	159,908	302,368	378,354
Restricted cash	5,258	7,997	14,033	13,378
Other non-current assets ⁽ⁱ⁾	47,608	96,965	66,583	89,046
Total non-current assets	1,566,823	1,408,448	2,245,623	2,915,123
Current assets				
Inventories	8,294	5,711	8,987	6,396
Trade receivables	80,433	52,167	48,550	40,743
Prepayments	53,141	32,019	70,528	96,522
Other receivables and other assets	696,272	701,054	766,132	814,362
Financial assets at fair value through profit or loss	–	–	–	194,016
Restricted cash	41,591	37,729	72,228	69,789
Cash and cash equivalents	135,474	376,015	498,740	1,125,969
Total current assets	1,015,205	1,204,695	1,465,165	2,347,797

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	As of December 31,			As of
	2018	2019	2020	April 30, 2021
	<i>(RMB in thousands)</i>			
LIABILITIES				
Current liabilities				
Trade and bills payables	962,036	990,828	744,310	524,572
Other payables and accruals	1,349,618	1,162,086	1,090,894	1,237,165
Interest-bearing borrowings	410,089	177,394	366,941	478,801
Tax payable	47,695	51,056	40,475	40,036
Convertible loans	474,951	174,692	–	–
Convertible redeemable preferred shares	–	4,754,379	–	–
Lease liabilities	426,744	395,893	402,275	453,800
Total current liabilities	3,671,133	7,706,328	2,644,895	2,734,374
Non-current liabilities				
Interest-bearing borrowings	51,808	5,892	289,025	307,957
Convertible redeemable preferred shares	4,332,128	–	4,806,414	9,290,695
Convertible loans	–	517,670	1,040,970	–
Lease liabilities	574,003	491,439	499,799	612,510
Other non-current liability	384,665	487,862	418,260	370,775
Total non-current liabilities	5,342,604	1,502,863	7,054,468	10,581,937
Net liabilities	(6,431,709)	(6,596,048)	(5,988,575)	(8,053,391)
Equity attributable to owners of the parent:				
Share capital	17	21	22	37
Deficits	(6,432,554)	(6,596,904)	(5,990,890)	(8,157,964)
Non-controlling interests	828	835	2,293	104,536
Total equity	(6,431,709)	(6,596,048)	(5,988,575)	(8,053,391)

Note:

- (i) Other non-current assets mainly include long-term receivables for rental deposits for leased properties and financial deposits for vehicles, and loans to related parties.

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Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of motor vehicles and others, including electronic equipment, office equipment, operating equipment, construction in progress and leasehold improvements. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	<i>(RMB in thousands)</i>			
Motor vehicles	192,394	73,172	768,476	1,154,032
Leasehold improvement	60,076	41,328	30,970	32,519
Operating equipment	40,416	19,752	20,208	20,367
Office equipment	9,473	6,702	10,731	12,555
Electronic equipment	28,018	12,586	7,245	7,971
Construction in progress	2,861	182	1,054	1,156
Total	333,238	153,722	838,684	1,228,600

Our property, plant and equipment further increased by 46.5% from RMB838.7 million as of December 31, 2020 to RMB1,228.6 million as of April 30, 2021, primarily due to the increase in motor vehicles from RMB768.5 million as of December 31, 2020 to RMB1,154.0 million as of April 30, 2021 as a result of our investment in self-operated high-capacity fleet in 2021. Our property, plant and equipment increased significantly from RMB153.7 million as of December 31, 2019 to RMB838.7 million as of December 31, 2020, primarily due to the increase in motor vehicles from RMB73.2 million as of December 31, 2019 to RMB768.5 million as of December 31, 2020 as a result of our investment in self-operated high-capacity fleet in 2020. Our property, plant and equipment decreased by 53.9% from RMB333.2 million as of December 31, 2018 to RMB153.7 million as of December 31, 2019, primarily due to our discontinuation of express parcel business at the beginning of 2019 and the depreciation of our property, plant and equipment.

Right-of-Use Assets

Our right-of-use assets represent our right to use our leased properties for our sorting centres and office space.

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Our right-of-use assets increased by 20.2% from RMB856.4 million as of December 31, 2020 to RMB1,029.2 million as of April 30, 2021 primarily due to increased investment in the expansion of our sorting networks. Our right-of-use assets increased by 2.8% from RMB833.0 million as of December 31, 2019 to RMB856.4 million as of December 31, 2020, primarily due to increased investment in new sorting centres. Our right-of-use assets decreased by 11.4% from RMB939.7 million as of December 31, 2018 to RMB833.0 million as of December 31, 2019, primarily due to (i) the depreciation expenses in 2019 of RMB484.8 million, and (ii) discontinuation of the express parcel business at the beginning of 2019 and closure of certain express parcel sorting premises.

Deferred Tax Assets

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused corporate income tax credits and any unused corporate income tax losses.

Our deferred tax assets increased significantly from RMB42.6 million as of December 31, 2018 to RMB159.9 million as of December 31, 2019, and to RMB302.4 million as of December 31, 2020 and further increased to RMB378.4 million as of April 30, 2021, primarily due to our recognition of deferred tax assets on corporate income tax losses for certain subsidiaries based on our estimate of future taxable profits. As of December 31, 2018, 2019, 2020 and April 30, 2021, we estimate that our unrecognized deferred tax assets amounted to RMB874.1 million, RMB788.0 million, RMB524.6 million and RMB405.7 million, respectively. For details, please refer to Note 24 to the Accountants' Report included in Appendix I to this prospectus.

Inventories

Our inventories primarily consist of consumables. Our inventories decreased by 28.8% from RMB9.0 million as of December 31, 2020 to RMB6.4 million as of April 30, 2021. Our inventories increased by 57.4% from RMB5.7 million as of December 31, 2019 to RMB9.0 million as of December 31, 2020, primarily due to our business expansions. Our inventories decreased by 31.1% from RMB8.3 million as of December 31, 2018 to RMB5.7 million as of December 31, 2019, primarily due to our discontinuation of express parcel business at the beginning of 2019.

As of August 31, 2021, RMB3.4 million (unaudited), or 52.9% (unaudited) of our inventories as of April 30, 2021 had been subsequently utilised.

Trade receivables

Trade receivables mainly represent (i) receivables from freight partners, primarily consisting of outstanding monetary penalties due from discontinued freight partners, and (ii) receivables from enterprise customers, primarily consisting of outstanding amounts due from

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customers for line-haul transportation provided by Giantruck with a typical credit term within 90 days. Monetary penalties are typically settled from advances to be provided by freight partners. We may also settle such monetary penalties from deposits of freight partners when the freight partnership is terminated. If monetary penalties exceed the amounts of deposits and thus cannot be fully settled, we record trade receivables from such discontinued freight partners accordingly. The following table sets forth a breakdown of our trade receivables by nature as of the dates indicated.

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	<i>(RMB in thousands)</i>			
Trade receivables	110,791	77,175	74,560	77,253
– from freight partners	55,120	21,829	16,254	21,491
– from enterprise customers	55,671	55,346	58,306	55,762
Less: impairment	(30,358)	(25,008)	(26,010)	(36,510)
Total	80,433	52,167	48,550	40,743
– from freight partners	33,962	12,377	11,545	14,196
– from enterprise customers	46,471	39,790	37,005	26,547

Our trade receivables decreased by 16.1% from RMB48.6 million as of December 31, 2020 to RMB40.7 million as of April 30, 2021 primarily due to our allowance of impairment. Our trade receivables remained relatively stable from RMB52.2 million as of December 31, 2019 to RMB48.6 million as of December 31, 2020. Our trade receivables decreased by 35.1% from RMB80.4 million as of December 31, 2018 to RMB52.2 million as of December 31, 2019, primarily due to our discontinuation of express parcel business at the beginning of 2019.

We apply the simplified approach permitted by HKFRS 9, which requires the expected lifetime losses to be recognised from initial recognition of the assets. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. As of December 31, 2018, 2019 and 2020 and April 30, 2021, our allowance for impairment of trade receivables were RMB30.4 million, RMB25.0 million, RMB26.0 million and RMB36.5 million, respectively. Such allowance for impairment was mainly in relation to (i) the outstanding amounts due from a customer with liquidity issues for line-haul transportation services, which had a long age and we expect are difficult to recover the full amount, and (ii) the outstanding monetary penalties due from discontinued freight partners, which we expect are difficult to recover the full amount. We are entitled to

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unilaterally terminate the agreement if a freight partner fails to meet the performance and operation standards as prescribed in the agreement. In addition, the agreement may be terminated upon mutual consent between the parties. For details, see “Business – Our Operations – Relationships with Our Freight Partners and Agents.”

To minimize credit risks in relation to our trade receivables, we have established various internal measures and policies. We require each freight partner to make advances used to settle transportation and other service fees, as well as monetary penalties. Customers for line-haul transportation services provided by Giantruck typically has a credit term within 90 days. We carefully assess and verify customers’ background before granting any credit. We have in place dedicated internal teams responsible for continually monitoring the credit profiles and operating and financial conditions of our customers. Our finance team monitors and evaluates the ages of our trade receivables on a monthly basis, and performs impairment analysis accordingly. Once the receivables become overdue, our personnel proactively follow up with the relevant parties to recover such amount. We also carefully check the relevant accounts of the overdue customers and their liquidity position to assess the relevant credit risk and recoverability. If such customers failed to repay the overdue amount, we will issue written notices and warnings to them and formulate repayment schedules. We may also require such customers to pledge additional collaterals to minimize our credit risk. For overdue amounts failed to recover through negotiations, we would file lawsuits to recover such amounts.

The following table sets forth the ageing analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	<i>(RMB in thousands)</i>			
Within one year	74,236	43,863	20,077	20,450
One to two year	6,197	8,304	28,473	20,293
Total	80,433	52,167	48,550	40,743

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The following table sets forth the turnover days of our trade receivables for the periods indicated.

	For the year ended December 31,			Four months ended April 30,
	2018	2019	2020	2021
	Total trade receivables turnover days	4.6	4.5	2.6

Note:

- (1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables balance (net of allowance) divided by revenues for the relevant period, and multiplied by 365 days for the years ended December 31, 2018, 2019 and 2020, and multiplied by 120 days for the four months ended April 30, 2021.

Our trade receivables turnover days remained relatively stable from 4.6 days in 2018 to 4.5 days in 2019. Our receivables turnover days decreased from 4.5 days in 2019 to 2.6 days in 2020, and further decreased to 1.9 days for the four months ended April 30, 2021, as a result of our enhanced payment collection efforts.

As of August 31, 2021, RMB3.9 million (unaudited), or 9.6% (unaudited) of our trade receivables as of April 30, 2021 had been subsequently settled, mainly due to the ages of our trade receivables were relatively long and our trade receivables from discontinued freight partners are difficult to recover. We have performed impairment analysis on trade receivables to measure the expected credit losses, and we believe that we have made sufficient impairment allowance on trade receivables during the Track Record Period. For risk related to the recoverability of our trade receivables, please see “Risk Factors – Risks Relating to Our Business and Industry – Our results of operations and financial conditions may be adversely affected by the recoverability of our trade receivables.”

Prepayments

Prepayments primarily represent advance to suppliers for purchase of goods or services. The following table sets forth our prepayment as of the dates indicated:

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	<i>(RMB in thousands)</i>			
Prepayments	53,141	32,019	70,528	96,522

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Our prepayments increased by 36.9% from RMB70.5 million as of December 31, 2020, to RMB96.5 million as of April 30, 2021, primarily due to increased prepayment for toll charges and truck insurance premium in relation to the increased size of our self-operated fleet.

Our prepayments increased by 120.3% from RMB32.0 million as of December 31, 2019 to RMB70.5 million as of December 31, 2020, primarily due to our business expansion and increased prepayment for truck insurance premium in relation to the increased size of our self-operated fleet.

Our prepayments decreased by 39.7% from RMB53.1 million as of December 31, 2018 to RMB32.0 million as of December 31, 2019, primarily due to our discontinuation of express parcel business at the beginning of 2019.

As of August 31, 2021, RMB79.6 million (unaudited), or 82.5% (unaudited) of our prepayment as of April 30, 2021 had been subsequently settled.

Other Receivables and Other Assets

Other receivables and other assets, including both current and non-current portion, primarily consist of (i) deductible input VAT, representing the amounts of VAT to be deducted for future VAT payments, (ii) deposits and other receivables for our leased properties, which are primarily in relation to deposits for our leased properties and bank borrowings and prepaid income tax, (iii) loans receivables and (iv) others. Our other receivables and other assets are partially offset by allowance for impairment of deposits and other receivables.

The following table sets forth our other receivables and other assets as of the dates indicated:

	As of December 31,			As of
	2018	2019	2020	April 30, 2021
	<i>(RMB in thousands)</i>			
Other receivables and other assets:				
Deductible input VAT	518,239	569,505	620,137	628,431
Deposits and other receivables	175,200	110,872	165,199	210,256
Loans receivables	47,800	64,274	25,994	22,877
Less: allowance	(44,967)	(43,597)	(45,198)	(47,202)
Total	696,272	701,054	766,132	814,362

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Our other receivables and other assets increased by 6.3% from RMB766.1 million as of December 31, 2020 to RMB814.4 million as of April 30, 2021, primarily due to (i) the increase in deposits and other receivables as a result of our expanded sorting network, (ii) the increase in prepaid income tax, and (iii) the increase in deductible input VAT.

Our other receivables and other assets increased by 9.3% from RMB701.1 million as of December 31, 2019 to RMB766.1 million as of December 31, 2020, primarily due to an increase in deductible input VAT of RMB50.6 million because we obtained more input VAT than output VAT due to the lower output VAT tax rate.

Our other receivables and other assets increased by 0.7% from RMB696.3 million as of December 31, 2018 to RMB701.1 million as of December 31, 2019, primarily due to the increase in deductible input VAT of RMB51.3 million because we obtained more input VAT than output VAT due to the lower output VAT tax rate, and partially offset by a decrease in deposits and other receivables of RMB64.3 million as a result of our discontinuation of express parcel business at the beginning of 2019.

As of August 31, 2021, RMB409.5 million (unaudited), or 50.3% (unaudited) of our other receivables and other assets as of April 30, 2021 had been subsequently settled.

Liabilities

Trade and Bills Payables

Our trade and bills payables mainly represent outstanding amounts for (i) third-party line-haul transportation services provided to us, (ii) fees relating to our sorting centres, such as outsourced labour costs and utilities costs, and (iii) insurance premiums. Trade payables are recognised initially at their fair value and are subsequently measured at amortised cost using the effective interest method.

Our trade and bills payables decreased by 29.5% from RMB744.3 million as of December 31, 2020 to RMB524.6 million as of April 30, 2021, primarily because we increased usage of self-operated trucks.

Our trade and bills payables decreased by 24.9% from RMB990.8 million as of December 31, 2019 to RMB744.3 million as of December 31, 2020, primarily because we shortened credit terms with third-party fleet operators.

Our trade and bill payables remained relatively stable from RMB962.0 million as of December 31, 2018 to RMB990.8 million as of December 31, 2019.

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The following table sets forth the ageing analysis of our trade payables as of the dates indicated.

	As of December 31,			As of April 30,
	2018	2019	2020	2021
	<i>(RMB in thousands)</i>			
Within one year	962,036	990,828	744,310	524,572

The following table sets forth the turnover days of our trade payables for the periods indicated.

	For the year ended December 31,			Four months ended April 30,
	2018	2019	2020	2021
Trade payables turnover days	56.3	76.5	52.5	31.2

Note:

- (1) Trade payables turnover days for a period equals the average of the opening and closing trade payables balance divided by cost of revenues for the relevant period, and multiplied by 365 days for the years ended December 31, 2018, 2019 and 2020, and multiplied by 120 days for the four months ended April 30, 2021.

Our trade payables turnover days increased from 56.3 days in 2018 to 76.5 days in 2019 primarily due to the extended credit terms provided by third-party fleet operators.

Our trade payables turnover days decreased from 76.5 days in 2019 to 52.5 days in 2020 as a result of our shortened credit terms with third-party fleet operators.

Our trade payables turnover days decreased from 52.5 days in 2020 to 31.2 days in the four months ended April 30, 2021 as a result of our increased usage of self-operated trucks.

As of August 31, 2021, RMB492.6 million (unaudited), or 93.9% (unaudited) of our trade payables as of April 30, 2021 had been subsequently settled.

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Other payables and accruals

Other payables and accruals primarily consist of (i) deposits from freight partners, (ii) payroll and welfare payables, (iii) payables for purchase of property, plant and equipment, (iv) advances from freight partners, (v) accrued operating expenses, (vi) contract liabilities, (vii) other tax payables, (viii) loans from third parties, (ix) loan from a related party and (x) others, which primarily consisted of property management fees payables and lease payables.

The following table sets forth our other payables and accruals as of the dates indicated.

	As of December 31,			As of
	2018	2019	2020	April 30, 2021
	<i>(RMB in thousands)</i>			
Deposits from freight partners	350,810	276,049	283,860	278,078
Payroll and welfare payables	285,248	307,680	255,834	227,394
Payables for purchase of property, plant and equipment	52,079	13,729	114,244	340,218
Advances from freight partners	106,460	134,385	100,592	85,375
Accrued operating expenses	113,788	113,227	95,151	119,250
Contract liabilities	57,688	71,004	78,089	68,974
Other tax payable	108,066	68,199	38,097	6,918
Loans from third parties	25,500	–	–	–
Loan from a related party	30,755	–	–	–
Others	219,224	177,813	125,027	110,958
Total	1,349,618	1,162,086	1,090,894	1,237,165

Our other payables and accruals increased by 13.4% from RMB1,090.9 million as of December 31, 2020 to RMB1,237.2 million as of April 30, 2021, primarily due to (i) an increase in purchase of property, plant and equipment of RMB226.0 million, in relation to our investment in self-operated fleet, and (ii) an increase in accrued operating expenses of RMB24.1 million in line with our business expansion.

Our other payables and accruals decreased by 6.1% from RMB1,162.1 million as of December 31, 2019 to RMB1,090.9 million as of December 31, 2020, primarily due to (i) a decrease in staff payroll and welfare payables of RMB51.8 million as a result of our discontinuation of express parcel business at the beginning of 2019, (ii) a decrease in other tax payables of RMB30.1 million, (iii) a decrease in advances from freight partners of RMB33.8 million, and (iv) a decrease in accrued operating expenses of RMB18.1 million due to our settlement of relevant amounts, partially offset by an increase in payables for purchase of property, plant and equipment of RMB100.5 million in relation to our investment in self-operated high-capacity fleet in 2020.

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Our other payables and accruals decreased by 13.9% from RMB1,349.6 million as of December 31, 2018 to RMB1,162.1 million as of December 31, 2019. As a result of our discontinuation of express parcel business at the beginning of 2019, our deposits from freight partners decreased by RMB74.8 million, and our payables for purchase of property, plant and equipment decreased by RMB38.4 million. In addition, the decrease in our other payables and accruals from 2018 to 2019 was also attributable to a decrease in other tax payables of RMB39.9 million.

As of August 31, 2021, RMB685.7 million (unaudited), or 55.4% (unaudited) of our other payables and accruals as of April 30, 2021 had been subsequently settled.

Financial assets at fair value through profit or loss

As of April 30, 2021, we recorded financial assets at fair value through profit or loss of RMB194.0 million, all of which are financial products issued by banks. We purchased such financial products with the proceeds from issuance of convertible redeemable preferred shares in 2021. These financial products are low-risk, short-term investments with expected annualized rates of return ranging from 1.5% to 3.2%, depending on the market movements of certain exchange rate. We have established internal measures in assessing our investment in financial products, primarily including (i) strict compliance with relevant laws and regulations to minimize financial risks, (ii) reasonably and conservatively matching the amount and maturities of the financial products purchased to anticipated operating cash needs, (iii) investment in high risk financial products is prohibited, and (iv) typically the term of financial products purchased shall be no longer than one month.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from proceeds from our business operations, bank borrowings, loans from shareholders and shareholder equity contribution. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations and bank borrowings, together with the net proceeds from the Global Offering. We do not anticipate any changes to the availability of financing to fund our operations in the future. Our primary use of cash is to fund our working capital, payment for the purchase of property, plant and equipment, our strategic acquisitions and investments and other capital expenditure. We had cash and cash equivalents of RMB135.5 million, RMB376.0 million, RMB498.7 million and RMB1,126.0 million as of December 31, 2018, 2019 and 2020 and April 30, 2021, respectively.

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Net Current Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2018	2019	2020	2021	2021
					<i>(unaudited)</i>
	<i>(RMB in thousands)</i>				
Current assets					
Inventories	8,294	5,711	8,987	6,396	8,975
Trade receivables	80,433	52,167	48,550	40,743	39,860
Prepayments	53,141	32,019	70,528	96,522	102,246
Other receivables and other assets	696,272	701,054	766,132	814,362	896,248
Financial assets at fair value through profit or loss	–	–	–	194,016	–
Restricted cash	41,591	37,729	72,228	69,789	9,887
Cash and cash equivalents	135,474	376,015	498,740	1,125,969	496,258
Total current assets	<u>1,015,205</u>	<u>1,204,695</u>	<u>1,465,165</u>	<u>2,347,797</u>	<u>1,553,474</u>
Current liabilities					
Trade and bills payables	962,036	990,828	744,310	524,572	479,257
Other payables and accruals	1,349,618	1,162,086	1,090,894	1,237,165	1,042,377
Interest-bearing borrowings	410,089	177,394	366,941	478,801	532,970
Tax payable	47,695	51,056	40,475	40,036	38,908
Convertible loans	474,951	174,692	–	–	–
Convertible redeemable preferred shares	–	4,754,379	–	–	10,093,423
Lease liabilities	426,744	395,893	402,275	453,800	474,586
Total current liabilities	<u>3,671,133</u>	<u>7,706,328</u>	<u>2,644,895</u>	<u>2,734,374</u>	<u>12,661,521</u>
Net current liabilities	(2,655,928)	(6,501,633)	(1,179,730)	(386,577)	(11,108,047)

Our net current liabilities increased significantly from RMB386.6 million as of April 30, 2021 to RMB11,108.0 million as of August 31, 2021. The increase was mainly due to (i) an increase in convertible redeemable preferred shares of RMB10,093.4 million, primarily due to the reclassification of convertible redeemable preferred shares from non-current liabilities to current liabilities, as the deadline of our Qualified Public Offering is within one year, (ii) a decrease in cash and cash equivalents of RMB629.7 million, primarily in relation to our cash investment in self-operated fleet, and (iii) a decrease in financial assets at fair value through profit or loss of RMB194.0 million, primarily due to our disposal of relevant financial

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products, and partially offset by a decrease in other payables and accruals of RMB194.8 million, primarily due to the deposits returned from third-party fleet operators and the settlement of payables for purchase of self-operated fleet.

Our net current liabilities decreased by 67.2% from RMB1,179.7 million as of December 31, 2020 to RMB386.6 million as of April 30, 2021. The decrease was mainly due to (i) an increase in cash and cash equivalents of RMB627.2 million, primarily due to the proceeds generated from issuance of preferred shares in February 2021, and (ii) a decrease of trade and bills payables of RMB219.7 million, primarily due to our settlement of amounts due to third-party fleet operators.

Our net current liabilities decreased by 81.9% from RMB6,501.6 million as of December 31, 2019 to RMB1,179.7 million as of December 31, 2020. The decrease was mainly due to (i) a decrease in convertible redeemable preferred shares of RMB4,754.4 million, primarily due to the reclassification of convertible redeemable preferred shares from current liabilities to non-current liabilities, (ii) a decrease in trade and bills payables of RMB246.5 million because we shortened credit terms with third-party fleet operators, (iii) a decrease in convertible loans of RMB174.7 million, due to our redemption of such convertible loans in 2020, (iv) an increase in cash and cash equivalents of RMB122.7 million, and (v) a decrease in other payables and accruals of RMB71.2 million mainly due to the decreases in staff payroll and welfare payables, accrued operating expenses and other tax payables.

Our net current liabilities increased by 144.8% from RMB2,655.9 million as of December 31, 2018 to RMB6,501.6 million as of December 31, 2019. The increase was mainly due to an increase in convertible redeemable preferred shares of RMB4,754.4 million in 2019, primarily due to the reclassification of convertible redeemable preferred shares from non-current liabilities to current liabilities, partially offset by (i) a decrease in convertible loans of RMB300.3 million, primarily due to the reclassification of convertible loans from current liabilities to non-current liabilities, (ii) an increase in cash and cash equivalents of RMB240.5 million, (iii) a decrease in interest-bearing borrowings of RMB232.7 million, mainly attributable to our repayment of certain loans, and (iv) a decrease in other payables and accruals of RMB187.5 million, mainly attributable to our discontinuation of express parcel business at the beginning of 2019.

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Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the periods indicated:

	For the year ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(Unaudited)</i>				
	<i>(RMB in thousands)</i>				
Net cash (used in)/ generated from operating activities:					
Operating cash flow before movements in working capital	(628,253)	910,138	1,210,167	277,452	442,822
Changes in working capital:					
Decrease/(increase) in inventories	9,346	2,583	(3,276)	832	2,591
(Increase)/decrease in trade receivables	(7,599)	33,253	(1,033)	(7,892)	(5,923)
Increase in prepayments, other receivables and other assets	(162,226)	(19,552)	(116,794)	(46,757)	(102,004)
Decrease/(increase) in restricted cash	(10,781)	(23,384)	(31,793)	2,441	(44)
Increase/(decrease) in trade and bills payables	675,958	28,792	(264,521)	(477,083)	(218,839)
Decrease in other payables and accruals	(30,626)	(62,359)	(52,476)	(68,430)	(9,878)
Total changes in working capital	474,072	(40,667)	(469,893)	(596,889)	(334,097)
Cash (used in)/ generated from operations	(154,181)	869,471	740,274	(319,437)	108,725
Income tax paid	(1,422)	(10,211)	(17,719)	(855)	(460)

FINANCIAL INFORMATION

	For the year ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(Unaudited)</i>				
	<i>(RMB in thousands)</i>				
Net cash flows (used in)/from operating activities	(155,603)	859,260	722,555	(320,292)	108,265
Net cash flows (used in)/from investing activities	(168,343)	(237,989)	(624,794)	4,309	(437,883)
Net cash flows generated from/(used in) financing activities	113,144	(386,317)	36,353	247,135	971,353
Net (decrease)/increase in cash and cash equivalents	(210,802)	234,954	134,114	(68,848)	641,735
Cash and cash equivalents at the beginning of the year/period	306,989	135,474	376,015	376,015	498,740
Effects of exchange rate changes	39,287	5,587	(11,389)	11,636	(14,506)
Cash and cash equivalents at the end of the year/period	135,474	376,015	498,740	318,803	1,125,969

Net Cash (Used in)/Generated from Operating Activities

For the four months ended April 30, 2021, net cash generated from operating activities was RMB108.3 million, which was primarily attributable to our loss before income tax of RMB2,326.4 million, as adjusted by (i) non-cash items, which primarily comprised of loss on fair value changes of convertible redeemable preferred shares and convertible loans of RMB2,179.8 million, depreciation of right-of-use assets of RMB178.7 million, and changes in expected redemption amount associated with the put option liabilities of RMB191.5 million, and (ii) changes in working capital due to our improved liquidity position, which primarily comprised of (a) a decrease in trade and bills payables of RMB218.8 million, mainly because we reduced our credit terms for third-party line-haul transportation and we expanded our self-operated fleet, and (b) an increase in prepayments, other receivables and other assets of RMB102.0 million due to our business expansion and increased prepayment for toll charges and truck insurance premium in relation to the increased size of our self-operated fleet.

FINANCIAL INFORMATION

For 2020, net cash generated from operating activities was RMB722.6 million, which was primarily attributable to our profit before income tax of RMB82.9 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB467.7 million, loss on fair value changes of convertible redeemable preferred shares and convertible loans of RMB392.6 million, and depreciation of property, plant and equipment of RMB121.6 million, and (ii) changes in working capital due to our improved liquidity position, which primarily comprised of (a) a decrease in trade and bills payables of RMB264.5 million, mainly because we reduced our credit terms for third-party line-haul transportation and we expanded our self-operated fleet, and (b) an increase in prepayments, other receivables and other assets of RMB116.8 million due to our business expansion and increased prepayment for truck insurance premium in relation to the increased size of our self-operated fleet.

For 2019, net cash generated from operating activities was RMB859.3 million, which was primarily attributable to our loss before income tax of RMB318.6 million, as adjusted by (i) non-cash items, which primarily comprised of depreciation of right-of-use assets of RMB484.8 million, loss on fair value changes of convertible redeemable preferred shares and convertible loans of RMB238.6 million, depreciation of property, plant and equipment of RMB198.8 million and share-based payment expenses of RMB141.7 million, and (ii) changes in working capital, which primarily comprised of (a) a decrease in other payables and accruals of RMB62.4 million, and (b) a decrease in trade receivables of RMB33.3 million due to our discontinuation of express parcel business at the beginning of 2019.

For 2018, net cash used in operating activities was RMB155.6 million, which was primarily attributable to our loss before income tax of RMB2,115.5 million, as adjusted by (i) non-cash items, which primarily comprised of loss on fair value changes of convertible redeemable preferred shares and convertible loans of RMB545.3 million, depreciation of right-of-use assets of RMB494.9 million, depreciation of property, plant and equipment of RMB174.2 million, impairment of property, plant and equipment of RMB141.5 million, and changes in net present value of redeemable financial liabilities of RMB90.9 million and (ii) significant changes in working capital to preserve our cash and liquidity position, to support our loss-making express parcel business, which primarily comprised of (a) an increase in trade and bills payable of RMB676.0 million due to our extended credit terms with major suppliers, and (b) an increase in prepayments, other receivables and other assets of RMB162.2 million.

Net Cash (Used in)/Generated from Investing Activities

For the four months ended April 30, 2021, net cash used in investing activities was RMB437.9 million, which was primarily attributable to (i) purchase of items of property, plant and equipment of RMB230.2 million, primarily in relation to cash investment in self-operated fleet, including down payment for truck financing, and (ii) purchase of short-term structured financial products of RMB194.9 million.

FINANCIAL INFORMATION

For 2020, net cash used in investing activities was RMB624.8 million, which was primarily attributable to purchase of items of property, plant and equipment of RMB656.8 million, primarily in relation to cash investment in self-operated fleet, including down payment for truck financing, and was partially offset by repayment from related parties of RMB48.3 million.

For 2019, net cash used in investing activities was RMB238.0 million, which was primarily attributable to purchase of items of property, plant and equipment of RMB205.0 million due to our network and business expansion.

For 2018, net cash used in investing activities was RMB168.3 million, which was primarily attributable to purchase of items of property, plant and equipment of RMB205.6 million for our business development in LTL and express parcel businesses, and was partially offset by acquisition of a subsidiary of RMB53.5 million.

Net Cash Generated from/(Used in) Financing Activities

For the four months ended April 30, 2021, net cash generated from financing activities was RMB971.4 million, which was primarily attributable to (i) proceeds from issuance of convertible redeemable preferred shares of RMB1,169.1 million, and (ii) proceeds from interest-bearing borrowings of RMB195.0 million, and was partially offset by (i) lease payments of RMB209.5 million, and (ii) repayment of interest-bearing borrowings of RMB166.6 million.

For 2020, net cash generated from financing activities was RMB36.4 million, which was primarily attributable to (i) proceeds from issue of convertible loans of RMB864.8 million, and (ii) proceeds from interest-bearing borrowings of RMB721.3 million, and was partially offset by (i) lease payments of RMB529.5 million, (ii) repayments of interest-bearing borrowings of RMB429.0 million and (iii) repurchase of convertible redeemable preferred share of RMB324.2 million.

For 2019, net cash used in financing activities was RMB386.3 million, which was primarily attributable to (i) repayments of interest-bearing borrowings of RMB586.9 million, and (ii) lease payments of RMB548.2 million, and was partially offset by (i) proceeds from interest-bearing borrowings of RMB461.3 million, and (ii) proceeds from issue of convertible loans of RMB337.2 million.

For 2018, net cash generated from financing activities was RMB113.1 million, which was primarily attributable to (i) proceeds from interest-bearing borrowings of RMB401.4 million, (ii) new loans from related parties of RMB330.2 million, (iii) proceeds from issue of convertible loans of RMB378.8 million, and (iv) proceeds from financial liabilities associated with put option of RMB282.2 million, and was partially offset by (i) repayment of interest-bearing borrowings of RMB611.6 million, and (ii) lease payments of RMB498.6 million.

FINANCIAL INFORMATION

INDEBTEDNESS

Borrowings

The following table sets forth our borrowings as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2018	2019	2020	2021	2021
					<i>(unaudited)</i>
					<i>(RMB in thousands)</i>
Current portion:					
Bank borrowings					
Secured	231,445	80,139	168,209	313,316	328,277
Other borrowings					
Secured	178,644	97,255	195,732	165,485	204,693
Unsecured	–	–	3,000	–	–
Non-current portion:					
Bank borrowings					
Secured	17,587	895	42,392	34,655	71,541
Other borrowings					
Secured	34,221	4,997	246,633	273,302	275,131
Total	461,897	183,286	655,966	786,758	879,642
Bank borrowings repayable					
Within one year	231,445	80,139	168,209	313,316	328,277
In the second to the third year	17,587	895	42,392	34,655	71,541
Other borrowings repayable					
Within one year	178,644	97,255	198,732	165,485	204,693
In the second to the third year	34,221	4,997	246,633	273,302	275,131

Secured bank borrowings

We have pledged certain collateral to banking facilities carrying interests at 4% to 9% per annum, of which RMB249.0 million, RMB81.0 million, RMB210.6 million, RMB348.0 million and RMB399.8 million were utilised as of December 31, 2018, 2019 and 2020, April 30, 2021 and August 31, 2021, respectively. Such bank borrowings were primarily taken for working capital purposes.

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As of August 31, 2021, we had utilised RMB341.7 million from our secured banking facilities, and RMB333.3 million remained unutilised under our banking facilities.

Secured other borrowings

We have pledged certain collateral to certain third-parties, primarily consisting of finance leasing companies and vehicle leasing companies for loans carrying interests at 6% to 13% per annum, with an aggregate amount of RMB212.9 million, RMB102.3 million, RMB442.4 million, RMB438.8 million and RMB479.8 million as of December 31, 2018, 2019 and 2020, April 30, 2021 and August 31, 2021, respectively. Such other borrowings were primarily taken for purchase of self-operated trucks and working capital purposes.

Unsecured other borrowings

We have obtained an unsecured loan from a third-party finance company, carrying an interest at 12% per annum, with an aggregate amount of nil, nil, RMB3.0 million, nil and nil as of December 31, 2018, 2019 and 2020, April 30, 2021 and August 31, 2021, respectively. Such other borrowings were taken for working capital purposes.

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the covenants pursuant to the applicable agreement we entered with each of the lenders mentioned above. Our Directors confirm that we are not subject to other material covenants under any agreements with respect to any bank loans or other borrowings. Our Directors also confirm that there was no delay or default in the repayment of borrowings during the Track Record Period. Taking into consideration our financial position, our Directors are of the opinion that we are able to abide by these covenants amid current market conditions and that our capital raising abilities were not materially affected as of August 31, 2021.

Lease Liabilities

Our lease liabilities are primarily in relation to our sorting centres. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of April 30,	As of August 31,
	2018	2019	2020	2021	2021
					<i>(unaudited)</i>
					<i>(RMB in thousands)</i>
Current	426,744	395,893	402,275	453,800	474,586
Non-current	574,003	491,439	499,799	612,510	680,072
Total	1,000,747	887,332	902,074	1,066,310	1,154,658

FINANCIAL INFORMATION

We recorded lease liabilities of RMB1,000.7 million, RMB887.3 million, RMB902.1 million, RMB1,066.3 million and RMB1,154.7 million as of December 31, 2018, 2019 and 2020, April 30, 2021 and August 31, 2021, respectively. The decrease in our lease liabilities from December 31, 2018 to December 31, 2019 was primarily due to our lease payment in 2019, partially offset by the additional lease agreements we entered into in 2019.

Convertible Redeemable Preferred Shares

We recorded convertible redeemable preferred shares of RMB4,332.1 million, RMB4,754.4 million, RMB4,806.4 million, RMB9,290.7 million and RMB10,093.4 million as of December 31, 2018, 2019 and 2020, April 30, 2021 and August 31, 2021, respectively. Further details are set out in Note 31 to the Accountant's Report included in Appendix I to this prospectus.

Other Non-current Liabilities

We recorded other non-current liabilities of RMB384.7 million, RMB487.9 million, RMB418.3 million, RMB370.8 million and RMB391.8 million as of December 31, 2018, 2019 and 2020, April 30, 2021 and August 31, 2021, respectively. Further details are set out in Note 32 to the Accountant's Report included in Appendix I to this prospectus. The relevant financial liabilities associated with put option under our other non-current liabilities as of August 31, 2021 will be classified into non-controlling interest upon the completion of the Listing.

Except as discussed above, as of August 31, 2021, being latest practicable date for the purpose of this indebtedness statement, we did not have any outstanding debt securities, borrowings or indebtedness in the nature of borrowings, acceptance credits, charges, mortgages, hire purchase or finance lease commitments, guarantees or other contingent liabilities. Our Directors confirm that, as of the Latest Practicable Date, there is no material change in our indebtedness since August 31, 2021.

CONTINGENT LIABILITIES

During the Track Record Period and up to the Latest Practicable Date, we had no material contingent liabilities other than those disclosed in Note 37 of the Accountants' Report set out in Appendix I to this Prospectus.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods/as of the dates indicated:

	Years Ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(Unaudited)</i>				
Gross (loss)/profit margin ⁽¹⁾	(11.0)%	12.7%	14.8%	17.3%	14.0%
Operating (loss)/profit margin ⁽²⁾	(29.4)%	1.1%	8.2%	6.5%	4.8%
EBITDA margin ⁽³⁾	(25.1)%	8.8%	10.8%	30.2%	(70.6)%
Adjusted EBITDA margin ⁽⁴⁾	(15.7)%	16.8%	16.9%	21.7%	15.1%
Net (loss)/profit margin ⁽⁵⁾	(39.7)%	(4.0)%	3.1%	12.0%	(79.3)%
Adjusted net (loss)/profit margin ⁽⁶⁾	(30.2)%	3.9%	9.2%	3.7%	6.5%
Coverage ratio ⁽⁷⁾	(13.93)	4.88	9.47	13.76	(31.05)

Notes:

- (1) Equals gross (loss)/profit divided by revenue and multiplied by 100%.
- (2) Equals operating (loss)/profit divided by revenue and multiplied by 100%.
- (3) Equals EBITDA divided by revenue and multiplied by 100%.
- (4) Equals adjusted EBITDA (a non-HKFRS measure) divided by revenue and multiplied by 100%.
- (5) Equals (loss)/profit for the year divided by revenue and multiplied by 100%.
- (6) Equals adjusted (loss)/profit for the year/period (a non-HKFRS measure) divided by revenue and multiplied by 100%.
- (7) Equals EBITDA divided by finance costs.

FINANCIAL INFORMATION

The increase in our coverage ratio from negative 13.93 in 2018 to positive 4.88 in 2019, and further to positive 9.47 in 2020 was primarily due to the increase in our increased EBITDA during the Track Record Period. Our coverage ratio decreased from positive 13.76 for the four months ended April 30, 2020, to negative 31.05 for the four months ended April 30, 2021.

CAPITAL EXPENDITURES

Our capital expenditures primarily consist of purchase of (i) property and equipment, and (ii) intangible assets, primarily including IT software. The following table sets forth our capital expenditures for the periods indicated.

	For the year ended December 31,			Four Months Ended April 30,	
	2018	2019	2020	2020	2021
	<i>(Unaudited)</i>				
	<i>(RMB in thousands)</i>				
Purchase of property, plant and equipment	205,553	204,987	656,815	16,291	230,235
Purchase of intangible assets	13,447	18,636	10,973	–	2,276
Total	219,000	223,623	667,788	16,291	232,511

Our capital expenditures in 2020 were primarily in relation to our investment in self-operated fleet, and we have obtained financings in relation to the purchase of trucks. See “– Indebtedness – Borrowings.” Our capital expenditures increased significantly from 2019 to 2020 primarily due to our increased purchase of property, plant and equipment, which was mainly as a result of our investment in self-operated high-capacity fleet in 2020. See “– Discussion of Certain Key Items On Our Consolidated Statements of Financial Position – Assets – Property, Plant and Equipment.” We expect that we will continue to incur significant capital expenditures in 2021 and 2022, which will mainly consist of our investment in self-operated fleet, key transit hubs and intangible assets such as IT software. For details, see “Future Plans and Use of Proceeds.”

FINANCIAL INFORMATION

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2018, 2019, 2020 and four months ended April 30, 2021, we had capital commitment contracted for but not provided of nil, nil, RMB8.6 million and RMB252.7 million, respectively, primarily associated with our purchases of motor vehicles.

	As of December 31,			As of
	2018	2019	2020	April 30,
	2021			
	<i>(RMB in thousands)</i>			
Contracted, but not provided for Motor vehicles	<u>–</u>	<u>–</u>	<u>8,646</u>	<u>252,678</u>

We have various lease contracts that have not yet commenced as at April 30, 2021. The future lease payments for these non-cancellable lease contracts are RMB69.2 million due within one year, RMB200.3 million due in the second to fifth years.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 39 to the Accountants' Report in Appendix I was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties. The non-trade balances with related-parties have been fully settled as of the Latest Practicable Date. In addition, all guarantees provided by the Management Shareholders and other related parties will be released through repaying or refinancing the loans or replacing the management shareholder guarantor(s) by the Company and/or other operating subsidiaries in the Group upon Listing. For details, see "Relationship with Our Largest Shareholders – Independence from Our Management Shareholders – Financial Independence."

Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, except as disclosed in Note 38 of the Accountants' Report set out in Appendix I to this Prospectus, we had no off-balance sheet commitments or arrangements.

FINANCIAL INFORMATION

FINANCIAL RISKS DISCLOSURE

Credit Risk

We are primarily exposed to credit risk in relation to our cash and cash equivalents, trade receivables, restricted cash and financial assets included in other receivables and other assets.

To manage risk arising from cash and cash equivalents, restricted cash and financial assets included in other receivables and other assets, we only transact with state-owned or reputable financial institutions in mainland China and reputable international financial institutions outside of mainland China. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, we have policies in place requiring that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Liquidity risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

Our liquidity is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The following table sets for the maturity profile of our financial liabilities as of the dates indicated, based on the contractual undiscounted payments:

	<u>On demand</u>	<u>Within one year</u>	<u>One to five years</u>	<u>Over five years</u>	<u>Total</u>
	<i>(RMB in thousands)</i>				
December 31, 2018					
Trade and bills payables	–	962,036	–	–	962,036
Lease liabilities	–	472,132	626,921	–	1,099,053
Financial liabilities included in other payables and accruals	–	898,616	–	–	898,616
Interest-bearing borrowings	–	418,724	53,195	–	471,919
Convertible loans	–	474,951	–	–	474,951
Convertible redeemable preferred shares	–	–	4,332,128	–	4,332,128
Other non-current liabilities	–	–	384,665	–	384,665
Total	–	3,226,459	5,396,909	–	8,623,368

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	<u>On demand</u>	<u>Within one year</u>	<u>One to five years</u>	<u>Over five years</u>	<u>Total</u>
	<i>(RMB in thousands)</i>				
December 31, 2019					
Trade and bills payables	–	990,828	–	–	990,828
Lease liabilities	–	437,999	526,232	–	964,231
Financial liabilities included in other payables and accruals	–	715,203	–	–	715,203
Interest-bearing borrowings	–	179,514	5,962	–	185,476
Convertible loans	–	174,692	517,670	–	692,362
Convertible redeemable preferred shares	–	4,754,379	–	–	4,754,379
Other non-current liabilities	6,616	–	481,246	–	487,862
Total	6,616	7,252,615	1,531,110	–	8,790,341
December 31, 2020					
Trade and bills payables	–	744,310	–	–	744,310
Lease liabilities	–	445,359	541,296	3,312	989,967
Financial liabilities included in other payables and accruals	–	718,874	–	–	718,874
Interest-bearing borrowings	–	397,892	308,939	–	706,831
Convertible loans	–	–	1,040,970	–	1,040,970
Convertible redeemable preferred shares	–	–	4,806,414	–	4,806,414
Other non-current liabilities	7,949	–	410,311	–	418,260
Total	7,949	2,306,435	7,107,930	3,312	9,425,626
April 30, 2021					
Trade and bills payables	–	524,572	–	–	524,572
Lease liabilities	–	506,107	660,636	7,973	1,174,716
Financial liabilities included in other payables and accruals	–	933,879	–	–	933,879
Interest-bearing borrowings	–	512,775	326,797	–	839,572
Convertible redeemable preferred shares	–	–	9,290,695	–	9,290,695
Other non-current liabilities	10,182	–	370,775	–	380,957
Total	10,182	2,477,333	10,648,903	7,973	13,144,391

FINANCIAL INFORMATION

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to its interest-bearing borrowings and long-term interest-bearing borrowings. We currently do not use derivative financial instruments to hedge the interest rate risk.

Foreign Exchange Risk

We conduct our businesses mainly in RMB, with certain transactions denominated in other currencies, such as USD. Foreign exchange risk arises when future commercial transactions or recognised financial assets and liabilities are denominated in a currency that is not the respective functional currency of our entities. In addition, we have intra-group balances with several subsidiaries denominated in foreign currency which also expose us to foreign currency risk. In 2018 and 2019, we incurred foreign exchange losses of RMB34.1 million and RMB6.8 million, respectively. In 2020, we incurred foreign exchange gains of RMB19.5 million. For the four months ended April 30, 2021, we incurred foreign exchange gains of RMB2.0 million. In addition, we also record exchange differences on translation in other comprehensive income. In 2018, 2019, 2020 and the four months ended April 30, 2021, we recognized exchange differences on translation amounted to RMB(191.1) million, RMB(91.1) million, RMB378.9 million and RMB52.1 million, respectively, which represented the exchange differences of translating foreign functional currencies into Renminbi for the purposes of preparing our audited financial statements.

DIVIDENDS

As advised by our Cayman Islands legal advisor, under Cayman Islands law, a position of accumulated losses and net liabilities does not necessarily restrict the Company from declaring and paying dividends to our Shareholders out of either our profit or our share premium account, provided this would not result in the Company being unable to pay its debts as they fall due in the ordinary course of business. As we are a holding company incorporated under the laws of the Cayman Islands, the payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. Any dividends we pay will be determined at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. Our shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

During the Track Record Period, we have not declared or paid any dividends. Currently, we do not have a fixed dividend distribution ratio.

FINANCIAL INFORMATION

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account (i) the financial resources available to us, including cash and cash equivalents, term deposits, short-term financial products, available financing facilities, the rollover of short-term financing facilities, our ability to obtain additional long-term financing facilities, and the portion of the estimated net proceeds from the Global Offering expected to be used for working capital and general corporate purposes, (ii) our net cash generated from operating activities, and (iii) our economies of scale and improved operational efficiency, we have sufficient working capital for our present requirements that is at least 12 months from the date of this prospectus. We had cash flows used in operating activities of RMB155.6 million in 2018, and cash flows generated from operating activities of RMB859.3 million in 2019, RMB722.6 million in 2020, and RMB108.3 million for the four months ended April 30, 2021. Our Directors confirm that we had no material defaults in payment of trade and non-trade payables during the Track Record Period.

DISTRIBUTABLE RESERVES

As of April 30, 2021, the Company did not have any distributable reserves.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK\$109.7 million (based on the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised), of which approximately HK\$51.2 million will be directly attributable to the issue of our Shares to the public and will be capitalised and charged against equity, approximately HK\$21.9 million of which has been charged to our consolidated income statements, and approximately HK\$36.6 million is expected to be charged to our consolidated income statements.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of our Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of the parent as of 30 April 2021 as if the Global Offering had taken place on 30 April 2021.

The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of 30 April 2021 or at any future date. It is prepared based on our consolidated net tangible liabilities as of 30 April 2021 as set out in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

	Consolidated net tangible liabilities attributable to owners of the parent as at 30 April 2021 <i>(RMB'000)</i> <i>(Note 1)</i>	Estimated net proceeds from the Global Offering <i>(RMB'000)</i> <i>(Note 2)</i>	Estimated impact to the consolidated net tangible liabilities upon the conversion of convertible redeemable preferred shares <i>(RMB'000)</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets as at 30 April 2021 <i>(RMB'000)</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 30 April 2021 <i>(RMB)</i> <i>(Note 4)</i>	<i>(HK\$)</i> <i>(Note 5)</i>
Based on an Offer Price of HK\$13.88 per Share	(8,301,947)	835,230	9,290,695	1,823,978	1.57	1.90
Based on an Offer Price of HK\$16.88 per Share	(8,301,947)	1,025,422	9,290,695	2,014,170	1.73	2.09

Notes:

- (1) The consolidated net tangible liabilities of our Group attributable to owners of the parent as at 30 April 2021 was equal to the consolidated net liabilities attributable to owners of the parent as at 30 April 2021 of RMB8,157,927,000 after deducting goodwill and intangible assets of RMB144,020,000 as at 30 April 2021 set out in the Accountants' Report in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$13.88 per Share or HK\$16.88 per Share, after deduction of the underwriting fees and other related expenses payable by our Group and does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of RMB0.8276 to HK\$1.00.
- (3) Upon the Listing and the completion of the Global Offering, all the preferred shares, convertible loans and prepaid forward contract which are included in non-current liabilities will be automatically converted into Ordinary Shares. The convertible redeemable preferred shares, convertible loans and prepaid forward contract which are included in non-current liabilities will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to owners of the parent will be increased by RMB9,290,695,000 as at 30 April 2021.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share is arrived at after adjustments referred to notes 2 and 3 above and on the basis that 1,162,605,486 shares are in issue, assuming that the conversion of preferred shares, convertible loans and prepaid forward contract into Ordinary Shares and the Global Offering had been completed on 30 April 2021. However, this does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (5) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.8276 to HK\$1.00.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 April 2021.
- (7) The events after the relevant period as disclosed in Note 44 to the Accountants' Report included in Appendix I to this prospectus would have no impact on the unaudited pro forma adjusted consolidated net tangible assets as of 30 April 2021.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since April 30, 2021, being the end date of our latest audited financial statements, and there has been no event since April 30, 2021 that would materially affect the information shown in the Accountants' Report set out in Appendix I.

COVID-19 OUTBREAK AND EFFECTS ON OUR BUSINESS

Substantially all of our revenues and workforce are concentrated in China. In connection with the intensifying efforts to contain the spread of COVID-19, the Chinese government has taken certain emergency measures, including implementation of travel bans, blockade of certain roads and closure of factories and businesses, and may continue to take further measures to keep this epidemic outbreak in check.

We experienced extended closure of our branch offices, sorting centres and network outlets after the Chinese New Year holidays in February 2020 due to the COVID-19 outbreak, which resulted in a decline of freight volume in February 2020, as compared with the same period in 2019. The measures and timelines for business resumption varied across different localities in the PRC, and our branch offices, sorting centres and network outlets closed and opened in accordance with measures adopted by their respective local government authorities. We have taken measures to reduce the impact of the COVID-19 outbreak, including strictly implementing self-quarantine and disinfection measures at our headquarters, sorting centres and network outlets in accordance with government issued protocols. While we have gradually resumed operations since late-February 2020, the COVID-19 outbreak and any measures to combat the spread of the virus has adversely affected our business operations and operating results for the first quarter of 2020.

Our freight volume was 1.3 million tons in the first quarter of 2020, representing a decrease of 13.8% year on year. We gradually resumed our operations since late-February 2020 and have recovered from the negative impact of the COVID-19 outbreak since the second quarter of 2020. Our freight volume was 2.7 million tons in the second quarter of 2020, representing an increase of 32.6% year on year. In addition, the PRC government launched various preferential policies, such as one-off subsidies for social insurance and tax relief, and waived toll charges from February to early-May 2020 to support the logistics industries. Moreover, COVID-19 outbreak accelerates the growth on e-commerce, which brings more demand for comprehensive and timely LTL services. As a result, we have achieved significant growth in 2020 despite the COVID-19 outbreak. Our total freight volume was 10.2 million tons in 2020, representing an increase of 25.5% from 8.1 million tons in 2019, which was mainly attributable to our expanded scale, our continuous investment in sorting network and line-haul fleet, and our increased number of freight partners. Our revenues and net profit were RMB7,081.8 million and RMB218.2 million in 2020, respectively, as compared to our

FINANCIAL INFORMATION

revenues of RMB5,338.2 million and net loss of RMB214.9 million in 2019, respectively. The increase in our revenues was mainly driven by our increased freight volume, and the increase in our net profit was mainly attributable to our economies of scale and improved operational efficiency.

In addition, certain impacts from the COVID-19 outbreak on our financial performance in 2020 might be one-off and non-recurring. For example, after the COVID-19 outbreak ends, we may not be able to receive benefits from the COVID-19 related government policy support, such as one-off subsidies for social insurance and tax relief, and waiver of toll charges. We recorded such one-off government subsidies for tax relief of RMB18.3 million, and we estimate such one-off government subsidies for social insurance was approximately RMB45.9 million. We estimate the total amount of our transportation cost reduced due to the waived toll fees amounted to approximately RMB164 million, a majority of the benefit of which was passed on to our freight partners in the form of a decrease in our unit price. Moreover, the increase in demand for LTL services from e-commerce may not be sustainable after the COVID-19 outbreak ends.

While we have resumed business operations, there remain significant uncertainties surrounding the COVID-19 outbreak and its further development. The extent to which it may affect our results of operations, financial condition and cash flows will depend on the future development of the outbreak, including variants such as the delta variant, and the severity of the variants, all of which is also highly uncertain. In the event of the resurgence of COVID-19, our business and results of operations may be materially and adversely affected. As of April 30, 2021, we had cash and cash equivalents of RMB1,126.0 million. We believe this level of liquidity is sufficient to successfully navigate an extended period of uncertainty. See also “Risk Factors – Risks Relating to Our Business and Industry – Our business operations and financial performance was and may in the future continue to be adversely affected by the COVID-19 outbreak, and may face risks related to natural disasters, extreme weather conditions, health epidemics and other unforeseeable catastrophic incidents, which could significantly disrupt our operations.”

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

As of the date of this Prospectus, our Board of Directors comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

The table below sets forth certain information in respect of the members of the Board of Directors of our Company:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as Director
Mr. Wang Yongjun (王擁軍)	47	Executive Director and Chairman of the Board	Overall strategic development, corporate governance and management of our Group	January 2012	July 2014
Mr. Qin Xinghua (秦興華)	50	Executive Director, Chief Executive Officer and President	Overall strategic planning, organisational development and overseeing the business operations of our Group	June 2010	February 2015
Mr. Zhu Jianhui (祝建輝)	38	Executive Director and Chief Operating Officer	Overall strategic planning and general management and execution of the business operations of our Group	May 2013	July 2015
Mr. Chen Weihao (陳偉豪)	41	Non-executive Director	Providing professional strategic advice to the Board	December 2019	December 2019
Mr. Wang Jian (王劍)	40	Non-executive Director	Providing professional strategic advice to the Board	February 2021	February 2021
Ms. Li Dan (李丹)	39	Non-executive Director	Providing professional strategic advice to the Board	March 2021	March 2021
Mr. Li Wilson Wei (李維)	43	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	October 30, 2021	October 30, 2021
Mr. Geh George Shalchu (葛曉初)	60	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	October 30, 2021	October 30, 2021
Mr. Lam Man Kwong (林文剛)	44	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	October 30, 2021	October 30, 2021

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wang Yongjun (王擁軍), aged 47, was appointed as our Director in July 2014, and re-designated as our executive Director in May 2021. Mr. Wang has also been Chairman of the Board since January 2012. Mr. Wang is responsible for the overall strategic development, corporate governance management of our Group.

Mr. Wang has over 10 years of experience in the logistics industry. Prior to joining our Group, he served as a vice president at TNT Hoau Logistics Group from 2009 to 2011. Mr. Wang obtained his Bachelor's degree in electronics and information systems from Fudan University in Shanghai, PRC in July 1996 and obtained a Master of Business Administration degree from the University of Hong Kong in Hong Kong in December 2004 and a Master of Business Administration degree from Tsinghua University in Beijing, PRC in January 2018. Over the years, Mr. Wang's expertise and contribution to China's logistics industry have been widely recognised. In November 2020, he was awarded the 2020 21st Century China Best Business Model Pioneer Award (21世紀中國最佳商業模式先鋒人物獎) by the 21st Century Business Herald.

Mr. Wang currently holds directorships in our Major Subsidiaries, namely Shanghai ANE and Giantruck.

Mr. Qin Xinghua (秦興華) (formerly known as Qin Xinfu (秦新發)), aged 50, was appointed as our Director in February 2015 and re-designated as our executive Director in May 2021. Mr. Qin has also been our Chief Executive Officer and President since June 2010. Mr. Qin is responsible for the overall strategic planning, organisational development and overseeing the business operations of our Group.

Mr. Qin has over 25 years of experience in the logistics industry. Prior to joining the Group, he held a senior management role at Guangxi Airport Group Co., Ltd. for approximately 15 years till May 2009. Prior to that, Mr. Qin served as an officer in the Air Force of the People's Liberation Army from which he retired in December 1993.

Mr. Qin currently holds directorship in Shanghai ANE, our Major Subsidiary.

Mr. Zhu Jianhui (祝建輝), aged 38, was appointed as our Director in July 2015, and re-designated as our executive Director in May 2021. Mr. Zhu has also been our Chief Operating Officer since May 2013. He is responsible for the overall strategic planning and general management and execution of the business operations of our Group.

Mr. Zhu has over 20 years of experience in the logistics industry. Prior to joining the Group, he was the co-founder of Quanjitong Logistics, a regional LTL company which was acquired by BEST Inc. in January 2012. Mr. Zhu attended online courses and obtained his Diploma in Financial Management and Practice from Lanzhou University in Gansu Province, PRC in January 2020.

Mr. Zhu currently holds directorships in our Major Subsidiaries, namely Shanghai ANE and Giantruck.

DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Chen Weihao (陳偉豪), aged 41, was appointed as our Director in December 2019 and re-designated as our non-executive Director in May 2021.

Mr. Chen has been a partner and managing director of Centurium Capital since July 2019. From October 2011 to May 2019, Mr. Chen worked at a Warburg Pincus entity where his last held position was a managing director. Prior to that, Mr. Chen worked as a vice president at Crescent Advisors China (Shanghai) Co., Ltd. from January 2008 to October 2011 and in the investment banking division of Morgan Stanley Asia Limited in Hong Kong from April 2007 to November 2007.

Mr. Chen obtained his Bachelor's degree in accounting from the Fudan University in Shanghai, PRC in July 2002 and his Master's degree in business administration from the INSEAD Business School in 2006. Mr. Chen is a member of the Association of Chartered Certified Accountants.

Mr. Wang Jian (王劍), aged 40, was appointed as our Director in February 2021 and re-designated as our non-executive Director in May 2021.

Mr. Wang has worked at Shanghai Panxin Equity Investment Management Co., Ltd, a subsidiary of CITIC Private Equity Funds Management Co., Ltd., from July 2017 to December 2018, then at Tianjin Panmao Enterprise Management Partnership (limited partnership) from January 2019 to September 2020 and Beijing Panmao Investment Management Co., Ltd since October 2020. From August 2016 to May 2017, Mr. Wang worked at Shanghai Vanke Changning Real Estate Co., Ltd, and from March 2014 to March 2016, he worked at Shihenatong (Shanghai) Investment Co., Ltd, currently named as Shihenatong (Shanghai) Industrial Co., Ltd. Prior to that, Mr. Wang worked at an affiliate of Global Logistic Properties Ltd.

Mr. Wang obtained his Bachelor's degree in geomatics engineering from the Tongji University (同濟大學) in Shanghai, PRC in July 2002.

Ms. Li Dan (李丹), aged 39, was appointed as our Director in March 2021 and re-designated as our non-executive Director in May 2021.

Ms. Li has worked in CDH entities since May 2012, including CDH Investments Management (Hong Kong) Limited where she is currently serving as a managing director.

Ms. Li obtained her Bachelor's degree in accounting from Civil Aviation University of China in July 2003 and her Master's degree in business administration from Concordia University, Canada in October 2007. Ms. Li is a chartered financial analyst with the CFA Institute and a representative licensed to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined under the SFO in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Wilson Wei (李維), aged 43, was appointed as our independent non-executive Director with effect from October 30, 2021, being the date of this Prospectus.

Mr. Li has been the chief financial officer of Spark Education (火花思維), a China-based online education platform, since September 2020. From September 2018 to June 2020, Mr. Li was the chief financial officer of OYO Hotels. From April 2016 to August 2018, Mr. Li was the chief operating officer and chief financial officer of CAR Inc. (stock code: 0699) and the executive vice-president and the chief financial officer from May 2014 to April 2016. From July 2010 to April 2014, Mr. Li worked as the chief financial officer of UniTrust Finance & Leasing Corporation. From January 2007 to July 2010, Mr. Li was the chief financial officer for Global Supply Chain Asia Group in GE Healthcare. From January 2004 to January 2007, Mr. Li was part of the General Electric corporate audit staff based in the United States and Asia. From August 2002 to January 2004, Mr. Li worked at GE Healthcare China as the head of risk and credit management. From July 2000 to July 2002, Mr. Li was a management trainee of the Financial Management Programme in General Electric.

Mr. Li graduated from Fudan University in Shanghai, PRC with a Bachelor's degree in finance in July 2000.

Mr. Geh George Shalchu (葛曉初), aged 60, was appointed as our independent non-executive Director with effect from October 30, 2021, being the date of this Prospectus.

Mr. Geh served as a managing director at Lone Star Funds from January 2019 to December 2020. From January 2016 to December 2018, Mr. Geh worked as a managing director at AlixPartners. Mr. Geh was the co-founder of RichWise Capital Ltd. and he worked as managing partner in RichWise Capital Ltd. from September 2008 to December 2015. From September 1998 to February 2005, Mr. Geh worked in McKinsey & Consulting Company where his last position was associate principal.

Mr. Geh obtained his Bachelor's degree of science in metals engineering from Shanghai Jiao Tong University in Shanghai, PRC in July 1982, his Master of Science degree in metals science and engineering from the Pennsylvania State University in United States in August 1991, and his Master of Science degree in industrial administration from Carnegie Mellon University in United States in May 1998.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam Man Kwong (林文剛), aged 44, was appointed as our independent non-executive Director with effect from October 30, 2021, being the date of this Prospectus.

Mr. Lam joined Chow Tai Fook Enterprises Limited in September 2019 and is currently a managing principal. From June 2014 to August 2019, Mr. Lam worked at Credit Suisse (Hong Kong) Limited in the Investment Banking and Capital Markets Department, where his last held position was a managing director. Prior to that, Mr. Lam worked at Nomura International (Hong Kong) Limited and Credit Suisse (Hong Kong) Limited.

Mr. Lam obtained a Bachelor's degree with a major in economics from the University of California at Los Angeles in United States in December 1997.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company:

Name	Age	Date of Joining our Group	Position	Roles and Responsibilities
Mr. Wang Yongjun (王擁軍)	47	January 2012	Executive Director and Chairman of the Board	Overall strategic development, corporate governance and management of our Group
Mr. Qin Xinghua (秦興華)	50	June 2010	Executive Director, Chief Executive Officer and President	Overall strategic planning, organisational development and overseeing the business operations of our Group
Mr. Zhu Jianhui (祝建輝)	38	May 2013	Executive Director and Chief Operating Officer	Overall strategic planning and general management and execution of the business operations of our Group
Mr. Lin Sam Disheng (林迪生)	38	May 2020	Chief Financial Officer	Overall finance, risk management, investor relations and strategic investment of our Group

Mr. Wang Yongjun (王擁軍), aged 47, is our executive Director and Chairman of the Board. Please see his biography in the part headed “– Executive Directors” in this section.

Mr. Qin Xinghua (秦興華), aged 50, is our executive Director, Chief Executive Officer and President. Please see his biography in the part headed “– Executive Directors” in this section.

Mr. Zhu Jianhui (祝建輝), aged 38, is our executive Director and Chief Operating Officer. Please see his biography in the part headed “– Executive Directors” in this section.

Mr. Lin Sam Disheng (林迪生), aged 38, is our Chief Financial Officer and joined our Group in May 2020. Mr. Lin is primarily responsible for finance, risk management, investor relations and strategic investment of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lin has extensive experience in the finance industry, primarily in the areas of corporate investment and investment banking. Prior to joining our Group, Mr. Lin worked as the investment director at Cainiao Smart Logistics Network (Hong Kong) Limited, an affiliate of the Alibaba Group (NYSE: BABA; HKEX: 9988). Prior to that, Mr. Lin worked at Cutfield Freeman & Co Ltd, an international investment banking boutique specialising in corporate finance, where he worked in the London office from March 2010 to November 2012 and the Hong Kong office from November 2012 to January 2018, and served as the managing director from 2015 to January 2018. Mr. Lin started his career as an analyst in the London office of Goldman Sachs in 2006.

Mr. Lin obtained his Bachelor's degree with first class honours in e-commerce and digital business from the University of Nottingham in the United Kingdom in July 2005 and his Master's degree in computer science from the University of Oxford in the United Kingdom in October 2006.

OTHER DISCLOSURE PURSUANT TO RULE 13.51(2) OF THE LISTING RULES

Save as disclosed above, none of our Directors or senior management members has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus.

Our Directors were previously a director, supervisor, legal representative and/or manager of the following companies established in the PRC which had their business registration licences revoked and have since deregistered:

Company	Director involved	Position held in the company before licence revocation	Principal business activity immediately before licence revocation	Date of licence revocation	Reasons for licence revocation	Current status	Date of deregistration
Shanghai Ruijing Enterprise Management Consulting Co., Ltd. (上海銳景企業管理顧問有限公司)	Mr. Wang	Director	Management consulting	December 16, 2008	Failure to complete annual inspection	Deregistered	February 27, 2018
Yueqing Feiyang Express Services Department (樂清市飛揚速遞服務部)	Mr. Zhu	Director	Express delivery services	May 16, 2007	Failure to complete annual inspection	Deregistered	January 22, 2019

DIRECTORS AND SENIOR MANAGEMENT

Company	Director involved	Position held in the company before licence revocation	Principal business activity immediately before licence revocation	Date of licence revocation	Reasons for licence revocation	Current status	Date of deregistration
Yueqing Liushi Yuantong Express Services Department (樂清市柳市圓通速遞服務部)	Mr. Zhu	Director	Express delivery services	May 16, 2007	Failure to complete annual inspection	Deregistered	January 22, 2019
Yueqing Jinchi Qiliang Express Co., Ltd. (樂清市金馳啟良速遞有限公司)	Mr. Zhu	Director	Express delivery services	February 5, 2010	Failure to complete annual inspection	Deregistered	March 19, 2019

Each of Mr. Wang and Mr. Zhu has confirmed that, to the best of his knowledge, information and belief, having made all reasonable enquires: (i) the above companies in which he was a director were solvent immediately prior to their dissolution; (ii) there was no wrongful act on his part leading to the above licence revocation and/or deregistration; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of such licence revocation and/or deregistration; and (iv) no misconduct or misfeasance had been involved in the licence revocation and/or deregistration of the above companies.

Save as disclosed above, to our Directors' best knowledge, information and belief having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules as of the Latest Practicable Date.

As of the Latest Practicable Date, save for the interests in the shares of our Company held by our executive Directors, which are disclosed in the section headed "Appendix IV – Statutory and General Information – C. Further Information about Our Directors", none of our Directors held any interest in the securities within the meaning of Part XV of the SFO.

As of the Latest Practicable Date, none of our Directors or members of our senior management are related to other Directors or members of our senior management of our Company.

DIRECTORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Long Jianyao (龍因堯) was appointed as one of our joint company secretaries in May 2021. Mr. Long joined our Group in May 2015 and has served as assistant to the Chairman of the Board. From October 2014 to April 2015, Mr. Long served as a senior consultant at PricewaterhouseCoopers Consulting (Shenzhen) Co. Ltd, Shanghai Branch. From February 2012 to June 2014, Mr. Long worked at Ernst & Young Hua Ming LLP, Shanghai Branch, where he last served as senior accountant. Mr. Long obtained a Bachelor's and Master's degree in physics from Beihang University in Beijing, China in July 2009 and January 2012, respectively. Mr. Long has been a member of the Chinese Institute of Certified Public Accountants since March 2015.

Ms. Lo Ka Man (勞嘉敏) is one of our joint company secretaries. Ms. Lo is a manager of corporate services of Tricor Services Limited and has been providing corporate secretarial and compliance services for Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lo possesses over 12 years of experience in the company secretary profession, and has acted as the joint company secretary of JiaXing Gas Group Co., Ltd. (stock code: 9908) since February 2021 and the company secretary of China Greenland Broad Greenstate Group Company Limited (stock code: 1253) since February 2021. Ms. Lo is a Chartered Secretary of The Chartered Governance Institute and an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).

Our Company has been granted a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Long may be appointed as a joint company secretary of our Company. However, the waiver can be revoked if there are material breaches of the Listing Rules by our Company. For details, please see the section headed "Waivers from Strict Compliance with the Listing Rules".

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive compensation in the form of salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions and other share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority. Each of the independent non-executive Directors has entered into an appointment letter with our Company effective upon the date of this Prospectus. For additional information, please refer to the section headed "Appendix IV – Statutory and General Information – C. Further Information about Our Directors – 1. Particulars of Directors' service contracts and appointment letters".

The aggregate amount of remuneration of our Directors (including salaries, allowances, benefits in kind, contribution to the pension scheme and other share-based compensation) for the years ended December 31, 2018, 2019 and 2020 and for the four months ended April 30, 2021 were approximately RMB23.7 million, RMB134.1 million, RMB9.9 million and RMB5.6 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

It is estimated that remuneration and benefits in kind (excluding any discretionary bonus which may be paid to any Directors) equivalent to approximately RMB118.6 million in aggregate will be paid and granted to our Directors by us in respect of the financial year ended December 31, 2021 under arrangements in force at the date of this Prospectus.

The aggregate amount of remuneration of our five highest paid individuals (including three Directors) for the years ended December 31, 2018, 2019 and 2020 and for the four months ended April 30, 2021 were approximately RMB29.8 million, RMB137.2 million, RMB13.5 million and RMB12.8 million, respectively.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors, past Directors or the five highest paid individuals for the Track Record Period for the loss of office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please see Notes 11 and 12 of the Accountants' Report set out in Appendix I to this Prospectus. For the details of the stock options that we granted to our Directors and senior management, please see the section headed "Appendix IV – Statutory and General Information – D. Equity Incentive Plans".

Save as disclosed above in this section and the sections headed "Financial Information", "Appendix I – Accountants' Report" and "Appendix IV – Statutory and General Information" in this Prospectus, no other payments have been paid or are payable in respect of the Track Record Period to our Directors by our Group.

CORPORATE GOVERNANCE

We have adopted certain corporate governance measures in compliance with the Corporate Governance Code. We aim to achieve a high standard of corporate governance, which is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code (other than as disclosed in "Corporate Governance Code" below) after the Listing. We have established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

DIRECTORS AND SENIOR MANAGEMENT

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Li Wilson Wei, Mr. Geh George Shalchu and Mr. Lam Man Kwong. Mr. Li Wilson Wei is the chairman of the Audit Committee and holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, without limitation, assisting our Board by providing an independent view of the effectiveness of the financial controls, internal control and risk management systems of our Group and overseeing the audit process.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee consists of one executive Director, namely Mr. Qin, and two independent non-executive Directors, namely, Mr. Lam Man Kwong and Mr. Li Wilson Wei. Mr. Lam Man Kwong is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, without limitation, the following: (i) making recommendations to the Board on our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) determining the delegated responsibility, the remuneration packages of individual executive Directors and senior management, or alternatively, making recommendations to the Board on such remuneration packages; and (iii) ensuring that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give our Directors incentives to perform at the highest levels.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code of the Listing Rules. The Nomination Committee consists of one executive Director, namely Mr. Wang, and two independent non-executive Directors, namely, Mr. Lam Man Kwong and Mr. Li Wilson Wei. Mr. Wang is the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board of Directors on matters relating to the appointment of Directors.

DIRECTORS AND SENIOR MANAGEMENT

DIVERSITY

We are committed to promoting the culture of diversity in our Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to age, race, gender, language, cultural background, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge, skills and experience in the areas of finance, banking, information technology and investment. They obtained degrees awarded by education intuitions from the PRC, Hong Kong and the United States across various disciplines including business administration, economics, finance, engineering, accounting, electronics and information systems. Furthermore, the ages of our Directors range from 38 to 53 years old. We at present do not have a target gender ratio of the Board.

We are also committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of our Company to enhance the effectiveness of corporate governance of our Company as a whole.

Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. Based on our existing business model, business needs and the background of our Directors, our Directors believe that our current Board composition satisfies the principles under the board diversity policy. Nevertheless, after the Listing, our Nomination Committee will continue to review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis. In recognising the particular importance of gender diversity, our Nomination Committee will seek to identify and recommend additional suitable female candidates to be nominated as members of the Board upon Listing in order to further enhance our Board's gender diversity in the long run.

CORPORATE GOVERNANCE CODE

Our Directors consider that upon Listing, we will comply with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our Compliance Adviser pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Adviser will advise our Company in certain circumstances including: (a) before the publication of any regulatory announcement, circular, or financial report; (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases; (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and (d) where the Stock Exchange makes an inquiry to our Company under Rule 13.10 of the Listing Rules.

The term of appointment of our Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which materially competes or is likely to materially compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

From time to time our non-executive Directors may serve on the boards of both private and public companies within the logistics industry. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which they may hold directorships from time to time.

RELATIONSHIP WITH OUR LARGEST SHAREHOLDERS

OUR LARGEST SHAREHOLDERS

Historically, a group of Shareholders led by Mr. Wang and Mr. Qin as the leaders of the management team of the Company have primarily managed and operated the business of our Group. They have entered into the AIC Agreement and/or a supplemental acting in concert agreement confirming their historical and future acting in concert arrangement and agreement to maintain consolidated control over our Group (the “**Acting-in-Concert Shareholders**”). The Acting-in-Concert Shareholders comprise two categories of Shareholders, namely:

- (a) our management Shareholders (the “**Management Shareholders**”), which consist of:
 - (i) Mr. Wang, through certain intermediary holding companies;
 - (ii) Mr. Qin, through certain intermediary holding companies;
 - (iii) Mr. Zhu, through an intermediary holding company;
 - (iv) Mr. Liu Haiyan, one of the founding members of our Group, through an intermediary holding company; and
 - (v) Top Logistic (ANE-Invest) Holding Limited, Top Logistic (Yelan-Invest) Holding Limited, Giant Truck Holding Limited, Orchid Forest Express Inc., Real Brighten Trading Limited and Concord Dragon Consulting Limited, which are shareholding platforms established to hold shares on behalf of certain directors, senior management, employees, ex-employees of our Group and/or independent investors. Mr. Wang and/or Mr. Qin either act as the sole director, or is authorised to represent and vote all of the shares of our Company held by such entities; and

- (b) Our institutional investors, Max Choice and Carlyle, which, due to their long-term relationship with our management team, have been acting-in-concert with the Management Shareholders. Carlyle has been acting in concert with our Management Shareholders since it became a Shareholder in July 2015, whereas Max Choice has been acting in concert with our Management Shareholders since it was transferred from Sequoia to its current ultimate owners in December 2016. For details, see “History, Development and Corporate Structure – Our Establishment and Major Shareholding Changes – (e) Series E Financing and Transfer of Max Choice from Sequoia”.

RELATIONSHIP WITH OUR LARGEST SHAREHOLDERS

According to the AIC Agreement, the Acting-in-Concert Shareholders, among other things, confirmed that:

- (i) they have historically voted on Board and Shareholders resolutions in the same manner on key corporate decisions, including matters such as the issuance of shares to new investors since the respective times when they became Shareholders or as otherwise described in paragraph (b) above;
- (ii) they have historically followed Mr. Wang in all Board and Shareholders resolutions and discussions of the Group. In the day-to-day operations, Mr. Wang and Mr. Qin further consult with each other regularly in running the business of the Group. Mr. Wang and Mr. Qin, whose business goals are highly aligned as directors of the Company, have been and will continue to make decisions by mutual consent. Accordingly, Mr. Wang and Mr. Qin have been de facto the leaders among the group of Acting-in-Concert Shareholders even though pursuant to the the AIC Agreement, Mr. Qin together with other Acting-in-Concert Shareholders will follow Mr. Wang's vote to arrive at a unanimous consent no matter whether the issue is material or not, in case there is a disagreement;
- (iii) they shall continue to give unanimous consent, approval or rejection on material issues and decisions in relation to the business of the Group during the term of the AIC Agreement;
- (iv) they shall continue to cast unanimous vote in the same manner in all Board and Shareholders resolutions and discussions of the Group during term of the AIC Agreement; and
- (v) they shall continue to cooperate with each other to obtain and maintain consolidated control and management of the Group during term of the AIC Agreement.

During the Track Record Period, the Acting-in-Concert Shareholders have been the single largest group of shareholders of our Company. As of the Latest Practicable Date, they are collectively interested in, and are entitled to exercise control over, an aggregate of approximately 36.51% of our voting rights immediately prior to completion of the Global Offering (without taking into account Class 3 ordinary shares that do not carry voting rights). Accordingly, they are considered our Controlling Shareholders before Listing and will be subject to applicable lock-up requirements pursuant to Listing Rule 10.07 upon completion of the Global Offering.

Max Choice and Carlyle have confirmed that they do not intend to continue to act in concert with our Management Shareholders and exercise any common control over our Group upon completion of the Global Offering. Accordingly, the acting in concert arrangement shall lapse with respect to Max Choice and Carlyle upon completion of the Global Offering. The remaining Acting-in-Concert Shareholders, namely our Management Shareholders, have entered into a supplemental acting in concert agreement on August 4, 2021 to confirm that they will continue to act in concert and maintain consolidated control over our Group on and after the Listing. Immediately upon completion of the Global Offering, they will be collectively interested in, and are entitled to exercise control over, an aggregate of approximately 27.85% of our Company (assuming the Over-allotment Option is not exercised and each of the Class 1, Class 2 and Class 3 ordinary shares and Preferred Shares of our Company will be converted on a one-to-one basis) and will continue to be the single largest group of Shareholders.

RELATIONSHIP WITH OUR LARGEST SHAREHOLDERS

INDEPENDENCE FROM OUR MANAGEMENT SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Management Shareholders and its close associates after Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of nine Directors comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. For more information, please see the section headed “Directors and Senior Management.”

Our Directors consider that our Board and senior management will function independently of our Management Shareholders because:

- (a) each Director is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (d) all three non-executive Directors and three independent non-executive Directors are independent of our Management Shareholders and decisions of the Board require the approval of a majority vote from the Board;
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Management Shareholders which would support our independent management. Please see “– Corporate Governance Measures” in this section for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role independently from our Management Shareholders.

RELATIONSHIP WITH OUR LARGEST SHAREHOLDERS

Operational Independence

Our Group is not operationally dependent on our Management Shareholders. Our Group holds all material licences and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Management Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Management Shareholders.

Financial Independence

Our Group has its own independent financial, internal control and accounting systems. We make financial decisions and determine our use of funds according to our own business needs. We have opened accounts with banks independently and do not share any bank account with our Management Shareholders. We have made tax filings and paid tax independently of our Management Shareholders pursuant to applicable laws and regulations. We also have an independent finance department responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We have adequate Internal resources to support our daily operation and are capable of obtaining financing from third parties, if necessary, without reliance on our Management Shareholders. We do not expect to rely on our Management Shareholders or any of their close associates for financing after the Listing as we expect that our working capital will be funded by the Pre-IPO Investors' investments as well as the proceeds from the Global Offering.

As of the Latest Practicable Date, there was no outstanding loan extended by our Management Shareholders or their close associates to us. Save as disclosed in Note 29 of the Accountants' Report set out in Appendix I to this Prospectus, there have been no guarantees provided by our Management Shareholders or their respective associates for our benefit.

In view of our internal resources, our undrawn banking facilities, our net cash generated from operating activities and the estimated net proceeds from the Global Offering, our Directors confirm that we will not rely on our Management Shareholders for financing support after the Global Offering as we expect that all guarantees provided by the Management Shareholders will be released through repaying or refinancing the loans or replacing the management shareholder guarantor(s) by the Company and/or other operating subsidiaries in the Group upon Listing. Our Directors also believe that, upon Listing, the sustainability of our business as demonstrated by our results of operation and financial position during the Track Record Period will enhance our ability to obtain or renew the loans and borrowings from banks independently without the support of our Management Shareholders and their respective associates.

Based on the above, our Directors are of the view that they and our senior management are capable of carrying on our business independently of, and do not place undue reliance, on our Management Shareholders and their respective associates after Listing.

RELATIONSHIP WITH OUR LARGEST SHAREHOLDERS

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Our Management Shareholders may, from time to time, make minority investments or hold non-executive board positions in entities that operate in, or have subsidiaries that operate in, the broader industries in which our business segments also operate. However, as our Management Shareholders have no executive or shareholding control over such entities, and such entities have separate businesses with separate management and shareholder bases that control them, we do not believe that our Management Shareholders' interests in such entities would render us incapable of carrying on our business independently from the other entities in which they may make minority investments or hold directorships from time to time.

Our Management Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code which sets out principles of good corporate governance in relation to, among other matters, directors, the chairman, chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and communications with shareholders, details of which are set out in "Directors and Senior Management – Corporate Governance – Corporate Governance Code" in this Prospectus.

Our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Management Shareholders:

- (1) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Management Shareholders or any of its associates, our Company will comply with the applicable Listing Rules;
- (2) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Management Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;
- (3) our Management Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

RELATIONSHIP WITH OUR LARGEST SHAREHOLDERS

- (4) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (5) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense;
- (6) we have appointed Somerley Capital Limited as our compliance advisor on a permanent basis to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (7) we have established our Audit Committee, Remuneration Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code in Appendix 14 to the Listing Rules. All of the members of our Audit Committee, including the chairman, are independent non-executive Directors.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Management Shareholders, and to protect our minority Shareholders' interests after Listing.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company immediately prior to and immediately following the completion of the Global Offering.

As of the Latest Practicable Date, our authorised share capital was US\$50,000 divided into: (i) 1,589,305,993 Class 1 ordinary shares; (ii) 24,950,465 Class 2 ordinary shares; (iii) 56,000,000 Class 3 ordinary shares; (iv) 76,466,665 Series A preferred shares; (v) 140,577,855 Series C preferred shares; (vi) 103,115,630 Senior Convertible Preferred Shares; (vii) 123,959,595 Series D preferred shares; (viii) 14,332,075 Series D-1 preferred shares; (ix) 96,429,355 Series E preferred shares; (x) 17,000,000 Series F preferred shares; (xi) 64,424,688 Series G preferred shares; (xii) 99,858,266 Series H preferred shares; and (xiii) 93,579,413 Series I preferred shares.

As of the Latest Practicable Date, our issued share capital consisted of: (i) 209,650,861 Class 1 ordinary shares; (ii) 24,950,465 Class 2 ordinary shares; (iii) 54,119,274 Class 3 ordinary shares; (iv) 76,466,665 Series A preferred shares; (v) 140,577,855 Series C preferred shares; (vi) 103,115,630 Senior Convertible Preferred Shares; (vii) 123,959,595 Series D preferred shares; (viii) 14,332,075 Series D-1 preferred shares; (ix) 96,429,355 Series E preferred shares; (x) 16,033,544 Series F preferred shares; (xi) 39,156,228 Series G preferred shares; (xii) 90,014,526 Series H preferred shares; and (xiii) 93,579,413 Series I preferred shares.

As of the Latest Practicable Date: (i) all non-voting Class 3 ordinary shares are underlying shares of restricted share units granted to the incentive plan participants at par value under the 2021 Equity Incentive Plan, and were issued in advance of the completion of the Global Offering with no voting rights as a result of the negotiation between the Company and its Shareholders for the purpose of avoiding the dilution of voting power of the then existing Shareholders before the Listing; (ii) a portion of the Class 1 ordinary shares are underlying shares of options and restricted share units granted and vested (where applicable) to the incentive plan participants at par value under the 2015 Equity Incentive Plan and 2016 Equity Incentive Plan; and (iii) except the Class 1 ordinary shares issued under the 2015 Equity Incentive Plan and 2016 Equity Incentive Plan, all other Class 1 and all Class 2 ordinary shares were subscribed by Shareholders with consideration determined through arms' length negotiations. Each of the Class 1, Class 2 and Class 3 ordinary shares and the Preferred Shares will be converted into Shares on a one-to-one basis by way of re-designation and re-classification before the Listing.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately after the Global Offering will be as follows:

Description of Shares	Number of Shares	Approximate aggregate nominal value of shares	Approximate percentage of issued share capital
Shares in issue (including the Shares on re-designation of the Class 1, Class 2 and Class 3 ordinary shares and the Preferred Shares)	1,082,385,486	US\$21,647.71	93.10%
Shares to be issued pursuant to the Global Offering	80,220,000	US\$1,604.40	6.90%
Total	1,162,605,486	US\$23,252.11	100.00%

SHARE CAPITAL

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately after the Global Offering will be as follows:

Description of Shares	Number of Shares	Approximate aggregate nominal value of shares	Approximate percentage of issued share capital
Shares in issue (including the Shares on re-designation of the Class 1, Class 2 and Class 3 ordinary shares and the Preferred Shares)	1,082,385,486	US\$21,647.71	92.15%
Shares to be issued pursuant to the Global Offering	<u>92,253,000</u>	<u>US\$1,845.06</u>	<u>7.85%</u>
Total	<u>1,174,638,486</u>	<u>US\$23,492.77</u>	<u>100.00%</u>

ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional, the Shares are issued pursuant to the Global Offering, and that each of the Class 1, Class 2 and Class 3 ordinary shares and the Preferred Shares are converted into Shares on a one-to-one basis. The above tables do not take into account any Shares that may be issued or repurchased by our Company under the general mandates granted to our Directors referred to below.

RANKING

The Offer Shares are shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued (including all Preferred Shares re-designated into Shares upon completion of the Global Offering), and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this Prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Companies Act, by special resolution of Shareholders (i) divide its shares into several classes; (ii) reduce its share capital or capital redemption reserve fund. See the section headed “Appendix III – Summary of the Constitution of the Company and Cayman Island Companies Law” for further details.

SHARE CAPITAL

EQUITY INCENTIVE PLANS

Our Company has adopted Equity Incentive Plans. See the section headed “Appendix IV – Statutory and General Information – D. Equity Incentive Plans” for further details.

GENERAL MANDATE TO ISSUE AND REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of these general mandates, please see the section headed “Appendix IV – Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 4. Resolutions of the Shareholders of our Company dated October 6, 2021”.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised, the following parties will have interests and/or short positions in our Shares or our underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Substantial shareholder	Capacity/ Nature of interest	Number of Shares/ underlying shares	Approximate percentage of shareholding of each class of shares in our Company ⁽¹⁾
<i>Management Shareholders</i>			
Mr. Qin ⁽²⁾⁽⁵⁾	Interest in a controlled corporation and interest of party acting in concert	323,812,616	27.85%
Mr. Zhu ⁽³⁾⁽⁵⁾	Interest in a controlled corporation and interest of party acting in concert	323,812,616	27.85%
Mr. Liu Haiyan ⁽⁴⁾⁽⁵⁾	Interest in a controlled corporation and interest of party acting in concert	323,812,616	27.85%
<i>Mr. Wang and Affiliated Shareholders</i>			
Max Choice Ventures Limited ⁽⁷⁾	Beneficial interest	76,466,665	6.58%
CDF ANE Limited ⁽⁷⁾	Interest in a controlled corporation	76,466,665	6.58%
	Beneficial interest	32,213,523	2.77%
Mr. Wang ⁽⁵⁾⁽⁶⁾⁽⁷⁾	Interest in a controlled corporation and interest of party acting in concert	432,492,804	37.20%
<i>Centurium Shareholders</i>			
Topaz Gem Investment Holdings Limited ⁽⁸⁾	Beneficial interest	185,954,093	15.99%
Advance Step Holdings Limited ⁽⁸⁾	Interest in a controlled corporation	185,954,093	15.99%
	Beneficial interest	100,035,661	8.60%
Centurium Capital Partners 2018, L.P. ⁽⁸⁾	Interest in a controlled corporation	285,989,754	24.60%
<i>CDH Shareholders</i>			
Fabulous Album Company Limited ⁽⁹⁾	Beneficial interest	42,385,060	3.65%

SUBSTANTIAL SHAREHOLDERS

Substantial shareholder	Capacity/ Nature of interest	Number of Shares/ underlying shares	Approximate percentage of shareholding of each class of shares in our Company ⁽¹⁾
Fanatic C Limited ⁽⁹⁾	Beneficial interest	64,427,055	5.54%
CDH Investments ⁽⁹⁾	Interest in a controlled corporation	106,812,115	9.19%

Notes:

- (1) Calculated on the basis of 1,162,605,486 Shares in issue immediately following completion of the Global Offering. The table above assumes that: (i) the Over-allotment Option is not exercised; and (ii) each of the Class 1, Class 2 and Class 3 ordinary shares and Preferred Shares will be converted into Shares on a one-to-one basis upon the Global Offering becoming unconditional on the Listing Date.
- (2) Mr. Qin is deemed to be interested in the total number of Shares held by each of Great Vision L.P. and Giant Topway Holding Limited. Great Vision is owned as to 99.00% by ANE-XH as a general partner and 1.00% by ANE-SCS as a limited partner, respectively. Giant Topway is an investment vehicle which hold the Shares on trust settled by Mr. Qin. Upon completion of the Global Offering, Great Vision and Giant Topway will beneficially hold 54,119,274 and 35,456,082 Shares, respectively.
- (3) Mr. Zhu is deemed to be interested in the total number of Shares held by Wiga Fortuna Limited (“**Wiga Fortuna**”), a limited liability company incorporated in the British Virgin Islands to hold shares on trust settled by Mr. Zhu. Upon completion of the Global Offering, Wiga Fortuna will beneficially hold 70,000,000 Shares.
- (4) ANE-Haiyer Holding Limited (“**ANE-Haiyer**”) is wholly-owned by Mr. Liu Haiyan and will beneficially hold 3,982,580 Shares upon completion of the Global Offering. By virtue of the SFO, Mr. Liu is deemed to be interested in the total number of Shares held by ANE-Haiyer.
- (5) Pursuant to the AIC Agreement, Mr. Qin, Mr. Wang, Mr. Zhu, Mr. Liu Haiyan and other Management Shareholders have agreed to continue to act in concert and maintain consolidated control over our Group on and after the Listing. Hence, each of them is deemed to be interested in all Shares held by the other Management Shareholders in aggregate by virtue of the SFO. See “Relationship with Our Largest Shareholders” for details of the acting-in-concert arrangement. The other Management Shareholders consist of Top-Logistic (Ane-Invest) Holding Limited, Top-Logistic (Yelan-Invest) Holding Limited, Orchid Forest Express Inc., Giant Truck Holding Limited, Real Brighten Trading Limited and Concord Dragon Consulting Limited, which are limited liability companies incorporated in the British Virgin Islands. The entities mentioned above are shareholding platforms established to hold shares on behalf of certain directors, senior management, employees, ex-employees of our Group and/or independent investors. Ane-Invest, Yelan-Invest, Orchid, Giant Truck, Real Brighten and Concord Dragon will beneficially hold 31,241,989 Shares, 24,950,465 Shares, 33,283,130 Shares, 49,738,446 Shares, 35,916,065 Shares and 21,516,790 Shares, respectively, upon completion of the Global Offering.
- (6) Mr. Wang is deemed to be interested in the total number of Shares held by each of Double Brighten Creation Limited (“**Double Brighten**”) and ANE-WYJ Holding Limited (“**ANE-WYJ**”). ANE-WYJ is wholly-owned by Mr. Wang, whereas Double Brighten is an investment vehicle which holds the Shares on trust settled by Mr. Wang. Upon completion of the Global Offering, Double Brighten and ANE-WYJ will beneficially hold 16,607,795 and 10,000,000 Shares, respectively.
- (7) Max Choice and CDF ANE Limited (“**CDF ANE**”) will beneficially hold 76,466,665 and 32,213,523 Shares, respectively, upon completion of the Global Offering. Max Choice, an entity established in the British Virgin Islands, is a wholly-owned subsidiary of CDF ANE. CDF ANE is held by CDF ANE LLP as to approximately 47.1%, CDF Elixir L.P. as to approximately 42.5% and CDHANE LLP as to approximately 10.4%. The limited partnership interests in CDF Elixir L.P. and CDHANE LLP are held by Shanghai Anyun Investment Partnership (Limited Partnership). The majority limited partnership interests in Shanghai Anyun are in turn

SUBSTANTIAL SHAREHOLDERS

held by Ningbo Meishan Bonded Area Haoyuan Equity Investment Partnership (Limited Partnership). The general partner of Ningbo Meishan is Shanghai Yuanyue Commercial Consulting Co., Ltd., a company controlled by Mr. Wang. As such, Mr. Wang is deemed to be interested in the shares held by Max Choice and CDF ANE pursuant to Part XVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

- (8) Topaz and Advance Step will beneficially hold 185,954,093 and 100,035,661 Shares, respectively, upon completion of the Global Offering. Topaz is a wholly-owned subsidiary of Advance Step, which in turn is wholly owned by Centurium Capital Partners 2018, L.P., a Centurium entity. Hence, Centurium is deemed to be interested in the total number of Shares held by each of Topaz and Advance Step.
- (9) Fabulous Album and Fanatic C will beneficially hold 42,385,060 and 64,427,055 Shares, respectively, upon completion of the Global Offering. Fabulous Album is a wholly-owned subsidiary of CDH Tai Simple, L.P. which in turn is controlled by its general partner, CDH Legendary Holdings Limited. Fanatic C is indirectly controlled as to 75% by Hangzhou Dinghui Baifu Asset Management Company Limited. Each of CDH Legendary Holdings Limited and Hangzhou Dinghui are affiliates of CDH Investments. Hence, CDH is deemed to be interested in the total number of Shares held by Fabulous Album and Fanatic C.

Other than as disclosed herein, the Directors are not aware of any person who will, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have any interest and/or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company or any other member of our Group.

CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with the cornerstone investor set out below (the “**Cornerstone Investor**”), pursuant to which the Cornerstone Investor has agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of US\$12.50 million (or approximately HK\$97.23 million) (calculated based on the conversion rate of US\$1.00 to HK\$7.7785) (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$13.88, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 7,005,000 Offer Shares, representing approximately 8.73% of the Offer Shares pursuant to the Global Offering and approximately 0.60% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$15.38, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 6,321,500 Offer Shares, representing approximately 7.88% of the Offer Shares pursuant to the Global Offering and approximately 0.54% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Assuming an Offer Price of HK\$16.88, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Shares to be subscribed by the Cornerstone Investor would be 5,760,000 Offer Shares, representing approximately 7.18% of the Offer Shares pursuant to the Global Offering and approximately 0.50% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Company is of the view that, the Cornerstone Placing will help to raise the profile of the Company and to signify that such investor has confidence in the business and prospect of the Group. Our Company became acquainted with the Cornerstone Investor through introduction by certain Underwriters in the Global Offering.

CORNERSTONE INVESTOR

To the best knowledge of our Company, (i) the Cornerstone Investor is an Independent Third Party and is not our connected person; (ii) the Cornerstone Investor is not accustomed to take instructions from our Company, the Directors, chief executive, our single largest group of shareholders, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer Shares by the Cornerstone Investor is financed by our Company, the Directors, chief executive, our single largest group of shareholders, substantial shareholders, existing Shareholders or any of its subsidiaries or their respective close associates; and (iv) the Cornerstone Investor will be utilizing its discretionary client's account and funding as its source of funding for the subscription of the Offer Shares. To the best of the knowledge of our Company, each of Harvest International Premium Value (Secondary Market) Fund SPC, Harvest Prosperity SP, HGI, HFM, HGCI (each as defined below) and the investor contributing to Harvest Prosperity SP, is an Independent Third Party. Details of the actual number of the Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement to be issued by the Company on or around November 10, 2021.

The Cornerstone Placing will form part of the International Offering, and the Cornerstone Investor will not acquire any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreement. The Offer Shares to be subscribed by the Cornerstone Investor will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investor will have any Board representation in the Company; and none of the Cornerstone Investor will become a substantial shareholder of the Company. The Cornerstone Investor does not have any preferential rights under the Cornerstone Investment Agreement compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

There are no side arrangements between the Company and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Cornerstone Placing. There will be no delayed delivery or deferred settlement of Offer Shares to be subscribed by the Cornerstone Investor pursuant to the Cornerstone Investment Agreement.

The total number of Offer Shares to be subscribed by the Cornerstone Investor pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation" in this Prospectus.

CORNERSTONE INVESTOR

THE CORNERSTONE INVESTOR

Set out below is the aggregate number of Offer Shares, and the corresponding percentage to our Company's total issued share capital under the Cornerstone Placing.

Based on the Offer Price of HK\$13.88 (being the low-end of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(US\$ in million)¹</i>					
Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Prosperity SP	12.50	7,005,000	8.73%	7.59%	0.60%	0.60%

Note:

- To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

Based on the Offer Price of HK\$15.38 (being the mid-point of the Offer Price range)

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(US\$ in million)¹</i>					
Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Prosperity SP	12.50	6,321,500	7.88%	6.85%	0.54%	0.54%

Note:

- To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

CORNERSTONE INVESTOR

Based on the Offer Price of HK\$16.88 (being the high-end of the Offer Price range)

			Approximate % of total number of Offer Shares	Approximate % of total number of Offer Shares	Approximate % of total Shares in issue immediately following the completion of Global Offering	
Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 500 Shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	<i>(US\$ in million)¹</i>					
Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Prosperity SP	12.50	5,760,000	7.18%	6.24%	0.50%	0.49%

Note:

1. To be converted to Hong Kong dollars based on the exchange rate disclosed in this Prospectus.

The following information about the Cornerstone Investor was provided to the Company by the Cornerstone Investor in relation to the Cornerstone Placing.

CORNERSTONE INVESTOR

Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Prosperity SP

Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Prosperity SP is a discretionary third party fund established in April 2021. Harvest International Premium Value (Secondary Market) Fund SPC (“Harvest SPC”) is an segregated portfolio company established in the Cayman Islands. The purpose of Harvest SPC is to establish separate segregated portfolios, with each of them operating separately as an investment fund (each a “segregated portfolio”). Harvest Prosperity SP is established as a segregated portfolio under Harvest SPC. Currently, the Harvest Prosperity SP has one investor, which is ultimately controlled by a high net worth individual. Operating as a discretionary third party fund, the investment management powers relating to Harvest Prosperity SP reside solely with Harvest Global Capital Investments Limited (“HGCI”), the investment manager of Harvest Prosperity SP.

91% of the management shares of Harvest SPC are held by Harvest Global Investments Limited (“HGI”) and 9% of the management shares are held by HGCI. Incorporated in Hong Kong in 2008, HGI is a wholly-owned subsidiary of Harvest Fund Management Co., Ltd (“HFM”). HFM is one of the first ten public fund management companies approved to be established within China. HGCI is a company incorporated in Hong Kong in 2011 and licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. HGCI is principally engaged in asset management and investment advisory business.

CLOSING CONDITIONS

The obligation of the Cornerstone Investor to acquire the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement;
- (ii) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (iii) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

CORNERSTONE INVESTOR

- (iv) the Offer Price having been agreed upon between the Company and the Joint Global Coordinators (on behalf of the underwriters of the Global Offering);
- (v) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (vi) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares it has purchased pursuant to the Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business – Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$15.38 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$13.88 and HK\$16.88 per Offer Share), we estimate that we will receive net proceeds of approximately HK\$1,124.1 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering. We intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 40%, or HK\$449.6 million, will be used for building, upgrading and potential acquisitions of 5 to 10 key transit hubs in strategic locations to accommodate our high volume growth, improve our network structure and ensure stability and long-term planning. As of April 30, 2021, we leased 10 key transit hubs, and we plan to further expand our sorting network to increase our sorting capacity, shorten distance from outlets to sorting centres and further enhance our direct connectivity. We will strategically acquire key transit hubs, including to replace existing leased key transit hubs closing to full capacity and to establish new key transit hubs at strategic locations, considering that (i) as compared to leased premises, investment in self-owned sorting centres reduces the risks of relocation costs and disruption to our business, (ii) as we expand our scale, we are able to save lease expense in the long term, and (iii) it is more conducive to our automation design and planning on self-owned transit hubs. When evaluating acquisition targets, we will consider various criteria, primarily including the target’s location, size, and the convenience of local transportation. For example, we may consider suitable targets in Zhejiang, Fujian, Hubei, the Beijing-Tianjin-Hebei Region and the Greater Bay Area. We believe that there are sufficient suitable acquisition targets in China that meet our criteria. As of the Latest Practicable Date, we have not identified any specific acquisition targets of key transit hubs, or entered into any agreements or commitments with respect to such acquisitions.

We expect to prudently use this amount within a period of 24-36 months from the Listing.

- approximately 30%, or HK\$337.2 million, will be used for the investment in our line-haul truck fleet to further improve our operational efficiency. In particular:
 - (i) approximately 25%, or HK\$281.0 million, will be used to purchase approximately 2,000 to 3,000 modern and high-capacity truck tractors and trailers, and to partner with major trucking manufacturers to customise their models to fit our operational needs; and

FUTURE PLANS AND USE OF PROCEEDS

- (ii) approximately 5%, or HK\$56.2 million, will be used to repay our borrowings for the purchase of trucks. As of August 31, 2021, such borrowings carries interests at approximately 5% to approximately 13% per annum, with maturity within 24 months to 36 months.

We expect to prudently use this amount within a period of 12-24 months from the Listing.

- approximately 20%, or HK\$224.8 million, will be used for the investment in technology innovations. In particular:

- (i) approximately 10%, or HK\$112.4 million, will be used to upgrade the technologies and automated facilities of our sorting network. We plan to invest 2%, or HK\$22.5 million, to deploy AI-enabled autonomous decision-making systems in our management of sorting network to reduce human error and reliance on individual workers. Specifically we plan to invest in staff costs for R&D personnel to develop the systems, and to purchase relevant hardware and servers. We intend to recruit approximately 20 senior R&D experts and specialists with expertise in AI algorithms, statistics, cloud computing, system development and supply chain management. We will also invest 8%, or HK\$89.9 million, in sorting automation, with focuses on AI vision monitoring systems, dynamic volume weighing devices, unmanned forklift, IoT devices and automated cross-belts tailored for freight sorting, which enable us to further improve sorting capacity and efficiency. We plan to purchase the automated equipments to be deployed in our sorting centres; and

- (ii) approximately 10%, or HK\$112.4 million, will be used to invest in intelligent transportation management systems and autonomous driving technologies. Specifically, we plan to invest 8%, or HK\$89.9 million in intelligent transportation management to further optimize our route planning and enhance our transportation efficiency. Specifically we plan to invest in staff costs for R&D personnel to develop the systems, and to purchase relevant hardware and servers. We also plan to invest 2%, or HK\$22.5 million in autonomous driving technologies to improve transportation safety and reduce transportation cost. We plan to both license relevant technologies from third parties and also invest in our in-house R&D personnel for the development and maintenance of autonomous driving technologies. We intend to recruit a total of approximately 140 R&D personnel with expertise in AI algorithms, operational management, statistics, cloud computing, system development, supply chain management and autonomous driving.

We expect to prudently use this amount within a period of 24-36 months from the Listing.

FUTURE PLANS AND USE OF PROCEEDS

- approximately 10%, or HK\$112.4 million, will be used for working capital and other general corporate purposes.

To the extent that our actual net proceeds from the Global Offering is higher or lower than our estimate above, we will increase or decrease our allocation of the net proceeds for the purposes set out above on a pro rata basis.

After deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering, we estimate that we will receive net proceeds of approximately HK\$1,239.0 million from the Global Offering, assuming the Offer Price is determined to be HK\$16.88 per Offer Share, being the high-end of the indicative Offer Price range stated in this prospectus, approximately HK\$1,009.2 million, assuming the Offer Price is determined to be HK\$13.88 per Offer Share, being the low-end of the indicative Offer Price range stated in this prospectus, and approximately HK\$1,124.1 million, assuming the Offer Price is determined to be HK\$15.38 per Offer Share, being the mid-end of indicative Offer Price range stated in this prospectus.

Assuming the Over-allotment Option was exercised in full, after deducting the underwriting commission and estimated related expenses payable by our Company, we estimate that the total net proceeds that we would receive would be (i) HK\$1,433.0 million (assuming an Offer Price of HK\$16.88 per Offer Share, being the high-end of the indicative Offer Price range stated in this prospectus), (ii) HK\$1,300.9 million (assuming an Offer Price of HK\$15.38 per Offer Share, being the mid-end of the indicative Offer Price range stated in this prospectus) and (iii) HK\$1,168.7 million (assuming an Offer Price of HK\$13.88 per Offer Share, being the low-end of the indicative Offer Price range stated in this prospectus). The additional net proceeds will be allotted to the above purposes on a pro rata basis in the event that the Over-allotment Option is exercised.

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 will hold such funds in deposit accounts at authorised licenced banks.

UNDERWRITING

HONG KONG UNDERWRITERS

J.P. Morgan Securities (Asia Pacific) Limited

China International Capital Corporation Hong Kong Securities Limited

Citigroup Global Markets Asia Limited

ABCI Securities Company Limited

China Galaxy International Securities (Hong Kong) Co., Limited

CMB International Capital Limited

China Merchants Securities (HK) Co., Limited

Futu Securities International (Hong Kong) Limited

Haitong International Securities Company Limited

Livermore Holdings Limited

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This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 8,022,000 Hong Kong Offer Shares and the International Offering of initially 72,198,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” as well as to the Over-allotment Option (in the case of the International Offering).

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UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on October 28, 2021. Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), in their sole and absolute discretion, shall have the right by giving a written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if any of the following events shall occur prior to the Termination Time:

- (a) there shall develop, occur, exist or come into force:
 - (i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, adverse mutation or aggravation of diseases (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms), comprehensive sanctions, strikes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government

UNDERWRITING

operations, interruptions or delay in transportation) in or affecting the Cayman Islands, Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof) or any other jurisdiction relevant to the Group (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”);

- (ii) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;
- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;
- (iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), London, the PRC, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by the relevant competent authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;
- (v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any competent governmental authority in or affecting any of the Relevant Jurisdictions;
- (vi) the imposition of comprehensive sanctions under any sanctions laws or regulations in, or the withdrawal of trading privileges which existed on the date of this Agreement, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions;
- (vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the United States dollar, the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong

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dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;

- (viii) other than with the prior written consent of the Joint Global Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to this prospectus, the Application Form, the offering circular or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC;
- (ix) any order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;
- (x) any litigation, dispute, legal action or claim or regulatory investigation or action being threatened, instigated or announced against any member of the Group or any Director;
- (xi) any contravention by any member of the Group or any Director of any applicable laws and regulations including the Listing Rules;
- (xii) any non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations; or
- (xiii) any change or prospective change or development, or a materialisation of, any of the risks set out in section headed “Risk Factors” in this prospectus;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (1) has or will or may have a material adverse effect on the assets, liabilities, general affairs, business, management, prospects, shareholder’s equity, profit, losses, earnings, results of operations, performance, position or condition, financial, operational or otherwise, of the Group as a whole;
- (2) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;

UNDERWRITING

- (3) makes or will make or may make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents; or
 - (4) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof;
- (b) there has come to the notice of the Joint Global Coordinators that:
- (i) any statement contained in Hong Kong Public Offering Documents, the Disclosure Package, the Preliminary Offering Circular, the Final Offering Circular, the Formal Notice and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Global Offering (including any supplement or amendment thereto) (the “**Offer Related Documents**”) was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;
 - (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offer Related Documents;
 - (iii) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties given by the Company or any of Wang Yongjun or Qin Xinghua (together, the “**Warrantors**”) in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;
 - (iv) there is a breach of any of the obligations imposed upon any of the Warrantors under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;
 - (v) there is an event, act or omission which gives or is likely to give rise to any liability of any of the Warrantors pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

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- (vi) there is any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, general affairs, business, management, prospects, shareholders' equity, profits, losses, earnings, solvency, liquidity position, funding, results of operations, performance, position or condition, financial, operational or otherwise, of the Group as a whole;
- (vii) the approval of the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued or sold pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;
- (viii) any expert (other than any of the Joint Sponsors) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;
- (ix) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;
- (x) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including pursuant to any exercise of the Over-allotment Option) pursuant to the terms of the Global Offering;
- (xi) the chief executive officer, the chief financial officer, any Director or member of senior management of the Company is vacating his or her office;
- (xii) any Director or member of senior management of the Company is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director or member of senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action;
- (xiii) a material portion of the orders placed or confirmed in the book building process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled; or

UNDERWRITING

- (xiv) there is any order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six (6) months from the Listing Date (whether or not such issue of shares or securities will be completed within six (6) months from the Listing Date), except for: (1) the issue of shares, the listing of which has been approved by the Exchange, pursuant to a share option scheme under Chapter 17 of the Listing Rules; (2) the exercise of conversion rights attaching to warrants issued as part of the initial public offering; (3) any capitalization issue, capital reduction or consolidation or sub-division of shares; (4) the issue of shares or securities pursuant to an agreement entered into before the commencement of dealing, the material terms of which have been disclosed in the listing document issued in connection with the initial public offering; and (5) the issue of shares pursuant to the Global Offering and the Over-Allotment Options.

(B) Undertakings by the Acting-in-Concert Shareholders

In accordance with Rule 10.07(1) of the Listing Rules and Paragraph 5.3(ii) to HKEX-GL89-16 of the Stock Exchange, the Acting-in-Concert Shareholders have jointly and severally undertaken to the Company and the Stock Exchange that, except pursuant to any lending of Shares pursuant to the Stock Borrowing Agreement, they shall not, in the period commencing on the date by reference to which disclosure of their shareholdings are made in this prospectus and ending on the date which is six months from the Listing Date (the “**Six-month Period**”), either directly or indirectly, dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the securities of the Company in respect of which they are shown in this prospectus to be the beneficial owner(s) (the “**Relevant Securities**”) (save for a pledge or charge of any Relevant Securities as security in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan in accordance with Note (2) to Rule 10.07(2) of the Listing Rules, or a share lending arrangement entered into by them pursuant to Rule 10.07(3) of the Listing Rules).

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In addition, in accordance with Note 3 to Rule 10.07(2) of the Listing Rules, the Acting-in-Concert Shareholders have jointly and severally undertaken to the Company and the Stock Exchange that, during the Six-month Period, they will and will procure that the relevant registered holder(s) will:

- (1) when any of them pledges or charges any Relevant Securities in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan in accordance with Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledge or charge together with the number of the Relevant Securities so pledged or charged; and
- (2) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform the Company in writing of such indications.

Our Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (1) and (2) above (if any) by any of the Acting-in-Concert Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), the Company will not, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date hereof and ending on the date falling six months after the Listing Date (the “**First Six-Month Period**”):

- (i) offer, allot, issue, sell, accept subscription for, contract or agree to allot, issue or sell, grant or sell any option, warrant, right or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in any Shares or other securities of the Company, or any interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any Shares or other securities of the Company, or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company); or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities of the Company, in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the First Six-Month Period), provided that the foregoing restrictions shall not apply to the issue of the Shares by the Company pursuant to the Global Offering. For the avoidance of doubt, (i) above shall not apply to any issue of debt securities by the Company which are not convertible into equity securities of the Company or of any other member of the Group.

In the event that, during the period of six months immediately following the First Six-Month Period (the “**Second Six-Month Period**”), the Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of the Company.

(B) Undertakings by the Key Management Shareholders

Each of the Key Management Shareholders jointly and severally agrees and undertakes to the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

- (a) during the First Six-Month Period, he will not, and will procure that the relevant registered holder(s) will not:
 - (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for,

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or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by him as at the Listing Date (the “**Locked-up Securities**”); or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities; or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or
- (iv) offer to or contract to or agree to or publicly disclose that he will or may enter into any transaction described in paragraph (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraph (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period);

- (b) at any time from the date of this Agreement up to and including the date falling 12 months after the Listing Date, he will:
 - (i) if and when he or the relevant registered holder(s) pledges or charges any Shares or other securities of the Company beneficially owned by he, immediately inform the Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Shares or other securities (or interests therein) of the Company so pledged or charged; and
 - (ii) if and when he or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities (or interests therein) of the Company will be disposed of, immediately inform the Company and the Joint Global Coordinators in writing of such indications.

The Company has undertaken to the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that upon receiving such information in writing from any of the Key Management Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

Hong Kong Underwriters’ Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any

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Shares or any securities of any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company and the Key Management Shareholders expect to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See “Structure of the Global Offering – The International Offering.”

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which our Company may be required to issue up to an aggregate of 12,033,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any. See “Structure of the Global Offering – Over-allotment Option.”

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Commissions and Expenses

The Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees (if any).

The Underwriters may receive a discretionary incentive fee of up to 1.5% of the aggregate Offer Price of all the Offer Shares to be issued by our Company under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK\$15.38 per Offer Share (which is the mid-point of the Offer Price Range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK\$63.85 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$118.00 million (assuming an Offer Price of HK\$15.38 per Offer Share (which is the mid-point of the Offer Price Range), the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) and will be paid by our Company.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

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The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in "Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative

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transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

LOCK-UP UNDERTAKINGS

Undertakings by Certain Management Shareholders

Each of Great Vision L.P., Giant Truck Holding Limited, Real Brighten Trading Limited, Orchid Forest Express Inc., Top Logistic (Ane-Invest) Holding Limited, Top Logistic (Yelan-Invest) Holding Limited, Giant Topway Holding Limited, Double Brighten Creation Limited, ANE-WYJ Holding Limited, Wiga Fortuna Limited, ANE-Haiyer Holding Limited and Concord Dragon Consulting Limited (collectively, the “**Certain Management Shareholders**”) has also agreed and undertaken to the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) that, without the prior written consent of the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of the Underwriters), during the period commencing on October 13, 2021 and ending on the date falling six months from the Listing Date (the “**Management Lock-up Period**”), it will not, and will procure that the relevant registered holder(s) will not (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by the Certain Management Shareholders as at the Listing Date (the “**Management Locked-up Securities**”); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Management Locked-up Securities; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in (i),

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(ii) or (iii) above, in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the Management Lock-up Period); provided, however, that the lock-up arrangements with each of the Certain Management Shareholders referred to above shall not prevent it or the relevant registered holder(s) from:

- (a) using the Management Locked-up Securities or other securities of the Company or any interest therein beneficially owned by it respectively as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, or prevent the chargee or pledgee thereunder from disposing of such shares upon any exercise of any enforcement action or foreclosure following a default under such loan, provided that
 - (i) it immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) of such pledge or charge together with the number of Management Locked-up Securities so pledged or charged, and
 - (ii) when it or the relevant registered holder(s) receives indications, either verbal or written, from the pledgee or chargee of any Management Locked-up Securities, or person making such loans, that any of the pledged or charged Management Locked-up Securities will be disposed of upon exercise of any enforcement action or foreclosure following a default under such loan, immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators of such indications; and
- (b) purchasing additional shares or other securities of the Company or any interest therein or dispose of the shares or other securities of the Company or any interest therein thus purchased in the Management Lock-up Period, provided that such purchase does not contravene the lock-up arrangements with the Certain Management Shareholders above or compliance by the Company with the requirement of Rule 8.08 of the Listing Rules to maintain an open market in the securities and a sufficient public float in the Shares.

Undertakings by the Pre-IPO Investors

Except for Eternal Light Holding Limited, Timeless Domain Holding Limited, Vigorous Plus Limited, Hongkong Jingang Trade Holding Co., Limited, Mass Priority Limited, Glorious Regality Holding Limited, Hidden Treasury Holding Limited, HG Capital China Growth Fund I LP, CPE Growth Fund #1 and Feimalv Holding Limited, all other Pre-IPO Investors have entered into lock-up undertakings in favour of the Company, the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of the Underwriters), details of which are set out below.

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Undertakings by Centurium

Centurium, which includes Topaz Gem Investment Holdings Limited and Advance Step Holdings Limited, being one of the Pre-IPO Investors, has agreed and undertaken to the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) that, save for the Shares which may be sold pursuant to the exercise of the Over-allotment Option, without the prior written consent of the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of the Underwriters), during the period commencing on October 13, 2021 and ending on the date falling six months from the Listing Date (the “**Centurium Lock-up Period**”), it will not, and will procure that the relevant registered holder(s) will not (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by it as at the Listing Date (the “**Centurium Locked-up Securities**”); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Centurium Locked-up Securities; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in (i), (ii) or (iii) above, in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the Centurium Lock-up Period); provided, however, that the lock-up arrangements with Centurium referred to above shall not prevent it or the relevant registered holder(s) from:

- (a) using the Centurium Locked-up Securities or other securities of the Company or any interest therein beneficially owned by it respectively as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, or prevent the chargee or pledgee thereunder from disposing of such shares upon any exercise of any enforcement action or foreclosure following a default under such loan, provided that
 - (i) it immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) of such pledge or charge together with the number of Centurium Locked-up Securities so pledged or charged, and

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- (ii) when it or the relevant registered holder(s) receives indications, either verbal or written, from the pledgee or chargee of any Centurium Locked-up Securities, or person making such loans, that any of the pledged or charged Centurium Locked-up Securities will be disposed of upon exercise of any enforcement action or foreclosure following a default under such loan, immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators of such indications;

- (b) purchasing additional shares or other securities of the Company or any interest therein or dispose of the shares or other securities of the Company or any interest therein thus purchased in the Centurium Lock-up Period, provided that such purchase does not contravene the lock-up arrangements with Centurium above or compliance by the Company with the requirement of Rule 8.08 of the Listing Rules to maintain an open market in the securities and a sufficient public float in the Shares; and

- (c) transferring all or part of the Centurium Locked-up Securities to any other entity which is a wholly-owned subsidiary (the “**New Shareholder**”) of the ultimate parent entity of Centurium (the “**Parent**”), provided that, in all cases:
 - (i) prior to such transfer, the New Shareholder gives a written undertaking (in favour of the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)) agreeing to, and Centurium undertakes to procure that the New Shareholder will, be bound by Centurium’s obligations under its lock-up undertaking, including the restrictions thereof imposed on it, as if the New Shareholder were itself subject to such obligations and restrictions;
 - (ii) the New Shareholder shall be deemed to have given the same representations and warranties as provided in the lock-up undertaking made by Centurium;
 - (iii) Centurium and the New Shareholder shall be treated as being the Shareholder in respect of all the Centurium Locked-up Securities held by them and shall jointly and severally bear all liabilities and obligations imposed by the lock-up undertaking made by Centurium; and
 - (iv) if at any time prior to expiration of Centurium Lock-up Period, the New Shareholder ceases or will cease to be a wholly-owned subsidiary of the Parent, it shall (and Centurium shall procure that the New Shareholder shall) immediately, and in any event before ceasing to be a wholly-owned subsidiary of the Parent, fully and effectively transfer the Centurium Locked-up Securities it holds to Centurium or another wholly-owned subsidiary of the Parent, which shall give or be procured by Centurium to give a written undertaking (in favour of the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)) agreeing to be bound by Centurium’s obligations under Centurium’s lock-up undertaking,

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including the restrictions thereof imposed on Centurium and gives the same representations and warranties hereunder, as if such wholly-owned subsidiary were itself subject to such obligations and restrictions and shall jointly and severally bear all liabilities and obligations imposed by Centurium's lock-up undertaking.

Undertakings by Carlyle

Mulan Holdings Limited, a Carlyle entity, being one of the Pre-IPO Investors, has agreed and undertaken to the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) that, without the prior written consent of the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of the Underwriters), during the period commencing on October 13, 2021 and ending on the date falling six months from the Listing Date (the "**Carlyle Lock-up Period**"), except pursuant to the Global Offering, the Over-allotment Option or a share lending arrangement entered into by it for the purpose of the Global Offering, it will not (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by it as at the Listing Date (the "**Carlyle Locked-up Securities**"); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Carlyle Locked-up Securities; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in (i), (ii) or (iii) above, in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Carlyle Locked-up Securities, in cash or otherwise (whether or not the settlement or delivery of such Carlyle Locked-up Securities will be completed within the Carlyle Lock-up Period); provided, however, that the lock-up arrangements with Mulan Holdings Limited referred to above shall not prevent it from:

- (a) using the Carlyle Locked-up Securities as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, or prevent the chargee or pledgee thereunder from disposing of the Carlyle Locked-up Securities upon any exercise of any enforcement action or foreclosure following a default under the loan, provided that
 - (i) it immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators of such pledge or charge together with the number of the Carlyle Locked-up Securities so pledged or charged, and

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- (ii) when it receives indications, either verbal or written, from the pledgee or chargee of any Carlyle Locked-up Securities, or person making the loans, that any of the pledged or charged Carlyle Locked-up Securities will be disposed of upon exercise of any enforcement action or foreclosure following a default under the loan, immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators of such indications;

- (b) after completion of the Global Offering, purchasing additional shares or other securities of the Company or any interest therein in open market transactions or dispose of such additional shares or other securities of the Company or any interest therein in open market transactions;

- (c) any transfer of the Carlyle Locked-up Securities with the prior written consent of the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of other Underwriters); and

- (d) any transfers of Carlyle Locked-up Securities to any of its wholly-owned subsidiaries or affiliated companies, provided that, prior to such transfer, such wholly-owned subsidiary or affiliated company gives a written undertaking (addressed to and in favour of the Company, the Joint Global Coordinators and the Joint Sponsors in terms substantially the same as the lock-up undertaking made by Mulan Holdings Limited) agreeing to, and it undertakes to procure that such wholly-owned subsidiary or affiliated company will, be bound by the undertaking.

The Company, the Joint Sponsors and the Joint Global Coordinators shall not waive the application of the lock-up undertaking for other Shareholders of the Company who are subject to a lock-up similar to the lock-up undertaking made by Mulan Holdings Limited, unless such waiver is on a pro rata basis for Shareholders of the Company which are subject to a lock-up arrangement similar to those in the lock-up undertaking made by Mulan Holdings Limited.

Undertakings by Goldman Sachs Entities

Each of the Goldman Sachs Entities, including Kuanjie (Cayman) Investment Center LP, MBD 2015, L.P. and MBD 2015 Offshore, L.P, which are the Pre-IPO Investors, has agreed and undertaken to the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) that, without the prior written consent of the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of the Underwriters), during the period commencing on October 13, 2021 and ending on the date falling six months from the Listing Date (the “**GS Lock-up Period**”), it will not, and will procure that the relevant registered holder(s) will not (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are

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convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by it as at the Listing Date (the “**GS Locked-up Securities**”); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any GS Locked-up Securities; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in (i), (ii) or (iii) above, in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the GS Lock-up Period); provided, however, that the lock-up arrangements with each of the Goldman Sachs Entities referred to above shall not prevent it or the relevant registered holder(s) from:

- (a) using the GS Locked-up Securities or other securities of the Company or any interest therein beneficially owned by it respectively as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, or prevent the chargee or pledgee thereunder from disposing of such shares upon any exercise of any enforcement action or foreclosure following a default under such loan, provided that
 - (i) it immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) of such pledge or charge together with the number of GS Locked-up Securities so pledged or charged, and
 - (ii) when it or the relevant registered holder(s) receives indications, either verbal or written, from the pledgee or chargee of any GS Locked-up Securities, or person making such loans, that any of the pledged or charged GS Locked-up Securities will be disposed of upon exercise of any enforcement action or foreclosure following a default under such loan, immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators of such indications; and
- (b) purchasing additional shares or other securities of the Company or any interest therein or dispose of the shares or other securities of the Company or any interest therein thus purchased in the GS Lock-up Period, provided that such purchase does not contravene the lock-up arrangements with Goldman Sachs Entities above.

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Undertakings by Miracle Bay Holding Limited

Miracle Bay Holding Limited, being one of the Pre-IPO Investors, has agreed and undertaken to the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) that, without the prior written consent of the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of the Underwriters), during the period commencing on October 13, 2021 and ending on the date falling six months from the Listing Date (the “**Miracle Lock-up Period**”), it will not, and will procure that the relevant registered holder(s) will not (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by it as at the Listing Date (the “**Miracle Locked-up Securities**”); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Miracle Locked-up Securities; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in (i), (ii) or (iii) above, in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the Miracle Lock-up Period); provided, however, that the lock-up arrangements with Miracle Bay Holding Limited referred to above shall not prevent it or the relevant registered holder(s) from:

- (a) using the Miracle Locked-up Securities or other securities of the Company or any interest therein beneficially owned by it respectively as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, or prevent the chargee or pledgee thereunder from disposing of such shares upon any exercise of any enforcement action or foreclosure following a default under such loan, provided that
 - (i) it immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) of such pledge or charge together with the number of Miracle Locked-up Securities so pledged or charged, and

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- (ii) when it or the relevant registered holder(s) receives indications, either verbal or written, from the pledgee or chargee of any Miracle Locked-up Securities, or person making such loans, that any of the pledged or charged Miracle Locked-up Securities will be disposed of upon exercise of any enforcement action or foreclosure following a default under such loan, immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators of such indications;
- (b) purchasing additional shares or other securities of the Company or any interest therein or dispose of the shares or other securities of the Company or any interest therein thus purchased in the Miracle Lock-up Period, provided that such purchase does not contravene the lock-up arrangements with Miracle Locked-up Securities above or compliance by the Company with the requirement of Rule 8.08 of the Listing Rules to maintain an open market in the securities and a sufficient public float in the Shares; and
- (c) entering into any arrangements in connection with the dematerialization of the Miracle Locked-up Securities during the Miracle Lock-up Period, provided that any dematerialized Miracle Locked-up Securities shall, at all time, remain subject to the lock-up undertaking made by Miracle Bay Holding Limited until the Miracle Lock-up Period expires.

Undertakings by the Other Pre-IPO Investors

In addition to the undertakings made by the Centurium Entities, Carlyle, Goldman Sachs Entities and Miracle Bay Holding Limited as mentioned above, each of Fanatic C Limited, Fabulous Album Company Limited, Max Choice Ventures Limited, CDF ANE Limited, CAE Logistics Investment Limited, NWS-HG Logistics Technology Limited, Shanghai Yunmao Investment Center (Limited Partnership), CPE Greater China Enterprises Growth Fund, Ivy Little Rock I Limited and Perfect Marina Limited (collectively, the “**Other Pre-IPO Investors**”) has also agreed and undertaken to the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) that, without the prior written consent of the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of the Underwriters), during the period commencing on October 13, 2021 and ending on the date falling six months from the Listing Date (the “**Pre-IPO Investor Lock-up Period**”), it will not, and will procure that the relevant registered holder(s) (if any) will not (i) offer, pledge, charge, sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities that are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company) beneficially owned by the Other Pre-IPO Investors as at the Listing Date (the “**Pre-IPO Investor Locked-up Securities**”); or (ii) enter into any swap or other

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arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Pre-IPO Investor Locked-up Securities; or (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or (iv) offer to or contract to or agree to or publicly disclose that it will or may enter into any transaction described in (i), (ii) or (iii) above, in each case, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the Pre-IPO Investor Lock-up Period); provided, however, that the lock-up arrangements with each of the Other Pre-IPO Investors referred to above shall not prevent it or the relevant registered holder(s) from:

- (a) using the Pre-IPO Investor Locked-up Securities or other securities of the Company or any interest therein beneficially owned by it respectively as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, or prevent the chargee or pledgee thereunder from disposing of such shares upon any exercise of any enforcement action or foreclosure following a default under such loan, provided that
 - (i) it immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) of such pledge or charge together with the number of Pre-IPO Investor Locked-up Securities so pledged or charged, and
 - (ii) when it or the relevant registered holder(s) receives indications, either verbal or written, from the pledgee or chargee of any Pre-IPO Investor Locked-up Securities, or person making such loans, that any of the pledged or charged Pre-IPO Investor Locked-up Securities will be disposed of upon exercise of any enforcement action or foreclosure following a default under such loan, immediately informs the Company, the Joint Sponsors and the Joint Global Coordinators of such indications; and
- (b) purchasing additional shares or other securities of the Company or any interest therein or dispose of the shares or other securities of the Company or any interest therein thus purchased in the Pre-IPO Investor Lock-up Period, provided that such purchase does not contravene the lock-up arrangements with the Other Pre-IPO Investors referred to above or compliance by the Company with the requirement of Rule 8.08 of the Listing Rules to maintain an open market in the securities and a sufficient public float in the Shares.

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THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

J.P.Morgan Securities (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Asia Limited are the Joint Global Coordinators of the Global Offering.

The listing of the Shares on the Main Board of the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

80,220,000 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 8,022,000 Shares (subject to reallocation) in Hong Kong as described in “– The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 72,198,000 Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirement of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in “– The International Offering” below.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 6.90% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 7.85% of the total Shares in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 8,022,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.69% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in “– Conditions of the Global Offering” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B (with any odd lot being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

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Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 4,011,000 Hong Kong Offer Shares (being 50% of the 8,022,000 Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Joint Global Coordinators, subject to the following:

- (a) In the event that the International Offer Shares are fully subscribed or oversubscribed under the International Offering:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Joint Global Coordinators, at its sole and absolute discretion (but shall not be under any obligation), may reallocate all or any of the unsubscribed Shares from the Hong Kong Public Offering to the International Offering;
 - (ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 8,022,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will increase up to 16,044,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering;
 - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer

STRUCTURE OF THE GLOBAL OFFERING

Shares available under the Hong Kong Public Offering will be 24,066,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- (iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 32,088,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
 - (v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 40,110,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.
- (b) In the event that the International Offer Shares are undersubscribed under the International Offering:
- (i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters; and
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 8,022,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Hong Kong Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 16,044,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering.

In the case where (xx) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (yy) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times under paragraph (b)(ii) above, the final Offer Price shall be fixed at HK\$13.88 per Offer Share (being the low-end of the indicative Offer Price range stated in this prospectus) or the downward adjusted final Offer Price if a Downward Offer Price Adjustment is made in accordance with Guidance Letter HKEX-GL90-18 issued by the Stock Exchange.

STRUCTURE OF THE GLOBAL OFFERING

In addition, the Joint Global Coordinators may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such allocation is done other than pursuant to Practise Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be allocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 16,044,000 Offer Shares).

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$16.88 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$8,525.05 for one board lot of 500 Shares. If the Offer Price, as finally determined in the manner described in “– Pricing and Allocation” below, is less than the Maximum Offer Price of HK\$16.88 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares.”

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an initial offering of 72,198,000 new Shares offered by our Company, representing 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 6.21% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

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Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “– Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Group and the Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in “– The Hong Kong Public Offering – Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of

STRUCTURE OF THE GLOBAL OFFERING

12,033,000 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.02% of the total Shares in issue immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practise used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager (or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (a) will be conducted at the absolute discretion of the Stabilising Manager (or any person acting for it) and in what the Stabilising Manager (or any person acting for it) reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

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Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;
- (d) no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Saturday, December 4, 2021, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- (e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- (f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-Allocation

Following any over-allocation of the Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using the Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the Stock Borrowing Agreement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, J.P. Morgan Securities plc may choose to borrow up to 12,033,000 Shares (being the maximum number of Shares which may be issued pursuant to the exercise of the

STRUCTURE OF THE GLOBAL OFFERING

Over-allotment Option) from Giant Topway Holding Limited, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between J.P. Morgan Securities plc and Giant Topway Holding Limited on or about the Price Determination Date.

The same number of the Shares so borrowed must be returned to Giant Topway Holding Limited or its nominees, as the case may be, on or before the third business day following the earlier of (a) the last day for exercising the Over-allotment Option and (b) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Giant Topway Holding Limited by J.P. Morgan Securities plc (or any person acting for it) in relation to such Shares borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Thursday, November 4, 2021 and, in any event, no later than Wednesday, November 10, 2021, by agreement between the Joint Global Coordinators (on behalf of the Underwriters), and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$16.88 per Offer Share and is expected to be not less than HK\$13.88 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HK\$16.88 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK\$8,525.05 for one board lot of 500 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Minimum Offer Price stated in this prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price Range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at www.ane56.com and www.hkexnews.hk, respectively, notices of the reduction. We will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offering is opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who have applied for the Hong Kong Public Offer Shares the right to withdraw their applications under the Hong Kong Public Offering, unless positive confirmations from the applicants to proceed are received. Such notices and supplemental prospectus shall also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set forth in the section headed “Summary” in this prospectus and other financial information which may change as a result of such reduction. Upon issue of such notices and the supplemental prospectus, the revised number of Offer Shares and/or the revised Offer Price range will be final and conclusive and the offer price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in the section headed “Summary” in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in “How to Apply for Hong Kong Offer Shares – D. Publication of Results.”

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the Offer Price having been agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before Wednesday, November 10, 2021, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at www.ane56.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares – F. Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licenced under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Thursday, November 11, 2021, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, November 11, 2021, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, November 11, 2021.

The Shares will be traded in board lots of 500 Shares each and the stock code of the Shares will be 9956.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus or any printed copies of any application forms for use by the public.

This prospectus is available at the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at www.ane56.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

If you have any question about the application for the Hong Kong Offer Shares, you may call the enquiry hotline of our Hong Kong Share Registrar, Tricor Investor Services Limited, at +852 3907 7333 on the following dates:

Monday, November 1, 2021 – 9:00 a.m. to 6:00 p.m.
Tuesday, November 2, 2021 – 9:00 a.m. to 6:00 p.m.
Wednesday, November 3, 2021 – 9:00 a.m. to 6:00 p.m.
Thursday, November 4, 2021 – 9:00 a.m. to 12:00 noon

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. How to Apply

We will not provide any printed application forms for use by the public.

To apply for Hong Kong Offer Shares, you may:

- (1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp) or at www.hkeipo.hk; or

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (2) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:
- (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or
 - (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC’s Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant’s stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Sponsors, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and our and their respective agents may reject or accept any application, in full or in part, for any reason at our or their discretion.

2. Who Can Apply

Eligibility for the Application

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older; and
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are a firm, the application must be in the individual members' names.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above persons;
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

Items Required for the Application

If you apply for Hong Kong Offer Shares online through the **HK eIPO White Form** service, you must:

- have a valid Hong Kong identity card number/passport number (for individual applicant) or Hong Kong business registration number/certificate of incorporation number (for body corporate applicant);
- have a Hong Kong address; and
- provide a valid e-mail address and a contact telephone number.

If you are applying for the Hong Kong Offer Shares online by instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Terms and Conditions of an Application

By applying through the application channels specified in this prospectus, you:

- (a) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (b) agree to comply with the Memorandum and Articles of Association of our Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Act;
- (c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- (d) confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations, except those in any supplement to this prospectus;
- (e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;
- (f) agree that none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the “**Relevant Persons**”) and the **HK eIPO White Form** Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);
- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
- (h) agree to disclose to our Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons any personal data which we or any of them may require about you and the person(s) for whose benefit you have made the application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and neither our Company nor the Relevant Persons will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this prospectus;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (o) authorise (i) our Company to place your name(s) or the name of HKSCC Nominees on the register of members of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as required under the Memorandum and Articles of Association of our Company and (ii) our Company and/or our agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in “– Personal Collection” below to collect the Share certificate(s) and/or refund cheque(s) in person;
- (p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (q) understand that our Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **HK eIPO White Form** service or by any one as your agent or by any other person; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant and CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

4. Minimum Application Amount and Permitted Numbers

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>	No. of Hong Kong Offer Shares applied for	Amount payable on application <i>HK\$</i>
500	8,525.05	8,000	136,400.80	70,000	1,193,506.98	1,000,000	17,050,099.76
1,000	17,050.10	9,000	153,450.90	80,000	1,364,007.98	2,000,000	34,100,199.52
1,500	25,575.15	10,000	170,501.00	90,000	1,534,508.98	3,000,000	51,150,299.28
2,000	34,100.20	15,000	255,751.50	100,000	1,705,009.98	4,011,000 ⁽¹⁾	68,387,950.13
2,500	42,625.25	20,000	341,002.00	200,000	3,410,019.95		
3,000	51,150.30	25,000	426,252.49	300,000	5,115,029.93		
3,500	59,675.35	30,000	511,502.99	400,000	6,820,039.90		
4,000	68,200.40	35,000	596,753.49	500,000	8,525,049.88		
4,500	76,725.45	40,000	682,003.99	600,000	10,230,059.86		
5,000	85,250.50	45,000	767,254.49	700,000	11,935,069.83		
6,000	102,300.59	50,000	852,504.99	800,000	13,640,079.81		
7,000	119,350.70	60,000	1,023,005.99	900,000	15,345,089.78		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. Applying Through the HK eIPO White Form Service

General

Applicants who meet the criteria in “– Who Can Apply” above may apply through the **HK eIPO White Form** service for the Offer Shares to be allocated and registered in their own names in the **IPO App** or on the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are set out in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the **IPO App** or the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

If you have any question on how to apply through the **HK eIPO White Form** service for Hong Kong Offer Shares, you may call the enquiry hotline of the Hong Kong Share Registrar, Tricor Investor Services Limited at +852 3907 7333 which is available on the following dates:

Monday, November 1, 2021 – 9:00 a.m. to 6:00 p.m.
Tuesday, November 2, 2021 – 9:00 a.m. to 6:00 p.m.
Wednesday, November 3, 2021 – 9:00 a.m. to 6:00 p.m.
Thursday, November 4, 2021 – 9:00 a.m. to 12:00 noon

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service in the **IPO App** or on the designated website at www.hkeipo.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Saturday, October 30, 2021 until 11:30 a.m. on Thursday, November 4, 2021 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, November 4, 2021, the last day for applications, or such later time as described in “– C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” below.

6. Applying Through the CCASS EIPO Service

General

You may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf. CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Internet System (<https://ip.ccass.com>) or through the CCASS Phone System by calling +852 2979 7888 (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and the Hong Kong Share Registrar.

Applying through the CCASS EIPO Service

Where you have applied through the **CCASS EIPO** service, (either indirectly through a broker or custodian or directly) and an application is made by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus; and
- (b) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
 - (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as its agent;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- confirm that you understand that our Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- authorise our Company to place HKSCC Nominees' name on the register of members of our Company as the holder of the Hong Kong Offer Shares allocated to you, and despatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;
- agree that neither our Company nor any of the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);
- agree to disclose to our Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons any personal data which we or they may require about you;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us, and to become binding when you give the instructions and such collateral contract to be in consideration of our agreeing that we will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions)

HOW TO APPLY FOR HONG KONG OFFER SHARES

Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering by us;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for ourselves and for the benefit of each shareholder (and so that our Company will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Memorandum and Articles of Association of our Company, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Act; and
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Applying through the CCASS EIPO Service

By applying through the **CCASS EIPO** service, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to us or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for Inputting Electronic Application Instructions¹

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, November 1, 2021 – 8:00 a.m. to 8:30 p.m.
Tuesday, November 2, 2021 – 8:00 a.m. to 8:30 p.m.
Wednesday, November 3, 2021 – 8:00 a.m. to 8:30 p.m.
Thursday, November 4, 2021 – 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Saturday, October 30, 2021 until 12:00 noon on Thursday, November 4, 2021 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, November 4, 2021, the last day for applications, or such later time as described in “– C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” below.

If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the **CCASS EIPO** service, you agree to all of the terms of the Personal Information Collection Statement below.

Note:

- 1 These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants, CCASS Custodian Participants and/or CCASS Investor Participants.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, the Hong Kong Offer Shares, of the policies and practises of us and our Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to our Company or our agents and the Hong Kong Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of our Company or our Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque, where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of our Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our Company's Register of Members;
- verifying identities of the holders of our Company's Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- establishing benefit entitlements of holders of our Company's Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and our subsidiaries;
- compiling statistical information and profiles of the holder of our Company's Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge our or their obligations to holders of our Shares and/or regulators and/or any other purposes to which the securities' holders may from time to time agree.

Transfer of personal data

Personal data held by our Company and our Hong Kong Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but our Company and our Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our appointed agents such as financial advisers, receiving bankers and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Retention of personal data

Our Company and our Hong Kong Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company, at our registered address disclosed in the section headed “Corporate Information” in this prospectus or as notified from time to time, for the attention of the secretary, or our Hong Kong Share Registrar for the attention of the privacy compliance officer.

7. Warning for Electronic Applications

The application for the Hong Kong Offer Shares through the **CCASS eIPO** service (directly or indirectly through your broker or custodian) is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Relevant Persons and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should go to HKSCC’s Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Thursday, November 4, 2021, the last day for applications, or such later time as described in “– C. Effect of Bad Weather and/or Extreme Conditions on the Opening and Closing of the Application Lists” below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee and apply through the **HK eIPO White Form** service, in the box marked “For Nominees”, you must include an account number or some other identification code for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner when you fill in the application details. If you do not include this information, the application will be treated as being made for your own benefit.

All of your applications will be rejected if more than one application through the **CCASS EIPO** service (directly or indirectly through your broker or custodian) or through the **HK eIPO White Form** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), and the number of Hong Kong Offer Shares applied by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your behalf. If you are suspected of submitting more than one application for your benefit through the **CCASS EIPO** service and/or the **HK eIPO White Form** service, all of your applications are liable to be rejected.

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. However, any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your behalf to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$16.88 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 500 Hong Kong Offer Shares, you will pay HK\$8,525.05.

You must pay the maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee, in full upon application for Hong Kong Offer Shares.

You may submit an application through the **HK eIPO White Form** service or the **CCASS EIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. If you make an **electronic application instruction** for more than 500 Hong Kong Offer Shares, the number of Hong Kong Offer Shares you apply for must be in one of the specified numbers set out in the section “– 4. Minimum Application Amount and Permitted Numbers”, or as otherwise specified in the **IPO App** or on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure of the Global Offering – Pricing and Allocation.”

C. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 4, 2021. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the application lists do not open and close on Thursday, November 4, 2021 or if there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in “Expected Timetable,” an announcement will be made on our website at www.ane56.com and the website of Stock Exchange at www.hkexnews.hk.

D. PUBLICATION OF RESULTS

Our Company expect to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Wednesday, November 10, 2021 on the website of our Company at www.ane56.com and the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration/certificate of incorporation numbers of successful applicants under the Hong Kong Public Offering (if provided) will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on our website and the website of Stock Exchange at www.ane56.com and www.hkexnews.hk, respectively, by no later than Wednesday, November 10, 2021;
- from “IPO Results” function in the **IPO App** or the designated results of allocations website at www.tricor.com.hk/ipo/result (alternatively: www.hkeipo.hk/IPOResult) with a “search by ID function” on a 24 hour basis from 8:00 a.m. on Wednesday, November 10, 2021 to 12:00 midnight on Tuesday, November 16, 2021; and
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, November 10, 2021 to Monday, November 15, 2021 (excluding Saturday, Sunday and public holidays in Hong Kong).

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in “Structure of the Global Offering.”

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR HONG KONG OFFER SHARES

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

If your application is revoked:

By applying through the **CCASS EIPO** service or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of opening of the application lists (excluding any days which is Saturday, Sunday or public holiday in Hong Kong) in the following circumstances:

- if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits that person's responsibility for this prospectus; or
- if any supplement to this prospectus is issued, in which case applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If our Company or our agents exercise discretion to reject your application:

Our Company, the Joint Sponsors, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and our and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

If:

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your payment is not made correctly;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions in the **IPO App** or on the designated website at www.hkeipo.hk;
- you apply for more than 4,011,000 Hong Kong Offer Shares, being 50% of the 8,022,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering;
- our Company, the Joint Sponsors, or the Joint Global Coordinators believe that by accepting your application, a violation of applicable securities or other laws, rules or regulations would result; or
- the Underwriting Agreements do not become unconditional or are terminated.

F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in “Structure of the Global Offering – Conditions of the Global Offering” are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest.

Any refund of your application monies will be made on or before Wednesday, November 10, 2021.

HOW TO APPLY FOR HONG KONG OFFER SHARES

G. DESPATCH/COLLECTION OF SHARE CERTIFICATES/e-AUTO REFUND PAYMENT INSTRUCTIONS/REFUND CHEQUES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **CCASS EIPO** service where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on despatch/collection of Share certificates and refund cheques as mentioned below, any refund cheques and Share certificate(s) are expected to be posted on or before Wednesday, November 10, 2021. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, November 11, 2021, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

i. If you apply through the HK eIPO White Form service:

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, November 10, 2021, or any other place or date notified by our Company in the newspapers.
- If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.
- If you do not personally collect your Share certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, November 10, 2021 by ordinary post and at your own risk.
- If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address specified in your application instructions in the form of refund cheque(s) in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post and at your own risk.

ii. If you apply through the CCASS EIPO service:

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, November 10, 2021 or on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in “– D. Publication of Results” above on Wednesday, November 10, 2021. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, November 10, 2021 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of the Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, November 10, 2021. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, November 10, 2021.

H. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ANE (CAYMAN) INC., J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED**Introduction**

We report on the historical financial information of ANE (Cayman) Inc. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 1-4 to 1-122, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2018, 2019 and 2020, and the four months ended 30 April 2021 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2018, 2019 and 2020 and 30 April 2021 and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-122 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 October 2021 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order

to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2018, 2019 and 2020 and 30 April 2021 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statements of comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2020 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Ernst & Young*Certified Public Accountants*

Hong Kong

30 October 2021

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Four months ended 30 April	
		2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000 (Unaudited)	2021 RMB'000
Revenue	6	5,331,927	5,338,201	7,081,791	1,249,828	2,836,547
Cost of revenue		(5,916,437)	(4,658,661)	(6,030,325)	(1,033,648)	(2,439,126)
Gross (loss)/profit		(584,510)	679,540	1,051,466	216,180	397,421
Other income and gains/(losses), net	7	(262,975)	13,643	53,161	8,889	(12,476)
General and administrative expenses		(717,484)	(632,046)	(526,305)	(143,617)	(248,143)
Operating (loss)/profit		(1,564,969)	61,137	578,322	81,452	136,802
Finance costs	8	(96,162)	(96,658)	(81,019)	(27,455)	(64,511)
Fair value change of financial liabilities at fair value through profit or loss	9	(545,269)	(239,576)	(396,150)	112,239	(2,207,150)
Changes in expected redemption amount associated with the put option liabilities	32(b)	90,925	(43,522)	(18,294)	(3,460)	(191,517)
(LOSS)/PROFIT BEFORE TAX	10	(2,115,475)	(318,619)	82,859	162,776	(2,326,376)
Income tax (expense)/credit	13	(86)	103,692	135,322	(12,325)	75,965
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(2,115,561)	(214,927)	218,181	150,451	(2,250,411)
Attributable to:						
Owners of the parent		(2,113,878)	(214,934)	218,123	150,422	(2,250,251)
Non-controlling interests		(1,683)	7	58	29	(160)
		(2,115,561)	(214,927)	218,181	150,451	(2,250,411)
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	15					
Basic (RMB)		(21.39)	(1.35)	1.29	0.89	(9.20)
Diluted (RMB)		(21.39)	(1.35)	0.43	0.07	(9.20)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Notes	Year ended 31 December			Four months ended 30 April	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000	2021 RMB'000
				(Unaudited)	
(LOSS)/PROFIT FOR THE YEAR/PERIOD	<u>(2,115,561)</u>	<u>(214,927)</u>	<u>218,181</u>	<u>150,451</u>	<u>(2,250,411)</u>
OTHER COMPREHENSIVE INCOME					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of the financial statements of subsidiaries	<u>(103,453)</u>	<u>(54,395)</u>	<u>203,630</u>	<u>(32,823)</u>	<u>26,197</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of the financial statements of the Company	<u>(87,600)</u>	<u>(36,720)</u>	<u>175,300</u>	<u>(34,454)</u>	<u>25,948</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD, NET OF TAX	<u>(191,053)</u>	<u>(91,115)</u>	<u>378,930</u>	<u>(67,277)</u>	<u>52,145</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/PERIOD	<u>(2,306,614)</u>	<u>(306,042)</u>	<u>597,111</u>	<u>83,174</u>	<u>(2,198,266)</u>
Attributable to:					
Owners of the parent	<u>(2,304,931)</u>	<u>(306,049)</u>	<u>597,053</u>	<u>83,145</u>	<u>(2,198,106)</u>
Non-controlling interests	<u>(1,683)</u>	<u>7</u>	<u>58</u>	<u>29</u>	<u>(160)</u>
	<u>(2,306,614)</u>	<u>(306,042)</u>	<u>597,111</u>	<u>83,174</u>	<u>(2,198,266)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 April
	Notes	2018	2019	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	16	333,238	153,722	838,684	1,228,600
Prepayments for property, plant and equipment		55,294	5,663	19,137	32,514
Right-of-use assets	17	939,716	833,035	856,381	1,029,211
Goodwill	18	113,910	113,910	113,910	113,910
Other intangible assets	19	29,155	37,248	34,527	30,110
Deferred tax assets	24	42,644	159,908	302,368	378,354
Restricted cash	26	5,258	7,997	14,033	13,378
Other non-current assets	23	47,608	96,965	66,583	89,046
Total non-current assets		<u>1,566,823</u>	<u>1,408,448</u>	<u>2,245,623</u>	<u>2,915,123</u>
CURRENT ASSETS					
Inventories	20	8,294	5,711	8,987	6,396
Trade receivables	21	80,433	52,167	48,550	40,743
Prepayments	22	53,141	32,019	70,528	96,522
Other receivables and other assets	23	696,272	701,054	766,132	814,362
Financial assets at fair value through profit or loss	25	–	–	–	194,016
Restricted cash	26	41,591	37,729	72,228	69,789
Cash and cash equivalents	26	135,474	376,015	498,740	1,125,969
Total current assets		<u>1,015,205</u>	<u>1,204,695</u>	<u>1,465,165</u>	<u>2,347,797</u>
CURRENT LIABILITIES					
Trade and bills payables	27	962,036	990,828	744,310	524,572
Other payables and accruals	28	1,349,618	1,162,086	1,090,894	1,237,165
Interest-bearing borrowings	29	410,089	177,394	366,941	478,801
Tax payable		47,695	51,056	40,475	40,036
Convertible loans	30	474,951	174,692	–	–
Convertible redeemable preferred shares	31	–	4,754,379	–	–
Lease liabilities	17	426,744	395,893	402,275	453,800
Total current liabilities		<u>3,671,133</u>	<u>7,706,328</u>	<u>2,644,895</u>	<u>2,734,374</u>
NET CURRENT LIABILITIES		<u>(2,655,928)</u>	<u>(6,501,633)</u>	<u>(1,179,730)</u>	<u>(386,577)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,089,105)</u>	<u>(5,093,185)</u>	<u>1,065,893</u>	<u>2,528,546</u>

	<i>Notes</i>	As at 31 December			As at
		2018	2019	2020	30 April
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2021
				<i>RMB'000</i>	
NON-CURRENT LIABILITIES					
Interest-bearing borrowings	29	51,808	5,892	289,025	307,957
Convertible redeemable preferred shares	31	4,332,128	–	4,806,414	9,290,695
Convertible loans	30	–	517,670	1,040,970	–
Lease liabilities	17	574,003	491,439	499,799	612,510
Other non-current liabilities	32	384,665	487,862	418,260	370,775
		<u>5,342,604</u>	<u>1,502,863</u>	<u>7,054,468</u>	<u>10,581,937</u>
Total non-current liabilities					
		<u>(6,431,709)</u>	<u>(6,596,048)</u>	<u>(5,988,575)</u>	<u>(8,053,391)</u>
Net liabilities					
EQUITY					
Equity attributable to owners of the parent					
Share capital	33	17	21	22	37
Deficits	34	(6,432,554)	(6,596,904)	(5,990,890)	(8,157,964)
		<u>(6,432,537)</u>	<u>(6,596,883)</u>	<u>(5,990,868)</u>	<u>(8,157,927)</u>
Non-controlling interests		828	835	2,293	104,536
		<u>828</u>	<u>835</u>	<u>2,293</u>	<u>104,536</u>
Total equity		<u>(6,431,709)</u>	<u>(6,596,048)</u>	<u>(5,988,575)</u>	<u>(8,053,391)</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to ordinary equity holders of the parent							Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 33)	Capital reserve* RMB'000 (note 34)	Exchange fluctuation reserve* RMB'000 (note 34)	Statutory surplus reserve* RMB'000 (note 34)	Accumulated losses* RMB'000	Total RMB'000	Total RMB'000		
At 31 December 2017	11	68,075	(29,033)	-	(4,435,379)	(4,396,326)	-	(4,396,326)	
Loss for the year	-	-	-	-	(2,113,878)	(2,113,878)	(1,683)	(2,115,561)	
Other comprehensive loss for the year:									
Exchange differences on translation of financial statements of the Company and subsidiaries	-	-	(191,053)	-	-	(191,053)	-	(191,053)	
Total comprehensive loss for the year	-	-	(191,053)	-	(2,113,878)	(2,304,931)	(1,683)	(2,306,614)	
Capital contribution from shareholders	-	-	-	-	21,259	21,259	-	21,259	
Capital reduction of non-controlling shareholder of a subsidiary	-	-	-	-	-	-	(3,800)	(3,800)	
Acquisition of a subsidiary	6	197,957	-	-	-	197,963	6,140	204,103	
Share-based payments	-	49,498	-	-	-	49,498	-	49,498	
Deregistration of a subsidiary	-	-	-	-	-	-	171	171	
Appropriations to statutory surplus reserve	-	-	-	4,279	(4,279)	-	-	-	
At 31 December 2018	17	315,530	(220,086)	4,279	(6,532,277)	(6,432,537)	828	(6,431,709)	

Year ended 31 December 2019

		Attributable to ordinary equity holders of the parent						
	Share capital	Capital reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 33)	(note 34)	(note 34)	(note 34)	(note 34)			
At 31 December 2018	17	315,530	(220,086)	4,279	(6,532,277)	(6,432,537)	828	(6,431,709)
Loss for the year	-	-	-	-	(214,934)	(214,934)	7	(214,927)
Other comprehensive loss for the year:								
Exchange differences on translation of financial statements of the Company and subsidiaries	-	-	(91,115)	-	-	(91,115)	-	(91,115)
Total comprehensive loss for the year	-	-	(91,115)	-	(214,934)	(306,049)	7	(306,042)
Derecognition of warrants as equity	-	(11,152)	-	-	11,152	-	-	-
Share-based payments	4	141,699	-	-	-	141,703	-	141,703
Appropriations to statutory surplus reserve	-	-	-	2,651	(2,651)	-	-	-
At 31 December 2019	21	446,077	(311,201)	6,930	(6,738,710)	(6,596,883)	835	(6,596,048)

Year ended 31 December 2020

		Attributable to ordinary equity holders of the parent						
	Share capital	Capital reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 33)	(note 34)	(note 34)	(note 34)				
At 31 December 2019	21	446,077	(311,201)	6,930	(6,738,710)	(6,596,883)	835	(6,596,048)
Profit for the year	-	-	-	-	218,123	218,123	58	218,181
Other comprehensive income for the year:								
Exchange differences on translation of financial statements of the Company and subsidiaries	-	-	378,930	-	-	378,930	-	378,930
Total comprehensive income for the year	-	-	378,930	-	218,123	597,053	58	597,111
Exercise of a warrant	1	(1)	-	-	-	-	-	-
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	1,400	1,400
Share-based payments	-	8,962	-	-	-	8,962	-	8,962
Appropriations to statutory surplus reserve	-	-	-	3,397	(3,397)	-	-	-
At 31 December 2020	22	455,038	67,729	10,327	(6,523,984)	(5,990,868)	2,293	(5,988,575)

Four months ended 30 April 2021

	Attributable to ordinary equity holders of the parent							
	Share capital RMB'000 (note 33)	Capital reserve* RMB'000 (note 34)	Exchange fluctuation reserve* RMB'000 (note 34)	Statutory surplus reserve* RMB'000 (note 34)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2020	22	455,038	67,729	10,327	(6,523,984)	(5,990,868)	2,293	(5,988,575)
Profit for the period	-	-	-	-	(2,250,251)	(2,250,251)	(160)	(2,250,411)
Other comprehensive loss for the period:								
Exchange differences on translation of the financial statements of the Company and subsidiaries	-	-	52,145	-	-	52,145	-	52,145
Total comprehensive loss for the period	-	-	52,145	-	(2,250,251)	(2,198,106)	(160)	(2,198,266)
Exercise of a warrant	-	1,453	-	-	-	1,453	-	1,453
Reclassification from financial liabilities	-	-	-	-	-	-	103,923	103,923
Issue of shares	15	-	-	-	-	15	-	15
Share-based payments	-	29,579	-	-	-	29,579	-	29,579
Disposal of a subsidiary	-	-	-	-	-	-	(1,520)	(1,520)
At 30 April 2021	37	486,070	119,874	10,327	(8,774,235)	(8,157,927)	104,536	(8,053,391)

* These reserve accounts comprise the consolidated deficits of RMB6,432,554,000, RMB6,596,904,000, RMB5,990,890,000, RMB6,509,094,000 and RMB8,157,964,000 in the consolidated statements of financial position as at 31 December 2018, 2019 and 2020 and 30 April 2020 and 30 April 2021, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Four months ended 30 April	
		2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000	2021 RMB'000
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss)/profit before tax		(2,115,475)	(318,619)	82,859	162,776	(2,326,376)
Adjustments for:						
Finance costs	8	96,162	96,658	81,019	27,455	64,511
Gain on disposal of financial assets at fair value through profit or loss		–	–	–	–	(2,546)
Fair value changes of convertible redeemable preferred shares	9	483,624	27,606	200,183	(72,353)	2,174,450
Fair value changes of convertible loans	9	61,645	210,948	192,417	(42,295)	5,302
Fair value changes of a prepaid forward contract	9	–	1,022	2,657	1,637	26,790
Fair value changes of warrants	9	–	–	893	772	608
Changes in expected redemption amount associated with the put option liabilities	10	(90,925)	43,522	18,294	3,460	191,517
Share-based payment expenses		49,498	141,703	8,962	4,666	29,579
Loss/(gain) on disposal of property, plant and equipment	10	12,102	7,504	8,601	(185)	7,367
Depreciation of property, plant and equipment	16	174,172	198,786	121,633	32,433	73,347
Depreciation of right-of-use assets	17	494,858	484,805	467,660	151,291	178,698
Amortisation of other intangible assets	19	10,831	10,543	13,694	3,859	6,693
(Reversal of impairment losses)/ impairment losses on trade receivables and other receivables	10	27,932	(1,978)	9,959	3,936	12,882
Impairment of inventories	10	13,474	–	–	–	–
Impairment of property, plant and equipment	10	141,492	7,638	1,336	–	–
Impairment of other intangible assets	10	12,357	–	–	–	–
		(628,253)	910,138	1,210,167	277,452	442,822

	Notes	Year ended 31 December			Four months ended 30 April	
		2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000 (Unaudited)	2021 RMB'000
Decrease/(increase) in inventories		9,346	2,583	(3,276)	832	2,591
(Increase)/decrease in trade receivables		(7,599)	33,253	(1,033)	(7,892)	(5,923)
Increase in prepayments, other receivables and other assets		(162,226)	(19,552)	(116,794)	(46,757)	(102,004)
Decrease/(increase) in restricted cash		(10,781)	(23,384)	(31,793)	2,441	(44)
Increase/(decrease) in trade and bills payables		675,958	28,792	(264,521)	(477,083)	(218,839)
Decrease in other payables and accruals		(30,626)	(62,359)	(52,476)	(68,430)	(9,878)
Cash (used in)/generated from operations		(154,181)	869,471	740,274	(319,437)	108,725
Income tax paid		(1,422)	(10,211)	(17,719)	(855)	(460)
Net cash flows (used in)/from operating activities		(155,603)	859,260	722,555	(320,292)	108,265
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(205,553)	(204,987)	(656,815)	(16,291)	(230,235)
Proceeds from disposal of items of property, plant and equipment		12,889	2,108	4,714	1,806	6,876
Purchases of items of other intangible assets		(13,447)	(18,636)	(10,973)	–	(2,276)
Purchases items of financial assets at fair value through profit or loss		–	–	–	–	(194,856)
Acquisition of a subsidiary	36	53,476	–	–	–	(22,437)
Disposal of a subsidiary		–	–	–	–	(618)
Proceeds from investment income on financial assets at fair value through profit or loss		–	–	–	–	2,546
Advances of loans to related parties		(49,050)	(62,200)	(7,208)	–	–
Repayment from related parties		37,657	46,476	48,250	20,000	3,117
Advances of loans to third parties		(4,315)	(750)	(2,762)	(1,206)	–
Net cash flows (used in)/from investing activities		(168,343)	(237,989)	(624,794)	4,309	(437,883)

	Notes	Year ended 31 December			Four months ended 30 April	
		2018	2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal portion of lease payments		(442,445)	(492,645)	(475,613)	(131,887)	(189,082)
Interest portion of lease payments		(56,124)	(55,549)	(53,842)	(18,153)	(20,444)
Interest paid		(36,629)	(43,840)	(26,924)	(8,797)	(19,802)
New interest-bearing borrowings		401,394	461,310	721,300	188,788	195,000
Repayments of interest-bearing borrowings		(611,641)	(586,904)	(429,035)	(168,788)	(166,589)
New loans from related parties		330,191	–	–	–	–
Repayment to related parties		(309,396)	(30,755)	–	–	–
Loans from third parties		25,500	10,000	–	–	–
Repayment to third parties		–	(35,500)	–	–	–
Proceeds from issue of convertible loans		378,755	337,171	864,808	864,808	–
Repayment of convertible loans		–	(42,112)	(151,527)	(151,527)	–
Proceeds from issue of convertible redeemable preferred shares		–	–	–	–	1,169,132
Repurchase of convertible redeemable preferred shares	31	–	–	(324,172)	(324,172)	–
Increase in restricted cash		–	–	(8,742)	(4,537)	–
Decrease in restricted cash		1,322	24,507	–	–	3,138
Prepayment of a forward contract		150,000	–	–	–	–
Proceeds from financial liabilities associated with put option		282,217	68,000	–	–	–
Repayment of financial liabilities associated with put option		–	–	(81,300)	–	–
Capital injection from non-controlling interests in a subsidiary		–	–	1,400	1,400	–
Net cash flows from/(used in) financing activities		113,144	(386,317)	36,353	247,135	971,353

	Notes	Year ended 31 December			Four months ended 30 April	
		2018	2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(Unaudited)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(210,802)	234,954	134,114	(68,848)	641,735
Cash and cash equivalents at beginning of year/ period		306,989	135,474	376,015	376,015	498,740
Effect of foreign exchange rate changes		39,287	5,587	(11,389)	11,636	(14,506)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	26	<u>135,474</u>	<u>376,015</u>	<u>498,740</u>	<u>318,803</u>	<u>1,125,969</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		182,323	421,741	585,001	366,625	1,209,136
Restricted cash		<u>(46,849)</u>	<u>(45,726)</u>	<u>(86,261)</u>	<u>(47,822)</u>	<u>(83,167)</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows		<u>135,474</u>	<u>376,015</u>	<u>498,740</u>	<u>318,803</u>	<u>1,125,969</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at
	Notes	2018	2019	2020	30 April
		RMB'000	RMB'000	RMB'000	2021
					RMB'000
NON-CURRENT ASSETS					
Investments in subsidiaries		185,518	185,518	185,518	185,518
Total non-current assets		185,518	185,518	185,518	185,518
CURRENT ASSETS					
Other receivables and other assets	23	4	155,392	154,160	5,601
Amounts due from subsidiaries	23	2,694,992	3,036,441	3,179,676	4,573,419
Financial assets at fair value through profit or loss	25	–	–	–	97,008
Cash and cash equivalents	26	4,620	2,319	24,608	90,206
Total current assets		2,699,616	3,194,152	3,358,444	4,766,234
CURRENT LIABILITIES					
Convertible loans	30	474,951	174,692	–	–
Amounts due to subsidiaries		24,084	24,481	22,900	314,182
Convertible redeemable preferred shares	31	–	4,754,379	–	–
Other payables and accruals		14,511	8,789	14,581	37,544
Total current liabilities		513,546	4,962,341	37,481	351,726
NON-CURRENT LIABILITIES					
Convertible redeemable preferred shares	31	4,332,128	–	4,806,414	9,290,695
Convertible loans	30	–	517,670	1,040,970	–
Other non-current liabilities		–	141,675	135,079	–
Total non-current liabilities		4,332,128	659,345	5,982,463	9,290,695
EQUITY					
Share capital	33	17	21	22	37
Deficits		(1,960,557)	(2,242,037)	(2,476,004)	(4,690,706)
Total equity		(1,960,540)	(2,242,016)	(2,475,982)	(4,690,669)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office of the Company is located at Sertus Chambers, P.O. Box 2547, Cassia Court Bay, Grand Cayman, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were involved in the less-than-truckload services ("LTL Services") and express parcel services ("Express Parcel Services") in the People's Republic of China (hereafter, the "PRC").

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, the particulars of which are set out below:

Name	Notes	Place and date of incorporation/ registration and place of operations	Issued ordinary shares/registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
ANE Fast (Cayman) Inc.	(a)	Cayman Islands 11 February 2015	US\$50,000	100%	–	Investment holding
ANE Fast Holding Limited	(a)	British Virgin Islands 10 November 2014	US\$50,000	–	100%	Investment holding
ANE Fast Logistics (Hong Kong) Limited ("ANE Hong Kong")		Hong Kong 25 November 2014	HKD10,000	–	100%	Investment holding
Shanghai Anneng Juchuang Supply Chain Management Co., Ltd.* (上海安能聚創供應鏈管理有限公司) ("Shanghai ANE")	(b)	PRC/Mainland China 1 June 2015	RMB3,669,914,940	–	100%	Express freight services
Anneng Juchuang Logistics (Shanghai) Co., Ltd.* (安能聚創物流(上海)有限公司)		PRC/Mainland China 30 June 2015	RMB300,000,000	–	100%	Express freight services
Anneng Juchuang Supply Chain Management (Shenzhen) Co., Ltd.* (安能聚創供應鏈管理(深圳)有限公司)		PRC/Mainland China 10 July 2015	RMB150,000,000	–	100%	Express freight services
Anneng Juchuang Supply Chain Management (Wuhan) Co., Ltd.* (安能聚創供應鏈管理(武漢)有限公司)		PRC/Mainland China 11 June 2015	RMB150,000,000	–	100%	Express freight services
Anneng Juchuang Supply Chain Management (Chengdu) Co., Ltd.* (安能聚創供應鏈管理(成都)有限公司)		PRC/Mainland China 30 June 2015	RMB50,000,000	–	100%	Express freight services
Shenzhen Fuzhilin Freight Consulting Co., Ltd.* (深圳富志林貨運諮詢有限公司)		PRC/Mainland China 3 August 2018	RMB500,000	–	100%	Cargo information consultation
Shenzhen Eluda Freight Consulting Co., Ltd.* (深圳易路達貨運諮詢有限公司)		PRC/Mainland China 2 August 2018	RMB500,000	–	100%	Cargo information consultation
Shenzhen Quanshitong Freight Consulting Co., Ltd.* (深圳全時通貨運諮詢有限公司)		PRC/Mainland China 19 July 2018	RMB500,000	–	100%	Cargo information consultation
Shanghai Anrui Supply Chain Management Co., Ltd.* (上海安銳供應鏈管理有限公司)	(c)	PRC/Mainland China 20 June 2018	RMB1,000,000,000	–	100%	Express freight services

Name	Notes	Place and date of incorporation/ registration and place of operations	Issued ordinary shares/registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Changshan Giant Truck Supply Chain Management Co., Ltd.* (常山翠卡運力供應鏈管理有限公司)	(b), (d)	PRC/Mainland China 25 September 2015	RMB65,000,000	–	100%	Line-haul transportation
Changshan Zhongchuang Transportation Co., Ltd.* (常山翠創運輸有限公司)	(b), (d)	PRC/Mainland China 13 September 2016	RMB5,000,000	–	100%	Line-haul transportation
Zhongchuang Transportation (Shenzhen) Co., Ltd.* (翠創運輸(深圳)有限公司)	(d)	PRC/Mainland China 21 September 2016	RMB5,000,000	–	100%	Line-haul transportation
Nanchang Zhongchuang Logistics Co., Ltd.* (南昌翠創物流有限公司)	(d)	PRC/Mainland China 19 December 2016	RMB5,000,000	–	100%	Line-haul transportation
HuaiAn Zhongchuang Supply Chain Management Co., Ltd.* (淮安翠創供應鏈管理有限公司)	(d)	PRC/Mainland China 13 April 2017	RMB500,000	–	100%	Line-haul transportation
HuaiAn Zhongxiang Supply Chain Management Co., Ltd.* (淮安翠享供應鏈管理有限公司)	(d)	PRC/Mainland China 18 April 2017	RMB500,000	–	100%	Line-haul transportation
Hangzhou Zhongtuo Transportation Co., Ltd.* (杭州翠拓運輸有限公司)	(b), (d)	PRC/Mainland China 12 April 2017	RMB10,000,000	–	100%	Line-haul transportation
Xinjiang Zhongka Yunli Logistics Co., Ltd.* (新疆翠卡運力物流有限公司)	(d)	PRC/Mainland China 20 September 2017	RMB10,000,000	–	51%	Line-haul transportation
Changshan Zhongyu Transportation Supply Chain Management Co., Ltd.* (常山翠譽運力供應鏈管理有限公司)		PRC/Mainland China 18 February 2020	RMB5,000,000	–	100%	Line-haul transportation
Beijing Zhongyu Transportation Supply Chain Management Co., Ltd.* (北京翠譽運力供應鏈管理有限公司)		PRC/Mainland China 5 June 2020	RMB5,000,000	–	100%	Line-haul transportation
Changshan Zhongying Transportation Supply Chain Management Co., Ltd.* (常山翠贏運力供應鏈管理有限公司)		PRC/Mainland China 23 October 2020	RMB5,000,000	–	100%	Line-haul transportation
Shanghai Qingca Supply Chain Management Co., Ltd.* (上海氫卡供應鏈管理有限公司)		PRC/Mainland China 18 November 2020	RMB5,000,000	–	100%	Line-haul transportation
Shanghai Anneng Juchuang Logistics Technology Co., Ltd.* (上海安能聚創物流科技有限公司)		PRC/Mainland China 29 January 2021	RMB31,000,000	–	100%	Research and development
Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. (常山翠卡物流產業園投資有限公司)		PRC/Mainland China 8 December 2017	RMB50,000,000	–	90%	Investment holding
Changshan Zhongrun Supply Chain Management Co., Ltd. (常山翠潤供應鏈管理有限公司)		PRC/Mainland China 23 June 2021	RMB5,000,000	–	100%	Line-haul transportation

Notes:

- (a) No audited financial statements have been prepared for these entities since their incorporation as statutory accounts are not required under the relevant rules and regulations in their jurisdictions of incorporation.
 - (b) The statutory financial statements of these entities for the years ended 31 December 2018 and 2019 prepared under PRC Generally Accepted Accounting Principles were audited by Ernst & Young Hua Ming LLP Shanghai Branch, certified public accountants registered in the PRC.
 - (c) The statutory financial statements of this entity from 20 June 2018 (the date of incorporation) to 31 December 2018 prepared under PRC Generally Accepted Accounting Principles were audited by Ernst & Young Hua Ming LLP Shanghai Branch, certified public accountants registered in the PRC.
 - (d) The entities were consolidated by the Group since 1 October 2018 from the acquisition of Changshan Giant Truck Transportation Supply Chain Management Co., Ltd., details of which are included in note 36.
- * The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

2.1 BASIS OF PREPARATION

Notwithstanding that the Group recorded net current liabilities of RMB386,577,000 as at 30 April 2021, the Historical Financial Information has been prepared on a going concern basis. The Group assesses its liquidity by its ability to generate cash from operating activities. In 2020, the Group started to generate operating profit and positive cash flows from operating activities. As of 30 April 2021, the Group has unutilised bank facilities available for future use of RMB30,000,000. The directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 30 April 2021. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 30 April 2021.

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss and financial liabilities associated with put option.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions¹</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use³</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract³</i>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to: – HKFRS 1 First-time Adoption of Hongkong Financial Reporting Standards³ – HKFRS 9 Financial Instruments³ – Illustrative Examples accompanying HKFRS 16 Leases³ – HKAS 41 Agriculture³</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to HKFRS 3	<i>Reference to the Conceptual Framework³</i>
HKFRS 17	<i>Insurance Contracts⁵</i>
Amendments to HKFRS 17	<i>Insurance Contracts^{5,6}</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{5,7}</i>
Amendments to HKFRS 4	<i>Extension of the Temporary Exemption from Applying HKFRS 9⁵</i>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2²</i>
Amendments to HKFRS 16	<i>Covid-19 Related Rent Concessions beyond 30 June 2021⁸</i>
Amendments to HKAS 1	<i>Disclosure of Accounting Policies⁸</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates⁵</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction⁵</i>

- 1 Effective for annual periods beginning on or after 1 June 2020
- 2 Effective for annual periods beginning on or after 1 January 2021
- 3 Effective for annual periods beginning on or after 1 January 2022
- 4 No mandatory effective date yet determined but available for adoption

- 5 Effective for annual periods beginning on or after 1 January 2023
- 6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
- 7 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
- 8 Effective for annual periods beginning on or after 1 April 2021

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position, other than the amendments to HKAS 1 as described below.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify that the classification of liabilities as current or non-current should be based on an entity's right to defer settlement of the liabilities and such right is in existence at the end of the reporting period. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments also make it clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Group expects to adopt the amendments from 1 January 2023. The amendments will result in the classification of any outstanding convertible redeemable preferred shares and convertible loans which are converted to convertible redeemable preferred shares subsequently in February 2021 as current liabilities due to the fact that the convertible redeemable preferred shares are convertible to the Company's ordinary shares at any time by the holders.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures certain financial liabilities at fair value at the end of each Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and

is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of remaining lease terms and estimated useful lives
Motor vehicles	14%-30%
Office equipment	19%-30%
Electronic equipment	19%-40%
Operating equipment	19%-30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a leasehold improvement under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	5 years
Franchise	5 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets. Right-of-use assets are subject to impairment.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or are classification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, lease liabilities, interest-bearing borrowings, convertible loans, convertible redeemable preferred shares and other non-current liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities. The Group has designated its convertible loans and convertible redeemable preferred shares as financial liabilities at fair value through profit or loss, details of which are included in notes 30 and 31 to the Historical Financial Information.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practises prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax assets relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

The Group is mainly involved in the business of providing LTL Services and Express Parcel Services to its customers and normally charged fees for (a) transportation and dispatch services, including sorting and line-haul transportation services and dispatch and arrangement for dispatch services, and (b) value-added services. Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) *Transportation and dispatch services*

The Group provides sorting and line-haul transportation services between its sorting centres and then dispatch the goods for its customers. The Group recognise transportation service and dispatch service revenue over time as customers receive the benefit of the services as the goods are transported from one location to another. As such, transportation service and dispatch service revenue is recognised proportionally as goods move from one location to another and the related costs are recognised as incurred. The Group uses an output method of progress based on time-in-transit as it best depicts the transfer of control to the customer. The Group also provides arrangement for dispatch service which is recognised at a point in time upon completion of the services.

(b) *Value-added services*

The Group also provides value-added services to customers, such as sales of freight related consumables, insurance and operation management and logistics technology services. Revenues are recognised at a point in time when control of the goods is transferred to the customer or recognised over time or at a point in time upon completion of the services.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Share-based payments

The Company operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants are measured by reference to the fair values at the dates at which they are granted. The fair values are determined by an external valuer using a binomial model, further details of which are given in note 35 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB, which is different from the Company's functional currency, the United States dollar ("US\$"). As the major revenues and assets of the Group are derived from operations in Mainland China, RMB is chosen as the presentation currency to present the Historical Financial Information. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. The functional currency of the Company is the US\$. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Relevant Periods and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of these entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year or period are translated into RMB at the weighted average exchange rates for the year or period.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at the end of each of the Relevant Periods, the carrying amount of goodwill were RMB113,910,000, RMB113,910,000, RMB113,910,000 and RMB113,910,000, respectively. Further details are included in note 18 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 24 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of financial instruments

The convertible redeemable preferred shares issued by the Company are not traded in an active market and the respective fair values are determined by using valuation techniques, including the discounted cash flow method, and the equity allocation model. Valuation techniques are certified by an independent and recognised international business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Key assumptions include the risk-free interest rate, discounts for lack of marketability ("DLOM") and volatility.

The fair values of convertible redeemable preferred shares at the end of each of the Relevant Periods were RMB4,332,128,000, RMB4,754,379,000, RMB4,806,414,000 and RMB9,290,695,000, respectively. Further details are set out in note 31 to the Historical Financial Information.

The convertible loans borrowed by the Company exhibit the characteristics of an embedded derivative and the Group has designated the entire instruments as financial liabilities at fair value through profit or loss. As it is not traded in an active market, the Group applied the discounted cash flow method to determine its fair value by using the risk-free rate plus an implied spread. Key assumptions such as the discount rate were based on the Group's best estimates. Further details are included in note 30 to the Historical Financial Information.

Fair value measurement of share-based payments

The Group has set up the 2015 equity incentive plan (the "2015 Plan") and the 2016 equity incentive plan (the "2016 Plan") in 2015 and the 2021 equity incentive plan, and granted options and RSUs to the Company's directors, the Group's employees and consultants. The fair values of the options are determined using the binomial option-pricing model at the grant dates. Significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield, are made by the board of directors of the Company. The fair values of the RSUs are determined using valuation techniques, including the discounted cash flow method and the equity allocation model. Further details are included in note 35 to the Historical Financial Information.

5. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during each of the Relevant Periods, and the Group's total assets as at the end of each of the Relevant Periods were derived from one single operating segment, i.e., provision of transportation and related services.

Geographical information

As the Group generates all of its revenues and the non-current assets in the PRC during the Relevant Periods, no geographical segments are presented.

Information about major customers

The Group has a large number of customers, no single customer accounted for more than 10% of the Group's total revenue for the Relevant Periods and the four months ended 30 April 2020.

6. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December			Four months ended 30 April	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000	2021 RMB'000
				<i>(Unaudited)</i>	
<i>Revenue from contracts with customers:</i>					
Transportation	4,456,979	4,182,548	4,451,451	923,097	1,706,621
Dispatch*	(25,305)	111,137	1,199,918	52,482	657,456
Value-added services	900,253	1,044,516	1,430,422	274,249	472,470
Total	<u>5,331,927</u>	<u>5,338,201</u>	<u>7,081,791</u>	<u>1,249,828</u>	<u>2,836,547</u>

* Dispatch includes the dispatch services and arrangement for dispatch services.

(i) Disaggregated revenue information

	Year ended 31 December			Four months ended 30 April	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000	2021 RMB'000
				<i>(Unaudited)</i>	
Timing of revenue recognition					
Over time:					
Transportation	4,456,979	4,182,548	4,451,451	923,097	1,706,621
Dispatch services	–	–	1,109,368	–	657,456
Value-added services	46,815	84,870	122,626	22,469	44,333
At a point in time:					
Arrangement for dispatch services	(25,305)	111,137	90,550	52,482	–
Value-added services	853,438	959,646	1,307,796	251,780	428,137
Total revenue from contract with customers	<u>5,331,927</u>	<u>5,338,201</u>	<u>7,081,791</u>	<u>1,249,828</u>	<u>2,836,547</u>

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of the respective period:

	Year ended 31 December			Four months ended 30 April	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000 (Unaudited)	2021 RMB'000
Transportation and dispatch services	42,228	48,770	68,344	68,344	74,879
Value-added services	10,347	8,918	2,660	2,660	3,210
Total	<u>52,575</u>	<u>57,688</u>	<u>71,004</u>	<u>71,004</u>	<u>78,089</u>

(ii) **Performance obligations**

Information about the Group's performance obligations is summarised below:

Transportation and dispatch services

The Group provides sorting and line-haul transportation services between its sorting centres and then dispatch the goods for its customers. The Group also provides arrangement for dispatch service. The performance obligations for transportation and dispatch services are satisfied over time when the goods are transported from one location to another and at a point in time upon completion of the arrangement services. Performance obligations are generally short-term in nature with transit days being less than a week for each shipment. Payment in advance is normally required.

Value-added services

The performance obligations for value-added services are satisfied upon delivery of the related consumables or upon completion of the services. Payment in advance is normally required.

(iii) **Revenue and gross (loss)/profit by types of services provided**

	LTL Services RMB'000	Express Parcel Services RMB'000	Total RMB'000
Year ended 31 December 2018			
Service provided to external customers	4,813,274	518,653	5,331,927
Gross profit/(loss)	623,406	(1,207,916)	(584,510)
Year ended 31 December 2019			
Service provided to external customers	5,334,964	3,237	5,338,201
Gross profit/(loss)	766,033	(86,493)	679,540
Year ended 31 December 2020			
Service provided to external customers	7,081,791	–	7,081,791
Gross profit	1,051,466	–	1,051,466
Four months ended 30 April 2020 (Unaudited)			
Service provided to external customers	1,249,828	–	1,249,828
Gross profit	216,180	–	216,180
Four months ended 30 April 2021			
Service provided to external customers	2,836,547	–	2,836,547
Gross profit	397,421	–	397,421

7. OTHER INCOME AND GAINS/(LOSSES), NET

An analysis of other income and gains/(losses), net is as follows:

	Year ended 31 December			Four months ended	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	30 April 2020 RMB'000 (Unaudited)	2021 RMB'000
Impairment losses, net of reversal					
– Trade receivables and other receivables	(27,932)	1,978	(9,959)	(3,936)	(12,882)
– Inventories	(13,474)	–	–	–	–
– Property, plant and equipment	(141,492)	(7,638)	(1,336)	–	–
– Other intangible assets	(12,357)	–	–	–	–
Government grants*	9,569	51,502	54,503	13,976	4,868
Net foreign exchange (losses)/gains	(34,082)	(6,780)	19,477	(2,695)	1,962
(Loss)/gain on disposal of property, plant and equipment	(12,102)	(7,504)	(8,601)	185	(7,367)
Interest income	1,812	2,121	3,430	1,974	2,244
Others	(32,917)	(20,036)	(4,353)	(615)	(1,301)
	<u>(262,975)</u>	<u>13,643</u>	<u>53,161</u>	<u>8,889</u>	<u>(12,476)</u>

* Government grants mainly represent various supports awarded by the local governments to support the Group's operation. There are unfulfilled conditions relating to certain government grants, but the directors of the Company are of the opinion that there is reasonable assurance that all attaching conditions will be complied with. There are no contingencies relating to these grants.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Four months ended	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	30 April 2020 RMB'000 (Unaudited)	2021 RMB'000
Interest on bank loans and other loans	28,994	38,341	23,793	5,789	19,707
Interest on lease liabilities	56,124	55,549	53,842	18,153	20,444
Transaction costs for the issue of convertible redeemable preferred shares, convertible loans and a prepaid forward contract	11,044	2,768	3,384	3,513	24,360
	<u>96,162</u>	<u>96,658</u>	<u>81,019</u>	<u>27,455</u>	<u>64,511</u>

9. FAIR VALUE CHANGE OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December			Four months ended	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	30 April 2020 RMB'000 (Unaudited)	2021 RMB'000
Fair value changes of convertible redeemable preferred shares	483,624	27,606	200,183	(72,353)	2,174,450
Fair value changes of convertible loans	61,645	210,948	192,417	(42,295)	5,302
Fair value changes of a prepaid forward contract	–	1,022	2,657	1,637	26,790
Fair value changes of warrants	–	–	893	772	608
	<u>545,269</u>	<u>239,576</u>	<u>396,150</u>	<u>(112,239)</u>	<u>2,207,150</u>

10. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Four months ended	
		2018 RMB'000	2019 RMB'000	2020 RMB'000	30 April 2020 RMB'000 (Unaudited)	2021 RMB'000
Cost of revenue*		5,036,662	3,842,241	5,259,894	791,743	2,102,799
Depreciation of property, plant and equipment	16	174,172	198,786	121,633	32,433	73,347
Depreciation of right-of-use assets	17	494,858	484,805	467,660	151,291	178,698
Amortisation of other intangible assets	19	10,831	10,543	13,694	3,859	6,693
Fair value changes of convertible redeemable preferred shares		483,624	27,606	200,183	(72,353)	2,174,450
Fair value changes of convertible loans		61,645	210,948	192,417	(42,295)	5,302
Fair value changes of a prepaid forward contract		–	1,022	2,657	1,637	26,790
Fair value changes of warrants		–	–	893	772	608
Changes in expected redemption amount associated with the put option liabilities		(90,925)	43,522	18,294	3,460	191,517
Government grants		(9,569)	(51,502)	(54,503)	(13,976)	(4,868)
Auditors' remuneration		2,360	5,196	–	–	–
Employee benefit expenses (including directors' and supervisors' remuneration):						
Wages, salaries and allowances		509,299	397,379	400,456	110,299	164,718
Pension scheme contributions		56,967	41,706	3,616	2,584	16,140
Share-based payment expenses		49,498	141,703	8,962	4,666	29,579

	<i>Notes</i>	Year ended 31 December			Four months ended	
		2018	2019	2020	30 April	
		RMB'000	RMB'000	RMB'000	2020	2021
						<i>(Unaudited)</i>
(Reversal of impairment losses)/ impairment losses on trade receivables and other receivables		27,932	(1,978)	9,959	3,936	12,882
Impairment of inventories		13,474	–	–	–	–
Impairment of other intangible assets		12,357	–	–	–	–
Impairment of property, plant and equipment		141,492	7,638	1,336	–	–
Lease expenses**		128,028	84,844	91,041	27,081	36,275
Utility fee		54,277	32,976	34,261	9,180	12,817
Interest income		(1,812)	(2,121)	(3,430)	(1,974)	(2,244)
Listing expense		–	–	12,729	–	5,425
Loss/(gain) on disposal of property, plant and equipment and right-of-use assets		12,102	7,504	8,601	(185)	7,367

* The amount of cost of revenue excludes those included in the depreciation of property, plant and equipment, depreciation of right-of-use assets, employee benefit expenses, lease expenses and utility fee.

** The Group applies the available practical expedients of HKFRS 16 wherein it applies the short-term lease exemption to leases with a lease term that ends within 12 months from the lease commencement date.

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Wang Yongjun, Mr. Qin Xinghua and Mr. Zhu Jianhui were appointed as the executive directors of the Company on 31 July 2014, 28 February 2015, and 23 July 2015, respectively.

Mr. Yang Ling was appointed as the non-executive director of the Company on 20 May 2016 and resigned on 21 March 2021.

Mr. Ying Wei was appointed as the non-executive director of the Company on 19 August 2016 and resigned on 7 February 2021.

Mr. Chen Weihao was appointed as the non-executive director of the Company on 21 November 2014 and resigned on 26 June 2019. Mr. Chen Weihao was reappointed as the non-executive director of the Company on 20 December 2019.

Mr. Wei Zhen was appointed as the non-executive director of the Company on 21 November 2014 and resigned on 12 June 2018.

Mr. Zhang Lei was appointed as the non-executive director of the Company on 21 November 2014 and resigned on 23 July 2015. Mr. Zhang Lei was reappointed as the non-executive directors of the Company on 12 June 2018 and resigned on 20 December 2019.

Mr. Wang Lingchao was appointed as the non-executive directors of the Company on 26 June 2019 and resigned on 20 December 2019.

Mr. Lin Xiaoqin and Mr. Liu Xinghe were appointed as the non-executive directors of the Company on 5 November 2020 and 17 January 2020, respectively.

Mr. Liu Haiyan, Mr. Feng Shaowen, Mr. Tang Xiangyuan and Mr. Lu Jianguo were appointed as the non-executive directors of the Company on 28 February 2015, 19 August 2016, 28 February 2015 and 18 July 2017, respectively. All of them resigned on 30 January 2019. The aforementioned resignation was required by the Twelfth Amended and Restated Memorandum of Association adopted in the Series G Financing in January 2019 after arm's length negotiations among the parties. There were no disagreement or dispute between the resigned directors with the Board in connection with their resignation.

Mr. Li Hui was appointed as the non-executive director of the Company on 20 December 2019 and resigned on 5 November 2020.

Mr. Wang Jian was appointed as the non-executive director of the Company on 11 February 2021.

Ms. Li Dan was appointed as the non-executive director of the Company on 22 March 2021.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The directors' remuneration of each of these directors as recorded in the Historical Financial Information is set out below:

	Year ended 31 December			Four months ended 30 April	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000 (Unaudited)	2021 RMB'000
Fees	–	–	–	–	–
Other emoluments:					
– Salaries, allowances and benefits in kind	3,983	6,787	6,150	1,766	2,036
– Share-based payment expenses	19,543	127,156	3,709	3,850	3,559
– Pension scheme contributions	152	154	11	11	46
	<u>23,678</u>	<u>134,097</u>	<u>9,870</u>	<u>5,627</u>	<u>5,641</u>

(a) **Independent non-executive directors**

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and the chief executive

Year ended 31 December 2018

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:					
Mr. Wang Yongjun	–	1,117	6,995	50	8,162
Mr. Qin Xinghua	–	1,117	6,995	50	8,162
Mr. Zhu Jianhui	–	1,272	5,395	26	6,693
Non-executive directors:					
Mr. Yang Ling	–	–	–	–	–
Mr. Ying Wei	–	–	–	–	–
Mr. Chen Weihao	–	–	–	–	–
Mr. Zhang Lei	–	–	–	–	–
Mr. Lu Jianguo	–	477	158	26	661
Mr. Liu Haiyan	–	–	–	–	–
Mr. Wei Zhen	–	–	–	–	–
Mr. Tang Xiangyuan	–	–	–	–	–
Mr. Feng Shaowen	–	–	–	–	–
	–	3,983	19,543	152	23,678

Year ended 31 December 2019

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:					
Mr. Wang Yongjun	–	2,045	5,235	49	7,329
Mr. Qin Xinghua	–	2,045	118,475	49	120,569
Mr. Zhu Jianhui	–	2,407	3,410	28	5,845
Non-executive directors:					
Mr. Yang Ling	–	–	–	–	–
Mr. Ying Wei	–	–	–	–	–
Mr. Chen Weihao	–	–	–	–	–
Mr. Zhang Lei	–	–	–	–	–
Mr. Liu Haiyan	–	–	–	–	–
Mr. Feng Shaowen	–	–	–	–	–
Mr. Tang Xiangyuan	–	–	–	–	–
Mr. Lu Jianguo	–	290	36	28	354
Mr. Li Hui	–	–	–	–	–
Mr. Wang Lingchao	–	–	–	–	–
	–	6,787	127,156	154	134,097

Year ended 31 December 2020

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:					
Mr. Wang Yongjun	–	1,998	1,309	4	3,311
Mr. Qin Xinghua	–	1,998	1,309	4	3,311
Mr. Zhu Jianhui	–	2,154	1,091	3	3,248
Non-executive directors:					
Mr. Yang Ling	–	–	–	–	–
Mr. Ying Wei	–	–	–	–	–
Mr. Chen Weihao	–	–	–	–	–
Mr. Lin Xiaoqin	–	–	–	–	–
Mr. Li Hui	–	–	–	–	–
Mr. Liu Xinghe	–	–	–	–	–
	–	6,150	3,709	11	9,870

Four months ended 30 April 2020

<i>(Unaudited)</i>	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:					
Mr. Wang Yongjun	–	570	1,359	4	1,933
Mr. Qin Xinghua	–	570	1,359	4	1,933
Mr. Zhu Jianhui	–	626	1,132	3	1,761
Non-executive directors:					
Mr. Yang Ling	–	–	–	–	–
Mr. Ying Wei	–	–	–	–	–
Mr. Chen Weihao	–	–	–	–	–
Mr. Li Hui	–	–	–	–	–
Mr. Liu Xinghe	–	–	–	–	–
	–	1,766	3,850	11	5,627

Four months ended 30 April 2021

	Fees <i>RMB'000</i>	Salaries, allowances and benefits in kind <i>RMB'000</i>	Share-based payment expenses <i>RMB'000</i>	Pension scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:					
Mr. Wang Yongjun	–	666	1,256	18	1,940
Mr. Qin Xinghua	–	666	1,256	18	1,940
Mr. Zhu Jianhui	–	704	1,047	10	1,761
Non-executive directors:					
Mr. Yang Ling	–	–	–	–	–
Mr. Ying Wei	–	–	–	–	–
Mr. Chen Weihao	–	–	–	–	–
Mr. Liu Xinghe	–	–	–	–	–
Mr. Wang Jian	–	–	–	–	–
Ms. Li Dan	–	–	–	–	–
	–	2,036	3,559	46	5,641

Non-executive directors waived or agreed to waive any remuneration during the Relevant Periods and the four months ended 30 April 2020.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the four months ended 30 April 2020 included 3, 3, 3, 3 and 3 directors, respectively, details of whose remuneration are set out in note 11.

Details of the remaining highest paid employees during the Relevant Periods are as follows:

	Year ended 31 December			Four months ended 30 April	
	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, allowances and benefits in kind	2,495	3,388	3,613	826	1,870
Share-based payment expenses	4,209	–	–	–	5,320
Pension scheme contributions	62	54	4	6	31
	6,766	3,442	3,617	832	7,221

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Four months ended 30 April	
	2018	2019	2020	2020 <i>(Unaudited)</i>	2021
Below HK\$1,500,001	–	–	–	1	2
HK\$1,500,001 to HK\$2,000,000	–	1	1	–	–
HK\$2,000,001 to HK\$2,500,000	–	1	–	–	–
HK\$2,500,001 to HK\$3,000,000	1	–	1	–	–
Above HK\$3,000,000	1	–	–	1	–
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

13. INCOME TAX (EXPENSE)/CREDIT

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the Relevant Periods.

All of the Group's subsidiaries registered in the PRC, except for certain subsidiaries which enjoy a tax rate of 5%, are subject to PRC enterprise income tax ("EIT") at a rate of 25%.

	Year ended 31 December			Four months ended 30 April	
	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Unaudited)</i>	2021 <i>RMB'000</i>
Current income tax	6,077	13,572	7,138	2,627	21
Deferred income tax (note 24)	<u>(5,991)</u>	<u>(117,264)</u>	<u>(142,460)</u>	<u>9,698</u>	<u>(75,986)</u>
Tax charge/(credit) for the year/period	<u>86</u>	<u>(103,692)</u>	<u>(135,322)</u>	<u>12,325</u>	<u>(75,965)</u>

A reconciliation of the tax expense/credit applicable to (loss)/profit before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rates is as follows:

	Year ended 31 December			Four months ended 30 April	
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2020 RMB'000 (Unaudited)	2021 RMB'000
(Loss)/profit before tax	(2,115,475)	(318,619)	82,859	162,776	(2,326,376)
Tax at the statutory tax rate of 25%	(528,869)	(79,655)	20,715	40,694	(581,594)
Lower tax rates enacted by local authorities	152,317	95,716	100,634	(27,568)	613,019
Tax losses utilised from previous periods	(34,960)	(56,844)	(130,387)	(4,626)	(45,792)
Tax losses not recognised/(recognition of tax losses not recognised in prior years), net	388,065	(69,963)	(136,623)	496	(65,747)
Expenses not deductible for tax	23,533	7,054	10,339	3,329	4,149
	<u>86</u>	<u>(103,692)</u>	<u>(135,322)</u>	<u>12,325</u>	<u>(75,965)</u>
Tax charge/(credit) for the year/period at the Group's effective rate					

14. DIVIDEND

No dividend has been paid or declared by the Company and its subsidiaries during the Relevant Periods and the four months ended 30 April 2020.

15. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss/earnings per share amounts is based on the (loss)/earnings attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the Relevant Periods, considering the share subdivision by 1:5 occurred on 29 September 2018 as described in note 31 (the "Share Subdivision"). The Share Subdivision was treated as having been in issue for the whole period and also included in the loss/earnings per share calculation of all earlier periods presented so as to give comparable results.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/earnings for the year/period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Relevant Periods, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

(Loss)/earnings per share—basic

	Year ended 31 December			Four months ended	
	2018	2019	2020	30 April	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
(Loss)/earnings					
(Loss)/earnings attributable to ordinary equity holders of the parent	(2,113,878)	(214,934)	218,123	150,422	(2,250,251)
Shares					
Weighted average number of ordinary shares in issue during the year/period used in the basic (loss)/earnings per share calculation	98,845,205	159,645,069	169,173,015	168,505,457	244,594,691
(Loss)/earnings per share (RMB)	<u>(21.39)</u>	<u>(1.35)</u>	<u>1.29</u>	<u>0.89</u>	<u>(9.20)</u>

(Loss)/earnings per share—diluted

	Year ended 31 December			Four months ended	
	2018	2019	2020	30 April	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
(Loss)/earnings					
(Loss)/earnings attributable to ordinary equity holders of the parent	(2,113,878)	(214,934)	218,123	150,422	(2,250,251)
Fair value changes of convertible redeemable preferred shares	–	–	52,638	(73,013)	–
Fair value changes of convertible loans	–	–	(20,205)	(20,979)	–
Fair value changes of prepaid forward contract	–	–	2,657	1,637	–
(Loss)/earnings attributable to ordinary equity holders of the parent for diluted (loss)/earnings per share calculation	<u>(2,113,878)</u>	<u>(214,934)</u>	<u>253,213</u>	<u>58,067</u>	<u>(2,250,251)</u>

	Year ended 31 December			Four months ended 30 April	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(Unaudited)</i>	
Shares					
Weighted average number of ordinary shares in issue during the year/period used in the basic (loss)/earnings per share calculation	98,845,205	159,645,069	169,173,015	168,505,457	244,594,691
Convertible redeemable preferred shares	–	–	347,608,119	571,952,171	–
Restricted share units	–	–	58,734,985	52,124,495	–
Convertible loans	–	–	7,294,859	76,783,827	–
Prepaid forward contract	–	–	12,613,778	12,613,778	–
Weighted average number of shares for diluted (loss)/earnings per share calculation	98,845,205	159,645,069	595,424,756	881,979,728	244,594,691
(Loss)/earnings per share (RMB)	(21.39)	(1.35)	0.43	0.07	(9.20)

As the Group incurred losses during the Relevant Periods and the four months ended 30 April 2020, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share of each of the two years. Accordingly, the diluted loss per share during the Relevant Periods and the four months ended 30 April 2020, are the same as the basic loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Operating equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2018							
At 1 January 2018:							
Cost	57,141	–	13,197	211,452	166,567	9,178	457,535
Accumulated depreciation and impairment	(26,287)	–	(3,760)	(27,721)	(58,310)	–	(116,078)
Net carrying amount	30,854	–	9,437	183,731	108,257	9,178	341,457
At 1 January 2018, net of accumulated depreciation and impairment							
Additions	17,483	8,796	3,245	44,229	2,155	12,777	88,685
Disposals	(2,966)	(12,704)	(2,085)	(7,308)	(121)	(982)	(26,166)
Transfers	–	–	–	–	17,858	(17,858)	–
Acquisition of a subsidiary	317	242,433	1,452	4	720	–	244,926
Depreciation provided during the year	(17,670)	(46,131)	(2,576)	(44,309)	(63,486)	–	(174,172)
Impairment provided during the year	–	–	–	(135,931)	(5,307)	(254)	(141,492)
At 31 December 2018, net of accumulated depreciation and impairment	28,018	192,394	9,473	40,416	60,076	2,861	333,238

	Electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Operating equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2018:							
Cost	71,975	238,525	15,809	248,377	187,179	3,115	764,980
Accumulated depreciation and impairment	(43,957)	(46,131)	(6,336)	(207,961)	(127,103)	(254)	(431,742)
Net carrying amount	28,018	192,394	9,473	40,416	60,076	2,861	333,238
31 December 2019							
At 1 January 2019:							
Cost	71,975	238,525	15,809	248,377	187,179	3,115	764,980
Accumulated depreciation and impairment	(43,957)	(46,131)	(6,336)	(207,961)	(127,103)	(254)	(431,742)
Net carrying amount	28,018	192,394	9,473	40,416	60,076	2,861	333,238

	Electronic equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Operating equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2019, net of accumulated depreciation and impairment	28,018	192,394	9,473	40,416	60,076	2,861	333,238
Additions	1,158	7,632	1,279	20,971	1,507	23,507	56,054
Disposals	(1,668)	(15,093)	(1,156)	(9,696)	–	(1,533)	(29,146)
Transfers	–	–	–	–	24,653	(24,653)	–
Depreciation provided during the year	(14,922)	(111,248)	(2,894)	(24,814)	(44,908)	–	(198,786)
Impairment provided during the year	–	(513)	–	(7,125)	–	–	(7,638)
At 31 December 2019, net of accumulated depreciation and impairment	12,586	73,172	6,702	19,752	41,328	182	153,722
At 31 December 2019:							
Cost	71,465	231,064	15,932	259,652	213,339	436	791,888
Accumulated depreciation and impairment	(58,879)	(157,892)	(9,230)	(239,900)	(172,011)	(254)	(638,166)
Net carrying amount	12,586	73,172	6,702	19,752	41,328	182	153,722
	Electronic equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Operating equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2020							
At 1 January 2020:							
Cost	71,465	231,064	15,932	259,652	213,339	436	791,888
Accumulated depreciation and impairment	(58,879)	(157,892)	(9,230)	(239,900)	(172,011)	(254)	(638,166)
Net carrying amount	12,586	73,172	6,702	19,752	41,328	182	153,722
At 1 January 2020, net of accumulated depreciation and impairment	12,586	73,172	6,702	19,752	41,328	182	153,722
Additions	734	777,766	10,426	13,410	600	23,137	826,073
Disposals	(842)	(10,594)	(820)	(5,080)	(600)	(206)	(18,142)
Transfers	–	–	–	–	22,059	(22,059)	–
Depreciation provided during the year	(5,233)	(71,868)	(5,577)	(6,538)	(32,417)	–	(121,633)
Impairment provided during the year	–	–	–	(1,336)	–	–	(1,336)
At 31 December 2020, net of accumulated depreciation and impairment	7,245	768,476	10,731	20,208	30,970	1,054	838,684

	Electronic equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Operating equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2020:							
Cost	71,357	998,236	25,538	267,982	235,398	1,308	1,599,819
Accumulated depreciation and impairment	(64,112)	(229,760)	(14,807)	(247,774)	(204,428)	(254)	(761,135)
Net carrying amount	7,245	768,476	10,731	20,208	30,970	1,054	838,684
30 April 2021							
At 1 January 2021:							
Cost	71,357	998,236	25,538	267,982	235,398	1,308	1,599,819
Accumulated depreciation and impairment	(64,112)	(229,760)	(14,807)	(247,774)	(204,428)	(254)	(761,135)
Net carrying amount	7,245	768,476	10,731	20,208	30,970	1,054	838,684
At 1 January 2021, net of accumulated depreciation and impairment							
	7,245	768,476	10,731	20,208	30,970	1,054	838,684
Additions	2,280	450,472	3,031	2,946	–	10,773	469,502
Disposals	(66)	(5,245)	(64)	(864)	–	–	(6,239)
Transfers	–	–	–	–	10,671	(10,671)	–
Depreciation provided during the period	(1,488)	(59,671)	(1,143)	(1,923)	(9,122)	–	(73,347)
At 30 April 2021, net of accumulated depreciation and impairment	7,971	1,154,032	12,555	20,367	32,519	1,156	1,228,600
At 30 April 2021:							
Cost	73,571	1,443,463	28,505	270,064	246,069	1,410	2,063,082
Accumulated depreciation and impairment	(65,600)	(289,431)	(15,950)	(249,697)	(213,550)	(254)	(834,482)
Net carrying amount	7,971	1,154,032	12,555	20,367	32,519	1,156	1,228,600

Certain of the Group's motor vehicles with net carrying amounts of approximately RMB139,143,000, RMB30,782,000, RMB467,877,000 and RMB480,670,000 as at the end of each of the Relevant Periods, respectively, were pledged to secure bank and other borrowings.

Certain items of the property, plant and equipment were no longer in use by the Group, which indicated there were potential impairment. Management provided impairment on the items when the carrying amount values exceed their net realisable values. The net realisable values are determined by the Group with reference to the prevailing market conditions and existing prices, less applicable disposal cost at the end of each of the Relevant Periods.

17. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases certain buildings for its offices and sorting hubs. The movements in right-of-use assets and lease liabilities during each of the Relevant Periods are as follows:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
<u>Right-of-use assets</u>				
Carrying amount at the beginning of the year/period	850,593	939,716	833,035	856,381
Additions	616,943	396,648	497,451	389,883
Depreciation charge	(494,858)	(484,805)	(467,660)	(178,698)
Termination	(32,962)	(18,524)	(6,445)	(38,355)
	<u>939,716</u>	<u>833,035</u>	<u>856,381</u>	<u>1,029,211</u>
Carrying amount at the end of the year/period				
	<u>939,716</u>	<u>833,035</u>	<u>856,381</u>	<u>1,029,211</u>
<u>Lease liabilities</u>				
Carrying amount at the beginning of the year/period	858,005	1,000,747	887,332	902,074
New leases	616,943	396,648	497,451	389,883
Interest during the year/period	56,124	55,549	53,842	20,444
Payments	(498,569)	(548,194)	(529,455)	(209,526)
Termination	(31,756)	(17,418)	(7,096)	(36,565)
	<u>1,000,747</u>	<u>887,332</u>	<u>902,074</u>	<u>1,066,310</u>
Carrying amount at the end of the year/period				
	<u>1,000,747</u>	<u>887,332</u>	<u>902,074</u>	<u>1,066,310</u>
Analysed into:				
Current portion	426,744	395,893	402,275	453,800
Non-current portion	574,003	491,439	499,799	612,510
	<u>574,003</u>	<u>491,439</u>	<u>499,799</u>	<u>612,510</u>

The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December			Four months ended	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest on lease liabilities	56,124	55,549	53,842	18,153	20,444
Depreciation charge of right-of-use assets	494,858	484,805	467,660	151,291	178,698
Expense relating to short term leases	128,028	84,844	91,041	27,081	36,275
Disposal loss/(gains) on termination of right-of-use assets	1,206	1,106	(651)	–	1,790
	<u>680,216</u>	<u>626,304</u>	<u>611,892</u>	<u>196,525</u>	<u>237,207</u>
Total amount recognised in profit or loss					
	<u>680,216</u>	<u>626,304</u>	<u>611,892</u>	<u>196,525</u>	<u>237,207</u>

The Group's right-of-use assets are held under the leases of buildings for its office space and sorting hubs within terms ranging between two and ten years. All the payments and all the lease liabilities are payable according to the lease terms.

18. GOODWILL

	<i>RMB'000</i>
At 1 January 2018	–
Acquisition of a subsidiary (note 36)	113,910
	<u>113,910</u>
At the end of each of the Relevant Periods	<u>113,910</u>

The carrying amount of goodwill allocated to the cash-generating unit (“CGU”) is as follows:

	LTL Services
	<i>RMB'000</i>
Carrying amount of goodwill as at the end of each of the Relevant Periods	<u>113,910</u>

Impairment testing of goodwill

Goodwill arose from the acquisition of Changshan Giant Truck Supply Chain Management Co., Ltd. on 30 September 2018. Goodwill acquired through business combination is allocated to LTL Services for impairment testing.

The recoverable amounts of the CGU have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a 5-year period. The cash flows of the unit are projected based on the forecast of LTL Services. Key assumptions used in the calculation are as follows:

	As at 31 December			As at
	2018	2019	2020	30 April
				2021
Discount rate	20.1%	18.9%	17.7%	16.4%
Terminal growth rate	3%	3%	3%	3%

Assumptions were used in the value in use calculation of the CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate – The discount rates used are before tax and reflects specific risks relating to the relevant unit.

Terminal growth rate – The forecasted terminal growth rate is based on senior management’s expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

The values assigned to the key assumption are consistent with external information sources.

As at the end of each of the Relevant Periods, the recoverable amount of the CGU exceeds its carrying amount by RMB1,607,446,000, RMB1,981,720,000, RMB5,005,347,000 and RMB5,817,443,000, respectively.

The following table sets forth the impact of possible changes of the key assumption, with all other variables held constant, of goodwill impairment testing as of the dates indicated.

	Recoverable amount of the CGU exceeds its carrying amount by			Four months ended 30 April 2021 RMB'000
	Year ended 31 December			
	2018	2019	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Possible changes of key assumptions				
Pre-tax discount rate increases by 3%	1,334,258	1,664,730	4,097,529	4,676,340
Terminal growth rate decreases by 1%	1,510,574	1,862,192	4,677,617	5,414,902

The values assigned to the key assumption are consistent with external information sources.

In the opinion of the Directors, there is no reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the carrying amounts of the CGU to exceed the recoverable amount.

19. OTHER INTANGIBLE ASSETS

	Software RMB'000	Franchise RMB'000	Total RMB'000
31 December 2018			
At 1 January 2018:			
Cost	33,596	12,453	46,049
Accumulated amortisation and impairment	(7,862)	(2,669)	(10,531)
Net carrying amount	25,734	9,784	35,518
At 1 January 2018, net of accumulated amortisation and impairment			
Additions	13,447	–	13,447
Acquisition of a subsidiary	3,378	–	3,378
Impairment provided during the year	(12,357)	–	(12,357)
Amortisation during the year	(8,240)	(2,591)	(10,831)
At 31 December 2018, net of accumulated amortisation and impairment	21,962	7,193	29,155
At 31 December 2018:			
Cost	50,421	12,453	62,874
Accumulated amortisation and impairment	(28,459)	(5,260)	(33,719)
Net carrying amount	21,962	7,193	29,155

	Software <i>RMB'000</i>	Franchise <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2019			
At 1 January 2019:			
Cost	50,421	12,453	62,874
Accumulated amortisation and impairment	(28,459)	(5,260)	(33,719)
Net carrying amount	<u>21,962</u>	<u>7,193</u>	<u>29,155</u>
At 1 January 2019, net of accumulated amortisation and impairment			
	21,962	7,193	29,155
Additions	18,636	–	18,636
Amortisation during the year	(7,952)	(2,591)	(10,543)
At 31 December 2019, net of accumulated amortisation and impairment	<u>32,646</u>	<u>4,602</u>	<u>37,248</u>
At 31 December 2019:			
Cost	69,057	12,453	81,510
Accumulated amortisation and impairment	(36,411)	(7,851)	(44,262)
Net carrying amount	<u>32,646</u>	<u>4,602</u>	<u>37,248</u>
	Software <i>RMB'000</i>	Franchise <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2020			
At 1 January 2020:			
Cost	69,057	12,453	81,510
Accumulated amortisation and impairment	(36,411)	(7,851)	(44,262)
Net carrying amount	<u>32,646</u>	<u>4,602</u>	<u>37,248</u>
At 1 January 2020, net of accumulated amortisation and impairment			
	32,646	4,602	37,248
Additions	3,280	7,693	10,973
Amortisation during the year	(9,634)	(4,060)	(13,694)
At 31 December 2020, net of accumulated amortisation and impairment	<u>26,292</u>	<u>8,235</u>	<u>34,527</u>
At 31 December 2020:			
Cost	72,337	20,146	92,483
Accumulated amortisation and impairment	(46,045)	(11,911)	(57,956)
Net carrying amount	<u>26,292</u>	<u>8,235</u>	<u>34,527</u>

	Software RMB'000	Franchise RMB'000	Total RMB'000
30 April 2021			
At 1 January 2021:			
Cost	72,337	20,146	92,483
Accumulated amortisation and impairment	(46,045)	(11,911)	(57,956)
Net carrying amount	26,292	8,235	34,527
At 1 January 2021, net of accumulated amortisation and impairment			
	26,292	8,235	34,527
Additions	–	2,276	2,276
Amortisation during the period	(3,442)	(3,251)	(6,693)
At 30 April 2021, net of accumulated amortisation and impairment	22,850	7,260	30,110
At 30 April 2021:			
Cost	71,992	22,422	94,414
Accumulated amortisation and impairment	(49,142)	(15,162)	(64,304)
Net carrying amount	22,850	7,260	30,110

Certain items of other intangible assets were no longer in use by the Group, which indicated there were potential impairment. Management provided impairment on the items when the carrying amount values exceed their net realisable values. The net realisable values are determined by the Group with reference to the prevailing market conditions and existing prices, less applicable disposal cost at the end of each of the Relevant Periods.

20. INVENTORIES

	As at 31 December			As at 30 April
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Consumables	8,294	5,711	8,987	6,396

21. TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2018	2019	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	110,791	77,175	74,560	77,253
Impairment	(30,358)	(25,008)	(26,010)	(36,510)
Trade receivables, net	80,433	52,167	48,550	40,743

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The credit terms granted by the Group are generally within 90 days. An ageing analysis of the Group's trade receivables, based on the transaction date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
Within 1 year	74,236	43,863	20,077	20,450
1 to 2 year	6,197	8,304	28,473	20,293
Total	<u>80,433</u>	<u>52,167</u>	<u>48,550</u>	<u>40,743</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
At beginning of year	48,583	30,358	25,008	26,010
(Reversal of)/impairment losses	18,019	(4,987)	4,650	10,667
Amount written off as uncollectible	<u>(36,244)</u>	<u>(363)</u>	<u>(3,648)</u>	<u>(167)</u>
At end of year/period	<u>30,358</u>	<u>25,008</u>	<u>26,010</u>	<u>36,510</u>

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2018

	Within 1 year	Past due		Total
		1 to 2 years	2 to 3 years	
Expected credit loss rate (%)	20.2%	65.0%	–	27.4%
Gross carrying amount (RMB'000)	93,082	17,709	–	110,791
Expected credit losses (RMB'000)	18,846	11,512	–	30,358

As at 31 December 2019

	Within 1 year	Past due		Total
		1 to 2 years	2 to 3 years	
Expected credit loss rate (%)	30.9%	37.7%	100.0%	32.4%
Gross carrying amount (RMB'000)	63,473	13,334	368	77,175
Expected credit losses (RMB'000)	19,610	5,030	368	25,008

As at 31 December 2020

	Within 1 year	Past due		Above 3 years	Total
		1 to 2 years	2 to 3 years		
Expected credit loss rate (%)	19.7%	29.3%	100.0%	100.0%	34.9%
Gross carrying amount (RMB'000)	25,001	40,270	8,921	368	74,560
Expected credit losses (RMB'000)	4,924	11,797	8,921	368	26,010

As at 30 April 2021

	Within 1 year	Past due		Above 3 years	Total
		1 to 2 years	2 to 3 years		
Expected credit loss rate (%)	27.6%	19.8%	67.1%	100.0%	47.3%
Gross carrying amount (RMB'000)	28,204	10,284	36,685	2,080	77,253
Expected credit losses (RMB'000)	7,779	2,032	24,619	2,080	36,510

22. PREPAYMENTS

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
Prepayments	53,141	32,019	70,528	96,522

Prepayments represent advances to suppliers for the purchase of goods or services.

23. OTHER RECEIVABLES AND OTHER ASSETS**Group**

	Note	As at 31 December			As at
		2018	2019	2020	30 April
		RMB'000	RMB'000	RMB'000	2021
Deposits and other receivables	(a)	222,808	207,837	231,782	299,302
Loans to third parties	(b)	4,315	5,065	7,827	7,827
Deductible value-added tax		518,239	569,505	620,137	628,431
Loans to related parties – non-trade	(c)	43,485	59,209	18,167	15,050
Impairment allowance		(44,967)	(43,597)	(45,198)	(47,202)
Less: Other non-current assets		(47,608)	(96,965)	(66,583)	(89,046)
Total current portion		696,272	701,054	766,132	814,362

- (a) Deposits and other receivables mainly represent deposits to suppliers, and were non-interest-bearing and trade in nature. The general expected timing of settlement for deposits and other receivables ranges from 1 year to 3 years.
- (b) Loans to third parties included in other receivables and other assets were non-trade in nature, interest-bearing and repayable on demand.
- (c) The balance of loans to a related party – non-trade as at 30 April 2021 represents the loan to Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. (常山眾卡物流產業園投資有限公司, “Changshan Zhongka”) and has been subsequently settled in August 2021 upon the Group’s acquisition of Changshan Zhongka.

The Group has applied the general approach prescribed by HKFRS 9, by measuring the loss allowance at an amount equal to 12-month ECLs for deposits and other receivables in stage 1 and lifetime ECLs in stage 2 and stage 3. To measure the ECLs, deposits and other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

Set out below is the information about the credit risk exposure on the Group’s other receivables and other assets, using a provision matrix:

As at 31 December 2018

	Expected credit loss rate	Gross carrying amount RMB'000	Impairment RMB'000
Deposits and other receivables:	20.18%	<u>222,808</u>	<u>44,967</u>

As at 31 December 2019

	Expected credit loss rate	Gross carrying amount RMB'000	Impairment RMB'000
Deposits and other receivables:	20.98%	<u>207,837</u>	<u>43,597</u>

As at 31 December 2020

	Expected credit loss rate	Gross carrying amount RMB'000	Impairment RMB'000
Deposits and other receivables:	19.50%	<u>231,782</u>	<u>45,198</u>

As at 30 April 2021

	Expected credit loss rate	Gross carrying amount RMB'000	Impairment RMB'000
Deposits and other receivables:	15.77%	<u>299,302</u>	<u>47,202</u>

Company

	Note	As at 31 December			As at
		2018	2019	2020	30 April
		RMB'000	RMB'000	RMB'000	2021
					RMB'000
Deposits and other receivables	(c)	4	155,392	154,160	5,601

(c) Deposits and other receivables mainly represent amounts due from third parties, and were non-interest-bearing and have been settled during the four months ended 30 April 2021.

Amounts due from subsidiaries

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Amounts due from subsidiaries	2,694,992	3,036,441	3,179,676	4,573,419

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

24. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

	Provision and accruals RMB'000	Accounting depreciation in excess of tax depreciation allowance RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
As at 1 January 2018	–	–	–	–
Acquisition of a subsidiary	5,930	30,723	–	36,653
Deferred tax credited to profit or loss during the year	963	5,028	–	5,991
As at 31 December 2018 and 1 January 2019	6,893	35,751	–	42,644
Deferred tax credited/(charged) to profit or loss during the year	2,237	(7,401)	122,428	117,264
As at 31 December 2019 and 1 January 2020	9,130	28,350	122,428	159,908
Deferred tax credited/(charged) to profit or loss during the year	(627)	(391)	143,478	142,460
As at 31 December 2020 and 1 January 2021	8,503	27,959	265,906	302,368
Deferred tax credited to profit or loss during the period	1,973	(20,481)	94,494	75,986
As at 30 April 2021	10,476	7,478	360,400	378,354

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Tax losses	3,496,423	3,151,934	2,098,499	1,622,843
Deductible temporary differences	242,648	60,858	56,142	64,277
	<u>3,739,071</u>	<u>3,212,792</u>	<u>2,154,641</u>	<u>1,687,120</u>

Certain subsidiaries of the Group had tax losses arising in Mainland China of RMB3,496,423,000, RMB3,151,934,000, RMB2,098,499,000 and RMB1,622,843,000 as at the end of each of the Relevant Periods, that will expire in one to five years for offsetting against their future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that enough taxable profits will be available against which the tax losses can be utilised.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Current				
Financial products issued by banks	–	–	–	194,016
	<u>–</u>	<u>–</u>	<u>–</u>	<u>194,016</u>

Company

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Current				
Financial products issued by banks	–	–	–	97,008
	<u>–</u>	<u>–</u>	<u>–</u>	<u>97,008</u>

The Group's financial assets at fair value through profit or loss are the financial products issued by banks, which are short-term investments with expected rates of return ranging from 1.5% to 3.2%, depending on the market movements of certain exchange rate. The Group manages and evaluates the performance of investments on a fair value basis in accordance with the Group's risk management and investment strategy.

26. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Group

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Cash and bank balances	182,323	421,741	585,001	981,914
Time deposits	–	–	–	227,222
	<u>182,323</u>	<u>421,741</u>	<u>585,001</u>	<u>1,209,136</u>
Less restricted cash:				
Current portion				
Pledged for interest-bearing borrowings	(27,875)	(64)	(2,770)	(287)
Pledged for bills payables and letter of guarantee	(13,716)	(37,100)	(69,300)	(69,502)
Restricted for others	–	(565)	(158)	–
	<u>(41,591)</u>	<u>(37,729)</u>	<u>(72,228)</u>	<u>(69,789)</u>
Non-current portion				
Pledged for interest-bearing borrowings	(4,693)	(7,997)	(14,033)	(13,378)
Restricted for others	(565)	–	–	–
	<u>(5,258)</u>	<u>(7,997)</u>	<u>(14,033)</u>	<u>(13,378)</u>
	<u>135,474</u>	<u>376,015</u>	<u>498,740</u>	<u>1,125,969</u>
Denominated in:				
RMB	130,796	373,640	470,978	493,272
US\$	4,678	2,375	27,762	632,151
HK\$	–	–	–	546
	<u>135,474</u>	<u>376,015</u>	<u>498,740</u>	<u>1,125,969</u>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximated to their fair values.

Company

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Cash and bank balances	4,620	2,319	24,608	90,206
Denominated in:				
RMB	–	–	–	65,111
US\$	4,620	2,319	24,608	25,095

27. TRADE AND BILLS PAYABLES

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Trade payables	960,620	964,528	684,310	464,572
Bills payable	1,416	26,300	60,000	60,000
	962,036	990,828	744,310	524,572

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Within 3 months	923,194	937,217	658,029	411,607
3 to 6 months	34,840	23,116	55,357	46,005
6 to 12 months	4,002	30,495	30,924	66,960
	962,036	990,828	744,310	524,572

The trade and bills payables are non-interest-bearing and are normally settled on 90-day terms.

28. OTHER PAYABLES AND ACCRUALS

	Notes	As at 31 December			As at
		2018	2019	2020	30 April
		RMB'000	RMB'000	RMB'000	2021
					RMB'000
Deposits from suppliers		62,358	59,800	51,391	37,165
Deposits from customers		288,452	216,249	232,469	240,913
Advances from customers		106,460	134,385	100,592	85,375
Contract liabilities	(a)	57,688	71,004	78,089	68,974
Other payables	(b)	215,815	177,135	123,203	109,754
Payables for purchase of property, plant and equipment		52,079	13,729	114,244	340,218
Accrued operating expenses		113,788	113,227	95,151	119,250
Payroll and welfare payables		285,248	307,680	255,834	227,394
Other tax payable		108,066	68,199	38,097	6,918
Loans from third parties	(c)	25,500	–	–	–
Loan from a related party – non-trade		30,755	–	–	–
Interest payables		3,409	678	931	1,204
Warrants	(d)	–	–	893	–
		<u>1,349,618</u>	<u>1,162,086</u>	<u>1,090,894</u>	<u>1,237,165</u>

(a) Details of contract liabilities are as follows:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Advances received from customers:				
Transportation and dispatch services	48,770	68,344	74,879	65,980
Value-added services	8,918	2,660	3,210	2,994
	<u>57,688</u>	<u>71,004</u>	<u>78,089</u>	<u>68,974</u>

The increase in contract liabilities in 2019 and 2020 was mainly due to the increase in advances received from customers in relation to the provision of transportation services and dispatch services. And the decrease as at 30 April 2021 compared to 2020 are due to the April was the off-season of transportation services and dispatch services.

- (b) Other payables were mainly include short-term operating rental payables and amounts collected from shippers on behalf of freight partners, which were trade in nature, non-interest bearing and repayable on demand.
- (c) Loans from third parties were non-trade in nature, interest-bearing and repayable on demand.
- (d) In January 2020, together with the issuance of CC Note (defined below in note 30) as disclosed in note 30 to the Historical Financial Information, the Company issued to the Series E Investors warrants (the “Warrants”) to purchase up to certain numbers of Class 1 ordinary shares at an exercise price of US\$0.00002 per share, based on the formulas set out in the Warrants, to prevent for the possible dilution of their shareholding percentage in the Company arising from the conversion of the CC Note. According to the formulas, the numbers are variable. The Company classified the Warrants as liabilities and initially recognised and subsequently measured at fair value. The Series E Investors exercised the Warrants and subscribed 211,223 Class 1 ordinary shares in February 2021.

29. INTEREST-BEARING BORROWINGS

As at 31 December 2018				
	<i>Note</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Current				
Bank loans – secured	<i>(a)</i>	4-9	2019	205,594
Other borrowings – secured	<i>(b)</i>	9-12	2019	70,000
Current portion of long term				
– bank loans – secured	<i>(a)</i>	7	2019	25,851
– other borrowings – secured	<i>(b)</i>	7-13	2019	108,644
				<u>410,089</u>
Non-current				
Bank loans – secured	<i>(a)</i>	7	2020-2021	17,587
Other borrowings – secured	<i>(b)</i>	7-13	2020-2021	34,221
				<u>51,808</u>
				<u><u>461,897</u></u>

As at 31 December 2019				
	<i>Note</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Current				
Bank loans – secured	<i>(a)</i>	4-9	2020	70,000
Other borrowings – secured	<i>(b)</i>	6-12	2020	80,000
Current portion of long term				
– bank loans – secured	<i>(a)</i>	7	2020	10,139
– other borrowings – secured	<i>(b)</i>	7-13	2020	17,255
				<u>177,394</u>
Non-current				
Bank loans – secured	<i>(a)</i>	7	2021-2022	895
Other borrowings – secured	<i>(b)</i>	7-13	2021-2022	4,997
				<u>5,892</u>
				<u><u>183,286</u></u>

As at 31 December 2020				
	<i>Note</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Current				
Bank loans – secured	<i>(a)</i>	4-7	2021	145,000
Other borrowings – unsecured		12	2021	3,000
Other borrowings – secured	<i>(b)</i>	10-12	2021	66,727
Current portion of long term				
– bank loans – secured	<i>(a)</i>	7	2021	23,209
– other borrowings – secured	<i>(b)</i>	7-13	2021	129,005
				<u>366,941</u>
Non-current				
Bank loans – secured	<i>(a)</i>	7	2022-2023	42,392
Other borrowings – secured	<i>(b)</i>	7-13	2022-2023	246,633
				<u>289,025</u>
				<u><u>655,966</u></u>

As at 30 April 2021				
	<i>Note</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Current				
Bank loans – secured	<i>(a)</i>	4-7	2022	290,000
Current portion of long term				
– bank loans – secured	<i>(a)</i>	9	2022	23,316
– other borrowings – secured	<i>(b)</i>	7-11	2022	165,485
				<u>478,801</u>
Non-current				
Bank loans – secured	<i>(a)</i>	9	2022-2023	34,655
Other borrowings – secured	<i>(b)</i>	7-11	2022-2024	273,302
				<u>307,957</u>
				<u><u>786,758</u></u>

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	231,445	80,139	168,209	313,316
In the second year	17,186	869	23,659	34,655
In the third year	401	26	18,733	–
	<u>249,032</u>	<u>81,034</u>	<u>210,601</u>	<u>347,971</u>
Other borrowings repayable:				
Within one year	178,644	97,255	198,732	165,485
In the second year	26,634	4,997	135,525	172,743
In the third year	7,587	–	111,108	100,559
	<u>212,865</u>	<u>102,252</u>	<u>445,365</u>	<u>438,787</u>
	<u><u>461,897</u></u>	<u><u>183,286</u></u>	<u><u>655,966</u></u>	<u><u>786,758</u></u>

Notes:

(a) Certain of the Group's bank loans are secured by:

- (i) The pledge of certain of the subsidiary's trade receivables with a net carrying amount of approximately RMB180,594,000, RMB127,080,000, RMB140,263,000 and RMB291,059,000 as at the end of each of the Relevant Periods, respectively.
- (ii) The pledge of certain of the Group's time deposits amounting to RMB27,810,000 as of 31 December 2018.
- (iii) Mortgages over certain of the Group's motor vehicles with a net carrying amount of approximately RMB57,711,000, RMB8,853,000, RMB65,252,000 and RMB61,518,000 as at the end of each of the Relevant Periods, respectively.

In addition, the Company's related party, Mr. Zhu Jianhui has, guaranteed certain of the Group's bank loans up to RMB10,000,000 as of 31 December 2018. Mr. Qin Xinghua and Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. have guaranteed certain of the Group's bank loans up to RMB50,000,000 as of 31 December 2019. Mr. Qin Xinghua has guaranteed certain of the Group's bank loans up to RMB100,000,000 and RMB190,000,000 as of 31 December 2020 and 30 April 2021.

(b) Certain of the Group's other borrowings are secured by:

- (i) The pledge of certain of the subsidiary's trade receivables with a net carrying amount of approximately RMB98,144,000, RMB113,528,000 and RMB72,450,000 as of 31 December 2018, 2019 and 2020, respectively.
- (ii) Mortgages over certain of the Group's motor vehicles with a net carrying amount of approximately RMB81,432,000, RMB21,929,000, RMB402,625,000 and RMB419,152,000 as at the end of each of the Relevant Periods, respectively. In addition, the Company's related party, Mr. Qin Xinghua has guaranteed certain of the Group's other borrowings up to RMB176,764,000 and RMB157,046,000 as of 31 December 2020 and 30 April 2021.

(c) All the aforesaid guarantees provided to the Group by Mr. Qin Xinghua have been released as at the date of this report.

30. CONVERTIBLE LOANS

The movements of the convertible loans during the Relevant Periods and the four months ended 30 April 2020 are set out below:

	Notes	Convertible loans		Total RMB'000
		Current RMB'000	Non-current RMB'000	
At 1 January 2018				
Issue during the year	<i>a</i>	378,755	–	378,755
Fair value changes		61,645	–	61,645
Exchange realignment		34,551	–	34,551
At 31 December 2018		474,951	–	474,951
Issue during the year	<i>b</i>	–	337,171	337,171
Fair value changes		43,456	167,492	210,948
Convert to convertible redeemable preferred shares	<i>a, 31</i>	(305,852)	–	(305,852)
Repayment of convertible loans	<i>a</i>	(42,112)	–	(42,112)
Exchange realignment		4,249	13,007	17,256
At 31 December 2019		174,692	517,670	692,362
Issue during the year	<i>c</i>	–	864,808	864,808
Fair value changes		(20,529)	212,946	192,417
Repayment of convertible loans	<i>a</i>	(151,527)	–	(151,527)
Convert to convertible redeemable preferred shares	<i>b</i>	–	(480,721)	(480,721)
Exchange realignment		(2,636)	(73,733)	(76,369)
At 31 December 2020		–	1,040,970	1,040,970
Fair value changes		–	5,302	5,302
Convert to convertible redeemable preferred shares		–	(1,041,529)	(1,041,529)
Exchange realignment		–	(4,743)	(4,743)
At 30 April 2021		–	–	–

- (a) In January 2018, the Company entered into a convertible note purchase agreement with Osterly D Limited (“Osterly”, or the “CDH Note Holder”). The principal of the convertible loan issued to Osterly is US\$60,000,000 (the “CDH Note”), and bears a simple interest rate of 10% per annum, due in one year from the date of issuance (the “Initial Maturity Date”) and at the Company’s option and subject to Osterly’s written approval, the Company may extend the term of the loan for an additional one year (expiration date of such period as the “Extended Maturity Date”), and shall be repaid upon maturity, if not converted, with repayment of loan as well as the unpaid accrued interest. Under the agreement, Osterly has the right to convert all or part of the outstanding principal amount of the loan into preferred shares under certain conditions.

The Group’s related parties, Mr. Wang Yongjun, Mr. Qin Xinghua and Shanghai Qinghong Juyue Investment Management Center (Limited Partnership) have guaranteed the obligations of the Company to the CDH Note Holder under the CDH Note. ANE-XH Holding Limited (“ANE-XH”), ANE-SCS Holding Limited (“ANE-SCS”), Top Logistic (Ane-Invest) Holding Limited (“Ane-Invest”) and Top Logistic (Yelan-Invest) Holding Limited (“Yelan-Invest”) have charged certain Class 1 and Class 2 ordinary shares of the Company they held in favour of the performance of obligations by the Company under the CDH Note.

A principal amount of US\$40,000,000 of the CDH Note was converted into 25,769,875 series F+ convertible and redeemable preferred shares (the “Series F+ Preferred Shares”) and the corresponding interests were paid by the Company in 2019. Remaining principal and interests were repaid by the Company in March 2020.

- (b) In January 2019, the Company entered into a convertible note purchase agreement with Topaz Gem Investment Holdings Limited (“Topaz”, or the “WP Note Holder”). The principal of the convertible loan issued to Topaz is US\$50,000,000 (the “WP Note”), and bears an interest rate that enables Topaz to receive an internal rate of return of 15% per annum, due in two years from the date of issuance and shall be repaid upon maturity, if not converted, with repayment of loan as well as the unpaid accrued interest. Under the agreement, Topaz has the right to convert all or part of the outstanding principal amount and the accrued but unpaid interest into preferred shares at any time after the issuance date.

The Group’s related party Mr. Zhu Jianhui has mortgaged certain of his property to guarantee the Company’s obligations under the WP Note. ANE-XH, ANE-SCS, Yelan-Invest and Giant Truck Holding Limited (“GT Holding”) have charged certain preferred shares, Class 1 and Class 2 ordinary shares of the Company they held in favour of the performance of obligations by the Company under the WP Note.

All of the outstanding principal amount and the unpaid interest of the WP Note were converted into 39,156,228 series G convertible and redeemable preferred shares (the “Series G Preferred Shares”) in March 2020.

- (c) In January 2020, the Company entered into a convertible note purchase agreements with Advance Step Holdings Limited (“Advance Step”, or the “CC Note Holder”). The principal of the convertible loan issued to Advance Step is US\$125,000,000 (the “CC Note”), and bear a simple interest rate of 12% per annum, due in two years from the date of issuance and shall be repaid upon maturity, if not converted, with repayment of loan as well as the unpaid accrued interest. Under the agreement, Advance Step has the right to convert all or part of the outstanding principal amount and the accrued but unpaid interest into preferred shares.

ANE-SCS has charged certain Class 1 ordinary shares of the Company it held in favour of the performance of obligations by the Company under the CC Note.

All of the outstanding principal amount and the unpaid interest of the CC Note were converted into 90,014,526 series H convertible and redeemable preferred shares (the “Series H Preferred Shares”) in February 2021.

The Group does not bifurcate any embedded derivatives from the host instruments and has designated the above loans with convertible rights (“convertible loans”) as financial liabilities at fair value through profit or loss.

Below is a summary of significant unobservable input to the valuation of convertible loans categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis:

31 December 2018

	Percentage point %	Increase/ (decrease) in fair value of convertible loans RMB'000	Percentage point %	Increase/ (decrease) in fair value of convertible loans RMB'000
Discount rate	-1%	130	1%	(129)

31 December 2019

	Percentage point %	Increase/ (decrease) in fair value of convertible loans RMB'000	Percentage point %	Increase/ (decrease) in fair value of convertible loans RMB'000
Discount rate	-1%	1,599	1%	(1,575)

31 December 2020

	Percentage point %	Increase/ (decrease) in fair value of convertible loans RMB'000	Percentage point %	Increase/ (decrease) in fair value of convertible loans RMB'000
Discount rate	-1%	6,050	1%	(5,956)

31. CONVERTIBLE REDEEMABLE PREFERRED SHARES

In November 2014, the Company issued 20,623,126 senior convertible and redeemable preferred shares (the "Senior Preferred Shares") and 4,346,768 series C convertible and redeemable preferred shares (the "Series C Preferred Shares") to an investor (the "Senior and Series C Investor") at cash considerations of US\$39,597,830 (or US\$1.9201 per share) and US\$10,000,000 (or US\$2.3006 per share), respectively.

In December 2014, the Company issued 7,780,630 series A-1 convertible and redeemable preferred shares (the "Series A-1 Preferred Shares") to an investor (the "Series A Investor") at a cash consideration of an equivalent US\$ amount of RMB40,000,000 (or US\$0.84 per share). At the same time, the Company issued 3,252,068 series B convertible and redeemable preferred shares (the "Series B Preferred Shares") to an investor (the "Series B Investor") at a cash consideration of an equivalent US\$ amount of RMB30,000,000 (or US\$1.5 per share).

In March 2015, the Company issued 7,512,703 series A-2 convertible and redeemable preferred shares (the "Series A-2 Preferred Shares") to the Series A Investor at a cash consideration of an equivalent US\$ amount of RMB25,000,000 (or US\$0.54 per share). At the same time, due to the anti-dilution terms, certain founder held companies and management held companies transferred 325,207 and 3,149,005 ordinary shares of the Company, which were then re-designated and reclassified as Series B Preferred Shares and Series C Preferred Share, to the Series B Investor and the Senior and Series C Investor at nil consideration, respectively. All of the Series A-1 Preferred Shares and Series A-2 Preferred Shares were sold by the Series A Investor to new investors in July 2017 at a price of US\$7.00 per share and were then re-designated and reclassified as series A convertible and redeemable preferred shares (the "Series A Preferred Shares").

In May 2015, the Company issued 6,520,153 Series C Preferred Shares to the Senior and Series C Investor at a cash consideration of US\$15,000,000 (or US\$2.3006 per share).

In July 2015, the Company issued 21,558,190 series D convertible and redeemable preferred shares (the "Series D Preferred Shares") to certain investors at a cash consideration of US\$150,000,000 (or US\$6.96 per share). At the same time, certain management held company and the Series B Investor sold 1,796,516 ordinary shares and 1,437,213 Series B Preferred Shares, which were then re-designated and reclassified as Series D Preferred Shares, to two investors (together with the investors who subscribed Series D Preferred Shares from the Company as the "Series D Investors") at the same price, respectively.

In November 2015, the Series B Investor sold 2,140,062 Series B Preferred Shares, which were then redesignated and reclassified as Series C Preferred Shares, to a new investor at a price of US\$6.96 per share. At the same time, the Senior and Series C Investor sold 302,467 Series C Preferred Shares to the same investor at the same price. After that, there was no Series B Preferred Shares outstanding.

In December 2015, a management held company sold 3,500,000 ordinary shares, which were then redesignated and reclassified as Series C Preferred Shares, to another new investor (together with the above new investor as the "New Series C Investors") at a price of US\$6.96 per share. At the same time, the Senior and Series C Investor sold 4,977,012 Series C Preferred Shares to the same investor at the same price.

In May 2016, the Company issued 8,459,583 series C-1 convertible and redeemable preferred shares (the "Series C-1 Preferred Shares") at a cash consideration of US\$15,000,000 (or US\$1.7731 per share). At the same time, the Company issued 2,866,415 series D-1 convertible and redeemable preferred shares (the "Series D-1 Preferred Shares") to the Series D Investors at the then par value of US\$0.0001 per share due to certain antidilution term.

In August and September 2016, the Company issued 17,532,586 series E convertible and redeemable preferred shares (the "Series E Preferred Shares") to certain investors (the "Series E Investors") at a cash consideration of US\$150,000,000 (or US\$8.56 per share).

In March 2018, the Company issued 1,753,285 Series E Preferred Shares to the Series E Investors at the then par value of US\$0.0001 per share as the Series E Investors exercised warrants to subscribe the Series E Preferred Shares.

Pursuant to the Company's shareholders' resolution passed on 29 September 2018, every authorised share of the issued convertible redeemable preferred shares is sub-divided into 5 times with a par value of US\$0.00002.

In January 2019, the Company issued 3,419,766 series F convertible and redeemable preferred shares (the "Series F Preferred Shares") to a new investor (the "Series F Investor") at the then par value of US\$0.00002 per share as the Series F Investor exercised warrants to subscribe the Series F Preferred Shares.

In March 2019, the CDH Note Holder converted a principal amount of US\$40,000,000 of the CDH Note into 25,769,875 Series F+ Preferred Shares. The Series F+ Preferred Shares were repurchased by the Company at a cash consideration of US\$45,754,086 in March 2020.

In January 2020, one of the Series D Investors sold all the Series D Preferred Shares and Series D-1 Preferred Shares to the CC Note Holder and ceased to be an investor of the Company.

In March 2020, the WP Note Holder converted all of the outstanding principal amount and the unpaid interest of WP Note into 39,156,228 Series G Preferred Shares at a price of US\$1.5522 per share.

In February 2021, the CC Note Holder converted all of the outstanding principal amount and the unpaid interest of CC Note into 90,014,526 Series H Preferred Shares at a price of US\$1.5522 per share.

In February 2021, the Company issued 211,223 series F convertible and redeemable preferred shares (the "Series F Preferred Shares") to a new investor (the "Series F Investor") at the then par value of US\$0.00002 per share as the Series F Investor exercised warrants to subscribe the Series F Preferred Shares.

In February 2021, the Company issued 93,579,413 series I convertible and redeemable preferred shares (the "Series I Preferred Shares") to a new investor (the "Series I Investor") at the then par value of US\$0.00002 per share.

Series A, C, C-1, D, D-1, E, F, F+, G, H, I convertible redeemable preferred shares and the Senior Preferred Shares are collectively referred to as the "Preferred Shares".

The key terms of the Preferred Shares are summarised as follows:

Conversion rights

Each holder of the Preferred Shares shall have the right, at such holder's sole discretion, to convert all or any portion of the Preferred Shares into Class 1 ordinary shares at any time by the conversion price then in effect at the date of the conversion (the "Conversion Price"). The initial Conversion Price for the Preferred Shares will be the applicable Preferred Share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect share dividends, subdivisions, combinations or consolidations, recapitalisation and adjustment upon issuance of new securities for a consideration per share less than the Conversion Price.

All Preferred Shares shall automatically be converted into Class 1 ordinary shares at the then respective effective Conversion Price upon (i) the consummation of a Qualified Public Offering, or (ii) with respect to the conversion of each series of preferred shares, written consent of holders of more than 50% of the issued and outstanding preferred shares of that series. Qualified Public Offering means a Qualified International Public Offering or a Qualified Chinese Public Offering. Qualified International Public Offering means a firm commitment underwritten public offering of the ordinary shares (or securities representing ordinary shares) of the Company on the NASDAQ Global Market System, the New York Stock Exchange, the Main Board of the Hong Kong Stock Exchange, or any other internationally recognised securities exchange (or any combination of such securities exchanges and jurisdictions, other than the Chinese Main Board of Shanghai Stock Exchange or Shenzhen Stock Exchange, or the Small and Medium Enterprises Board and Chinext of Shenzhen Stock Exchange) acceptable to certain investors. Qualified Chinese Public Offering means a firm commitment underwritten public offering of the ordinary shares (or securities representing ordinary Shares) of the Company or the securities of a listing vehicle approved by certain investors that is incorporated in the PRC and directly or indirectly owns or carries all or substantially all of the business and assets of the Group (the "Listing Vehicle") on the Chinese Main Board of Shanghai Stock Exchange or Shenzhen Stock Exchange, or the Small and Medium Enterprises Board and Chinext of Shenzhen Stock Exchange, with a public offering price that reflects the valuation of the Company or the Listing Vehicle immediately prior to such offering being not less than US\$2,600,000,000 or RMB equivalent, or any other lower valuation agreed and accepted by certain investors.

Redemption feature

In the event that (a) a Qualified Public Offering does not occur by the Qualified IPO Deadline (see definition below); (b) the Group has incurred any material non-compliance penalty in respect of workplace safety, environmental protection, taxation, land, employment, the custom authority, and the industry and commerce authority, which has resulted in substantial impediment to a Qualified Public Offering, and the Company has not rectified such non-compliance within one hundred and eighty (180) days upon a written request from any investor; (c) material changes in the principal business, management or composition of the board have resulted in substantial impediment to a Qualified Public Offering; (d) the Company or management has committed material violation of law, which has resulted in material adverse effect to the Company or substantial impediment to a Qualified Public Offering, and the Company has not rectified such material adverse effect within one hundred and eighty (180) days upon a written request from any investor; (e) the Company decides not to proceed with or cease the process of a Qualified Public Offering; (f) the accountants issue a negative opinion or refuse to issue an opinion in the annual audit report in any fiscal year after the date hereof, which has resulted in substantial impediment to a Qualified Public Offering, and the Company has not rectified such material adverse effect within one hundred and eighty (180) days upon a written request from any Investor; (g) the occurrence of any other events which has resulted in substantial impediment to a Qualified Public Offering; and (h) any of the founders, the founder held companies, the group entities, certain management held companies and other entities as defined in the memorandum and articles has breached the terms of memorandum and articles and the shareholders agreement or any of the other transaction documents, which has resulted in substantial impediment to a Qualified Public Offering, and has not rectified such material adverse effect within one hundred and eighty (180) days upon a written request from any investor, each hold of the Preferred Shares shall have the right to require the Company to redeem or repurchase all or any part of the Preferred Shares held by such holder.

Qualified IPO Deadline means (i) 30 June 2022, or (ii) such later date as approved by a majority of the members of the Board (which shall include the affirmative vote or consent of each of the CDH Director, the Carlyle Director, the Topax Director, the CC Director and the CPE Director).

The redemption consideration at which the Preferred Shares are redeemed shall be the sum of (a) the applicable issue price with respect to such redeemed Preferred Share, (b) a premium which enables the Preferred Share holder to receive (i) in the case of any Series H Investor, a return on the applicable Series H issue price (with respect to each Series H Preferred Share or its conversion share) at a rate of 12% simple interest per annum from the date of investment by such Series H Investor with respect to such redeemed Preferred Share to the redemption date, (ii) in the case of any Series G Investor, a return on the applicable Series G issue price (with respect to each Series G Preferred Share or its conversion share) at a rate of 12% simple interest per annum from the date of investment by such Series G Investor with respect to such redeemed Preferred Share to the redemption date (for the avoidance of doubt, any amount of the interest that has been actually paid to the holder of the WP Note or an amount equal to any amount of the interest that has been actually converted into Series G Preferred Shares shall be counted as part of the aggregate redemption consideration payable for the Series G Preferred Shares), (iii) in the case of any Series F Investor, a return on the applicable Series F issue price (with respect to each Series F Preferred Share) at a rate of 12% simple interest per annum from the date of investment by such Series F Investor to the redemption date, (iv) in the case of any Series E Investor, a return on the Series E issue price at a rate of 12% simple interest per annum from the date of investment by such Series E Investor with respect to such redeemed Preferred Share to the redemption date, (v) in the case of a Series D Investor, a return on the Series D issue price (with respect to each Series D Preferred Share or its conversion share) and the Series D-1 issue price (with respect to each Series D-1 Preferred Share or its conversion share), each at a rate of at least 10% per annum compounded annually from the date of investment by such Series D Investor with respect to such redeemed Preferred Share to the redemption date, and (vi) in the case of any of the other requesting parties, a return on the applicable issue price at a rate of 10% per annum compounded annually from the date of investment by such other requesting party with respect to such redeemed Preferred Share to the redemption date, and (C) any declared but unpaid dividends accrued on such redeemed Preferred Share up to the redemption date.

Presentation and classification

The Group does not bifurcate any embedded derivatives from the Preferred Shares and designates the entire instruments as financial liabilities at fair value through profit or loss. The change in fair value is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income, if any. Management considered that fair value change in the Preferred Shares attributable to changes of own credit risk was not significant.

The movements of the Preferred Shares are set out below:

	Senior RMB'000	Series A RMB'000	Series C RMB'000	Series C-1 RMB'000	Series D RMB'000	Series D-1 RMB'000	Series E RMB'000	Series F RMB'000	Series F+ RMB'000	Series G RMB'000	Series H RMB'000	Series I RMB'000	Total RMB'000
At 1 January 2018	421,131	363,005	520,715	166,896	1,117,692	41,785	1,021,491	-	-	-	-	-	3,652,715
Change in fair value	65,145	74,110	94,268	24,814	140,600	6,017	78,670	-	-	-	-	-	483,624
Exchange adjustments (note i)	22,804	20,092	28,534	9,013	59,730	2,251	53,365	-	-	-	-	-	195,789
At 31 December 2018	509,080	457,207	643,517	200,723	1,318,022	50,053	1,153,526	-	-	-	-	-	4,332,128
Issue upon exercise of warrants	-	-	-	-	-	-	-	14,623	-	-	-	-	14,623
Convert from convertible loan	-	-	-	-	-	-	-	-	305,852	-	-	-	305,852
Change in fair value	13,774	6,657	9,871	5,818	(7,456)	2,097	(12,996)	(261)	10,102	-	-	-	27,606
Exchange adjustments (note i)	8,494	7,582	10,677	3,353	21,640	842	18,886	117	2,579	-	-	-	74,170
At 31 December 2019	531,348	471,446	664,065	209,894	1,332,206	52,992	1,159,416	14,479	318,533	-	-	-	4,754,379
Convert from convertible loan	-	-	-	-	-	-	-	-	-	480,721	-	-	480,721
Repurchase	-	-	-	-	-	-	-	-	(324,172)	-	-	-	(324,172)
Change in fair value	63,306	45,608	45,156	26,630	484	9,262	7,648	2,104	635	(650)	-	-	200,183
Exchange adjustments (note i)	(36,490)	(32,022)	(44,469)	(14,469)	(86,198)	(3,738)	(75,260)	(1,007)	5,004	(16,048)	-	-	(304,697)
At 31 December 2020	558,164	485,032	664,752	222,055	1,246,492	58,516	1,091,804	15,576	-	464,023	-	-	4,806,414
Convert from convertible loan	-	-	-	-	-	-	-	-	-	-	1,041,529	-	1,041,529
New issue	-	-	-	-	-	-	-	-	-	-	-	1,169,132	1,169,132
Issue upon exercise of warrants	-	-	-	-	-	-	-	161,254	-	-	-	-	161,254
Change in fair value	434,149	355,256	407,182	177,624	369,354	55,466	220,080	18,344	-	47,589	49,379	40,027	2,174,450
Exchange adjustments (note i)	(6,805)	(5,819)	(7,633)	(2,728)	(12,614)	(756)	(10,602)	(911)	-	(4,309)	(4,698)	(5,209)	(62,084)
At 30 April 2021	985,508	834,469	1,064,301	396,951	1,603,232	113,226	1,301,282	194,263	-	507,303	1,086,210	1,203,950	9,290,695

Analysed into:

	As at 31 December			As at
	2018	2019	2020	30 April 2021
Current portion (<i>note ii</i>)	–	4,754,379	–	–
Non-current portion (<i>note ii</i>)	4,332,128	–	4,806,414	9,290,695
	<u>4,332,128</u>	<u>4,754,379</u>	<u>4,806,414</u>	<u>9,290,695</u>

Notes:

- (i) Exchange adjustments presented the effect of exchange on translation from US\$ balances, which were charged to other comprehensive income.
- (ii) Pursuant to the memorandum and articles of association in September 2018, the holders of the Preferred Shares were entitled to an option to require the Company to early redeem the whole preferred shares when the Company or any other group company fails to consummate a Qualified Public Offering before December 2020. As such, the Preferred Shares were classified as non-current liabilities and current liabilities as at 31 December 2018 and 2019, respectively. The memorandum and articles amended effect in December 2020 postponed the date for a Qualified Public Offering for the Preferred Shares to 30 June 2022, as such, the Preferred Shares were reclassified to non-current liabilities as at 31 December 2020 and 30 April 2021.

The Group has used the discount cash flow method to determine the underlying equity value of the Company and adopted the equity allocation model to determine the fair value of the Preferred Shares. Key assumptions are set out below:

	As at 31 December			As at
	2018	2019	2020	30 April 2021
Discount rate	18.4%	17.7%	17.0%	15.7%
Risk-free interest rate	2.51%	1.64%	0.08%	0.08%
Discounts for lack of marketability ("DLOM")	18%	18%	18%	17%
Volatility	34.59%	36%	54.58%	55.13%

The discount rate (pre-tax) was estimated by the weighted average cost of capital as of the valuation date. The Group estimated the risk-free interest rate based on the yield of US Treasury Strips. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the discount for lack of marketability. Volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

Significant unobservable inputs	Increase/ (decrease) in the inputs	Increase/(decrease) in fair value			As at
		As at 31 December			30 April
		2018	2019	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000
Discount rate	1%/(1%)	(382,686)/ 431,512	(385,047)/ 434,111	(429,955)/ 488,634	(703,332)/ 820,559
Risk-free interest rate	1%/(1%)	(12,181)/ 11,960	(7,516)/ 7,291	(3,449)/ 3,408	(7,620)/ 7,645
DLOM	1%/(1%)	(24,138)/ 24,138	(26,557)/ 26,557	(26,888)/ 26,888	(51,679)/ 51,679
Volatility	1%/(1%)	(6,668)/ 6,768	(6,665)/ 6,745	(4,082)/ 4,118	(3,041)/ 3,028

32. OTHER NON-CURRENT LIABILITIES

	Notes	31 December			30 April
		2018	2019	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000
Prepaid forward contract	(a)	–	141,675	135,079	–
Advance from a third party	(a)	150,000	–	–	–
Financial liabilities associated with put option					
– Ningbo Meishan Free Trade Port Zone Qinghong Equity Investment Partnership Enterprise (Limited Partnership) (“Ningbo Qinghong”)	(b)	191,292	217,432	229,292	370,775
– Ningbo CDH Qi Lin Investment Partnership Enterprise (Limited Partnership) (寧波鼎暉祁麟投資合夥企業(有限合夥)) (“Ningbo CDH”)	(b)	–	77,378	–	–
– Beijing Anju Enterprise Management Centre (Limited Partnership) (“Beijing Anju”)	(b)	43,373	51,377	53,889	–
		<u>384,665</u>	<u>487,862</u>	<u>418,260</u>	<u>370,775</u>

- (a) In January 2019, the Company signed an agreement with a third-party investor Perfect Marina Limited (“PM”), pursuant to which the Company issued a warrant (the “Investor Warrant”) to PM to purchase up to 12,613,778 Series F Preferred Shares (the “Offshore Investment Agreement”). Simultaneously, a subsidiary of the Company in Mainland China, Shanghai ANE, signed a loan agreement with PM’s onshore related party (the “Payor”), pursuant to which the Payor lent an interest-free loan of RMB150,000,000 (the “Onshore Loan”) to Shanghai ANE (the “Onshore Loan Agreement”, together with the Offshore Investment Agreement as the “Agreements”). According to the Agreements, PM can exercise the Investor Warrant either at a per share price equal to the amount by dividing the US\$ equivalent of RMB150,000,000 by 12,613,778 Series F Preferred Shares or at a per share price equal to the then effective par value of each share within 24 months from the date of the Onshore Loan Agreement, subject to whether the Payor can satisfy certain conditions within 18 months from the date of the Onshore Loan Agreement. And according to the Onshore Loan Agreement, if the Payor does not satisfy certain conditions within 18 months from the date of the Onshore Loan Agreement, Shanghai ANE will be not obligated to repay the Onshore Loan any longer. Pursuant to the above agreements, management considered that the Company entered into a forward contract to sell 12,613,778 Series F Preferred Shares at a total consideration of RMB150,000,000 to PM. Meanwhile, another affiliate of the Payor, Mass Priority Limited, was issued warrants to purchase 3,419,766 Series F Preferred Shares at par value and the warrants were exercised immediately in January 2019. As the Payor paid the RMB150,000,000 to Shanghai ANE in 2018, the Group recognised the RMB150,000,000 as advance from a third party as of 31 December 2018 and recognised a prepaid forward contract as a financial liability at fair value through profit or loss as of 31 December 2019 and 2020. In February 2021, PM exercised the warrant and subscribe for 12,613,778 Series F Preferred Shares of the Company.
- (b) In January 2018, Ningbo Qinghong entered into a capital injection agreement with Shanghai ANE, pursuant to which Ningbo Qinghong made capital injections of RMB282,217,000 into Shanghai ANE and obtained 2.8126% equity interests in Shanghai ANE.

During the acquisition of Changshan Giant Truck Supply Chain Management Co., Ltd. in September 2018, Shanghai ANE issued the then 1.0544% interests to Beijing Anju which was set up by the original shareholders of Changshan Giant Truck Supply Chain Management Co., Ltd., as one of the considerations of the acquisition.

In January 2019, Ningbo CDH entered into a capital injection agreement with Shanghai ANE, Ningbo Qinghong and Beijing Anju, pursuant to which Ningbo CDH made capital injections of RMB68,000,000 into Shanghai ANE by two instalments with amounts of RMB27,200,000 and RMB40,800,000, respectively, and obtained 0.7937% of the then interests in Shanghai ANE after the payment of the second instalment.

Pursuant to the agreements and the terms of articles of Shanghai ANE, if any trigger events (each as “Ningbo Qinghong and Beijing Anju Trigger Event”) occurs, Ningbo Qinghong and Beijing Anju have the rights to require ANE Hong Kong, the direct parent of Shanghai ANE, to repurchase all the interests held by Ningbo Qinghong and Beijing Anju in Shanghai ANE at the respective price agreed under each Ningbo Qinghong and Beijing Anju Trigger Event, and ANE Hong Kong has the rights to require Ningbo Qinghong and Beijing Anju to sell all the interests held by Ningbo Qinghong and Beijing Anju in Shanghai ANE at the same respective price.

And if any trigger events (each as “Ningbo CDH Trigger Event”) occurs, Ningbo CDH has the rights to require Shanghai ANE, ANE Hong Kong, Ningbo Qinghong or Beijing Anju to repurchase all or part of the interests held by Ningbo CDH in Shanghai ANE at the respective price agreed under each Ningbo CDH Trigger Event.

The above put option liabilities are measured at the net present values of the redemption amounts with subsequent changes recognised in profit or loss.

In May 2020, ANE Hong Kong repurchased the interests held by Ningbo CDH in Shanghai ANE at a total consideration of RMB81,300,000.

On 2 April 2021, the Company revised the terms of the articles of Shanghai ANE and cancelled the relevant redemption right of Beijing Anju. The Company has reclassified the put option liability of RMB103,923,000 to non-controlling interest.

Set out below is a summary of significant unobservable inputs to the valuation of prepaid forward contract categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis:

Significant unobservable inputs	Increase /(decrease) in the inputs	Increase/(decrease) in fair value	
		As at 31 December	
		2019	2020
		RMB'000	RMB'000
Discount rate	1%/(1%)	(4,694)/5,673	(5,671)/6,856
Risk-free interest rate	1%/(1%)	(1,709)/1,755	(741)/751
DLOM	1%/(1%)	(778)/778	(742)/742
Volatility	1%/(1%)	216/(212)	145/(144)

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities associated with put option categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis:

Significant unobservable inputs	Increase /(decrease) in the inputs	Increase/(decrease) in fair value			
		As at 31 December		As at 30 April	
		2018	2019	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000
Discount rate	1%/(1%)	(14,746)/ 16,911	(15,610)/ 17,959	(18,096)/ 20,922	(25,676)/ 34,322

33. SHARE CAPITAL

Pursuant to the seventeenth amended and restated memorandum and articles effected in February 2021, The authorised share capital of the Company is US\$50,000 divided into: (i) 1,589,305,993 Class 1 Ordinary Shares of a nominal or par value of US\$0.00002 each, (ii) 24,950,465 Class 2 Ordinary Shares of a nominal or par value of US\$0.00002 each, (iii) 56,000,000 Class 3 Ordinary Shares of a nominal or par value of US\$0.00002 each, (iv) 76,466,665 redeemable Series A Preferred Shares of a nominal or par value of US\$0.00002 each, (v) 98,279,940 redeemable Series C Preferred Shares of a nominal or par value of US\$0.00002 each, (vi) 42,297,915 redeemable Series C-1 Preferred Shares of a nominal or par value of US\$0.00002 each, (vii) 103,115,630 redeemable Senior Convertible Preferred Shares of a nominal or par value of US\$0.00002 each, (viii) 123,959,595 redeemable Series D Preferred Shares of a nominal or par value of US\$0.00002 each, (ix) 14,332,075 redeemable Series D-1 Preferred Shares of a nominal or par value of US\$0.00002 each, (x) 96,429,355 redeemable Series E Preferred Shares of a nominal or par value of US\$0.00002 each, (xi) 17,000,000 redeemable Series F Preferred Shares of a nominal or par value of US\$0.00002 each, (xii) 64,424,688 redeemable Series G Preferred Shares of a nominal or par value of US\$0.00002 each, (xiii) 99,858,266 redeemable Series H Preferred Shares of a nominal or par value of US\$0.00002 each, and (xiv) 93,579,413 redeemable Series I Preferred Shares of a nominal or par value of US\$0.00002 each, each with power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law.

Issued and fully paid

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Class 1 ordinary shares	13	17	18	26
Class 2 ordinary shares	4	4	4	4
Class 3 ordinary shares	–	–	–	7
	<u>17</u>	<u>21</u>	<u>22</u>	<u>37</u>

The movements in share capital are as follows:

	Number of shares in issue			Total	Share capital RMB'000
	Class 1 ordinary shares	Class 2 ordinary shares	Class 3 ordinary shares		
At 1 January 2018	12,605,268	4,990,093	–	17,595,361	11
Share Subdivision by 1:5	50,421,072	19,960,372	–	70,381,444	–
Issue upon acquisition of a subsidiary	42,655,548	–	–	42,655,548	6
At 31 December 2018	105,681,888	24,950,465	–	130,632,353	17
New issue (note 35)	31,516,790	–	–	31,516,790	4
At 31 December 2019	137,198,678	24,950,465	–	162,149,143	21
Exercise of a warrant (a)	7,324,895	–	–	7,324,895	1
At 31 December 2020	144,523,573	24,950,465	–	169,474,038	22
New issue (b)	64,916,065	–	54,119,274	119,035,339	15
Exercise of a warrant (c)	211,223	–	–	211,223	–
At 30 April 2021	209,650,861	24,950,465	54,119,274	288,720,600	37

- (a) In January 2020, GT Holding exercised the warrant issued by the Company during the Group's acquisition of Changshan Giant Truck Transportation Supply Chain Management Co., Ltd. (note 36) and the Company issued 7,324,895 Class 1 ordinary shares to GT Holding accordingly.
- (b) In February 2021, pursuant to the Equity Incentive Plan and the written resolutions of the directors of the Company, the Company has issued in aggregate 54,119,274 Class 3 Ordinary Shares. Pursuant to the share-based payments, the Company issued 64,916,065 Class 1 Ordinary Shares to the Trustee, comprising: (i) 49,215,150 Class 1 Ordinary Shares for the Amended 2015 Plan; and (ii) 15,700,915 Class 1 Ordinary Shares for the Amended 2016 Plan.
- (c) In February 2021, CDF ANE Limited and Fanatic C Limited exercised the warrants issued by the Company and the Company issued 70,408 and 140,815 Class 1 ordinary shares to CDF ANE Limited and Fanatic C Limited respectively.

34. DEFICITS

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

(a) Capital reserve

The capital reserve represents share premium of the Group, the reserve arisen pursuant to the acquisition of subsidiaries, derecognition of warrants and share-based payment reserves. The derecognition of warrants represents the repurchase of warrants from warrant holders. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

(c) Statutory surplus reserve

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory surplus reserves may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

35. SHARE-BASED PAYMENTS

The Company operates two share-based payment schemes, the 2015 Plan and the 2016 Plan (the “Schemes”), which were further amended in 2020, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Schemes include the Company’s directors, the Group’s employees and consultants. The main amendment to the Schemes in 2020 is to add certain terms of restricted share units (“RSUs”).

2015 Plan

The 2015 Plan became effective in May 2015 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant. The Group accumulatively granted 55,184,800 options at exercise price of par value per share (considering the Share Subdivision) under the 2015 Plan as of 31 December 2020.

2016 Plan

The 2016 Plan became effective in December 2015 and, unless otherwise cancelled or amended, will continue in effect for a term of 10 years from the date of grant.

The Group accumulatively granted 18,528,805 options at exercise price of par value per share (considering the Share Subdivision) under the 2016 Plan as of 31 December 2020.

Share options

The share options have vesting terms in schedule from the grant date over 3 years on the condition that the directors and employees remain in service.

Subject to the directors’ and employees’ continued status as a service provider through each of the applicable vesting dates and to the extent permitted by applicable law, the option shall be vested in whole or in part in accordance with the option rules and the vesting schedule set forth as follows:

- (i) one third (1/3) of the shares subject to the options shall vest on the first anniversary of the effective date of grant;
- (ii) one third (1/3) of the shares subject to the options shall vest on the second anniversary of the effective date of grant; and
- (iii) the remaining one third (1/3) of the shares subject to the options shall vest on the third anniversary of the effective date of grant.

The following share options were outstanding under the Schemes as at the end of each of the Relevant Periods before the Company's modification of the share options to RSUs:

	Weighted average exercise price US\$ per share	Number of share options '000
At 1 January 2018	0.0001	11,618
Granted during the period before the Share Subdivision	0.0001	2,077
Forfeited during the period before the Share Subdivision	0.0001	(197)
Expired during the period before the Share Subdivision	0.0001	(160)
Share Subdivision by 1:5	0.00002	53,352
Forfeited during the period after the Share Subdivision	0.00002	(1,186)
Expired during the period after the Share Subdivision	0.00002	(1,012)
At 31 December 2018	0.00002	64,492
Exercisable as of 31 December 2018	0.00002	38,217
Exercise period		24 July 2016 to 1 July 2030
Forfeited during the year	0.00002	(2,277)
Expired during the year	0.00002	(1,350)
At 31 December 2019	0.00002	60,865
Exercisable as of 31 December 2019	0.00002	52,799
Exercise period		24 July 2016 to 1 July 2030
Granted during the year	0.00002	576
Forfeited during the year	0.00002	(137)
Expired during the year	0.00002	(556)
At 31 December 2020	<u>0.00002</u>	<u>60,748</u>
Exercisable as of 31 December 2020	<u>0.00002</u>	<u>57,353</u>
Exercise period		24 July 2016 to 1 July 2030

Fair value of share options

The fair value of equity-settled share options granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the key assumptions that the model used.

	23 July 2015	31 December 2015	19 August 2016	31 December 2016	30 June 2017	31 December 2017	30 June 2018	1 July 2020
Dividend yield (%)	0%	0%	0%	0%	0%	0%	0%	0%
Expected volatility (%)	40.81%	40.67%	40.47%	40.45%	40.61%	40.34%	39.60%	36.81%
Risk-free interest rate (%)	2.45%	2.52%	1.74%	2.67%	2.45%	2.54%	2.96%	0.82%
Expected life of options (year)	10	10	10	10	10	10	10	10
Ordinary share price at grant date (US\$ per share)	1.7024	1.7427	2.1794	2.1794	2.2295	2.2309	2.3728	0.5092

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

A resolution was passed in December 2020 to replace all the granted options with RSUs with no other terms amended. As the exercise price is equal to par value of ordinary shares which is minimal, incremental cost of the replacement is not significant.

Equity incentive

In February 2021, the Company granted 13,287,620 and 1,997,191 restricted share units to the Group's employees. The fair value of the restricted shares and restricted share units on the grant dates was US\$1.0686 per unit.

In April 2021, the Company granted 22,602,484 and 10,000,000 restricted share units to Great Vision L.P. and ANE-WYJ Holding Limited respectively. The fair value of the restricted shares and restricted share units on the grant date was US\$1.0884 per unit.

45,890,104 RSUs have vesting terms in schedule from the grant date over 3 years on the condition that the directors and employees remain in service.

Subject to the directors' and employees' continued status as a service provider through each of the applicable vesting dates and to the extent permitted by applicable law, the RSUs shall be vested in whole or in part in accordance with the RSU rules and the vesting schedule set forth as follows:

- (i) one third (1/3) of the shares subject to the RSUs shall vest on the first anniversary of the effective date of grant;
- (ii) one third (1/3) of the shares subject to the RSUs shall vest on the second anniversary of the effective date of grant; and
- (iii) the remaining one third (1/3) of the shares subject to the RSUs shall vest on the third anniversary of the effective date of grant.

386,553 RSUs shall vest in whole or in part in accordance with the RSU rules and the vesting schedule set forth as follows:

- (i) one third (1/3) of the shares subject to the RSUs shall vest on the effective date of grant;
- (ii) one third (1/3) of the shares subject to the RSUs shall vest on the first anniversary of the effective date of grant; and
- (iii) the remaining one third (1/3) of the shares subject to the RSUs shall vest on the second anniversary of the effective date of grant.

644,255 RSUs shall vest in whole or in part in accordance with the RSU rules and the vesting schedule set forth as follows:

- (i) 50% of the shares subject to the options shall vest on the date of completion of the Company's issuance of its first series I preferred share (the "completed date"), and
- (ii) 50% of the shares subject to the options shall vest on the first anniversary of the completion date.

966,383 RSUs shall vest in whole or in part in accordance with the RSU rules and the vesting schedule set forth as follows:

- (i) 50% of the shares subject to the options shall vest on the date of listing the Company's shares on the Hong Kong Stock Exchange (the "listing date"), and
- (ii) 50% of the shares subject to the options shall vest on the first anniversary of the listing date.

The following RSUs were outstanding under the Schemes as at 30 April 2021:

	30 April 2021
	'000
Restricted share units:	
At the beginning of the period	60,748
Granted during the period	47,887
Forfeited during the period	(8)
Expired during the period	(48)
	<hr/>
At 30 April 2021	108,579
	<hr/>
Exercisable as of 30 April 2021	57,300
	<hr/>
Exercise period	24 July 2016 to 1 April 2031

The Group recognised share-based payment expenses of RMB49,498,000, RMB24,702,000, RMB8,962,000 and RMB29,579,000 related to the above share awards during the Relevant Periods and the four months ended 30 April 2020, respectively.

Other share-based payment transactions

The Company issued 31,516,790 Class 1 ordinary shares to ANE-SCS to hold on behalf of the beneficial owners Mr. Wang Yongjun and Mr. Qin Xinghua on 30 January 2019. In 2020, ANE-SCS further transferred the 31,516,790 Class 1 ordinary shares to Great Vision L.P., a limited partnership entity set up by Mr. Wang Yongjun and Mr. Qin Xinghua. The Company recognised share-based payment expenses of RMB115,528,000 in 2019 accordingly.

In 2019, the Company issued a warrant to GT Holding, pursuant to which GT Holding is entitled to purchase from the Company up to 401,779 Class 1 ordinary shares at exercise price of par value US\$0.00002 per share. As GT Holding is held by the Group's certain management and employees, the Company recognised share-based payment expenses of RMB1,474,000 in 2019 accordingly.

36. BUSINESS COMBINATION

On 30 September 2018, the Group acquired 100% interest in Changshan Giant Truck Transportation Supply Chain Management Co., Ltd.. Changshan Giant Truck Transportation Supply Chain Management Co., Ltd. is mainly engaged in the freight transportation. The acquisition was made as part of the Group's strategy to enhance its operating capability and improve line-haul transportation operations, and the Group was expected to benefit from the potential significant strategic synergies between the Group and Changshan Giant Truck Transportation Supply Chain Management Co., Ltd.. The purchase consideration for the acquisition consisted of (1) 42,655,548 Class 1 ordinary shares of the Company, (2) a warrant to purchase up to 10,501,135 Class 1 ordinary shares of the Company at an exercise price of the then par value of the ordinary shares, (3) 1.0544% interests in Shanghai ANE and cash of RMB22 million. The cash consideration was paid subsequently in March 2021.

The fair values of the identifiable assets and liabilities of Changshan Giant Truck Transportation Supply Chain Management Co., Ltd. as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition RMB'000
Property, plant and equipment	16	244,926
Deferred tax assets	24	36,653
Trade receivables		1,179,950
Other receivables and other assets		155,910
Cash and cash equivalents		53,476
Other assets		102,785
Interest-bearing borrowings		(558,972)
Trade payables		(638,739)
Other current liabilities		(419,986)
		<hr/>
Total identifiable net assets at fair value		156,003
Non-controlling interests		(6,140)
Goodwill on acquisition		113,910
		<hr/>
Satisfied by:		
Other payables		22,437
Interests in Shanghai ANE		43,373
Issued shares and warrants		197,963
		<hr/>
		263,773
		<hr/> <hr/>

The Group incurred transaction costs of RMB1,450,000 for this acquisition. These transaction costs have been expensed in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition is as follows:

	<i>RMB'000</i>
Cash consideration	–
Cash and cash equivalents acquired	53,476
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	53,476
	<hr/>
	53,476
	<hr/> <hr/>

Since the acquisition, Changshan Giant Truck Transportation Supply Chain Management Co., Ltd. contributed RMB86,168,000 to the Group's revenue and RMB3,031,000 to the consolidated loss for the year ended 31 December 2018.

Had the combination taken place at the beginning of 2018, the revenue of the Group and the loss of the Group for the year would have been RMB5,475,899,000 and RMB2,072,064,000, respectively.

37. CONTINGENT LIABILITIES

A subsidiary of the Group has guaranteed certain bank loans made to Changshan Zhongka Logistics Industrial Park Investment Co., Ltd., which amounted to RMB55,000,000 as at 31 December 2020 and 30 April 2021.

The Group has guaranteed certain bank loans made to its customers, which amounted to RMB6,616,000, RMB7,949,000 and RMB10,182,000 as at 31 December 2019 and 2020 and 30 April 2021, respectively.

38. COMMITMENTS

(a) The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Contracted, but not provided for Motor vehicles	–	–	8,646	252,678

(b) The Group has various lease contracts that have not yet commenced. The future lease payments for these non-cancellable lease contracts are RMB86,261,000 due within one year and RMB241,689,000 due in the second to fifth years as at 31 December 2020. The future lease payments for these non-cancellable lease contracts are RMB69,205,000 due within one year and RMB200,339,000 due in the second to fifth years as at 30 April 2021.

39. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties of the Group are mainly entities over which key management of the Company has direct or indirect significant influence.

(a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods.

Notes	Year ended 31 December			Four months ended	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Service received from:					
Shanghai Ruitu Transportation Co., Ltd. (上海銳兔運輸有限公司)	111,747	9,082	–	–	–
Hunan IOT Juchuang Information Technology Co., Ltd. (湖南物聯聚創信息科技有限公司)	16,619	4,121	2,185	711	–
Shanghai Chengfeng Intelligent Technology Co., Ltd. (上海丞風智能科技有限公司)	6,856	1,111	264	87	–
Shenzhen Zhiwei Tongchuang Industrial Co., Ltd. (深圳智威同創實業有限公司)	–	9,276	–	–	14
Changshan Giant Truck Supply Chain Management Co., Ltd. and its subsidiaries	2,630,194	–	–	–	–
	<u>2,765,416</u>	<u>23,590</u>	<u>2,449</u>	<u>798</u>	<u>14</u>
Borrowing provided to:					
Shanghai Ruitu Transportation Co., Ltd. (上海銳兔運輸有限公司)	(i)	–	5,000	–	–
Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. (常山翠卡物流產業園投資有限公司)	(ii)	41,050	57,200	7,208	–
Shanghai Qinghong Juyue Investment Management Center (Limited Partnership) (上海青虹聚岳投資管理中心(有限合夥))	(iii)	8,000	–	–	–
		<u>49,050</u>	<u>62,200</u>	<u>7,208</u>	<u>–</u>

	Notes	Year ended 31 December			Four months ended	
					30 April	
		2018	2019	2020	2020	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Repayment of borrowing provided to:						
Shanghai Ruitu Transportation Co., Ltd. (上海銳兔運輸有限公司)		-	4,268	50	-	682
Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. (常山翠卡物流產業園投 資有限公司)		-	42,208	48,200	20,000	-
Mr. Qin Xinghua		5,000	-	-	-	-
Mr. Zhu Jianhui		20,000	-	-	-	-
Raleigh (Shanghai) Financial Leasing Co., Ltd. (雷勵(上海)融資租賃有限公司)		3,718	-	-	-	-
Shanghai Leili Transportation Co., Ltd. (上海雷勵運輸有限公司)		939	-	-	-	-
Shanghai Yelan Investment Management Center (Limited Partnership) (上海燁嵐投資管理中心 (有限合夥))		-	-	-	-	2,435
Shanghai Qinghong Juyue Investment Management Center (Limited Partnership) (上海青虹聚岳投資管理中心(有限合夥))		8,000	-	-	-	-
		<u>37,657</u>	<u>46,476</u>	<u>48,250</u>	<u>20,000</u>	<u>3,117</u>
Borrowing from:						
Ningbo Qinghong (寧波梅山保稅港區青虹股權 投資合夥企業(有限合夥))	(iv)	30,755	-	-	-	-
Shanghai Leili Transportation Co., Ltd. (上海雷勵運輸有限公司)		3,536	-	-	-	-
Changshan Giant Truck Supply Chain Management Co., Ltd. and its subsidiaries	(v)	295,900	-	-	-	-
		<u>330,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Year ended 31 December			Four months ended 30	
	2018	2019	2020	April	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Rental expenses:					
Taizhou Zhicheng Storage and Transportation Co., Ltd. (泰州至成儲運有限公司)	5,634	5,734	5,917	2,036	1,023
Huaian Yuchu Storage and Transportation Co., Ltd. (淮安宇矗儲運有限公司)	8,738	8,311	8,088	3,118	3,202
Wuhu Yuchu Storage Service Co., Ltd. (蕪湖宇矗倉儲服務有限公司)	-	-	401	-	603
	<u>14,372</u>	<u>14,045</u>	<u>14,406</u>	<u>5,154</u>	<u>4,828</u>
Interest expenses:					
Ningbo Qinghong	2,093	971	-	-	-
Shanghai Ruitu Transportation Co., Ltd. (上海銳兔運輸有限公司)	1,253	113	-	-	-
Changshan Giant Truck Supply Chain Management Co., Ltd. and its subsidiaries	3,501	-	-	-	-
	<u>6,847</u>	<u>1,084</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest income:					
Shanghai Ruitu Transportation Co., Ltd. (上海銳兔運輸有限公司)	-	500	-	-	138
Raleigh (Shanghai) Financial Leasing Co., Ltd. (雷勵(上海)融資租賃有限公司)	102	-	-	-	-
Shanghai Leili Transportation Co., Ltd. (上海雷勵運輸有限公司)	73	-	-	-	-
	<u>175</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>138</u>

Notes:

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

- (i) The interest rate of borrowings to Shanghai Ruitu Transportation Co., Ltd. in 2019 is 24%, and the maturity date is 4 July 2019.
- (ii) The interest rate of borrowings to Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. are 18%, 0%, 0%, 0% and the maturity date are 21 June 2019, 1 February 2021, 1 February 2021 and 1 February 2022 as at the end of each of the Relevant Periods.
- (iii) The interest rate of borrowings to Shanghai Qinghong Juyue Investment Management Center (Limited Partnership) in 2018 is 0%, and the maturity date is 26 December 2018.
- (iv) The interest rate of borrowings from Ningbo Qinghong in 2018 is 36%, and the maturity date is 1 February 2019.
- (v) The interest rate of borrowings from Changshan Giant Truck Supply Chain Management Co., Ltd. and its subsidiaries in 2018 before the acquisition is 12%, and the maturity date is 12 July 2018.

(b) Outstanding balances with related parties:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	RMB'000
Due from related parties:				
Non-trade related				
Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. (常山眾卡物流產業園投資有限公司)	41,050	56,042	15,050	15,050
Shanghai Yelan Investment Management Center (Limited Partnership) (上海燁嵐投資管理中心(有限合夥))	2,435	2,435	2,435	–
	<u>43,485</u>	<u>58,477</u>	<u>17,485</u>	<u>15,050</u>
Trade related				
Shanghai Ruitu Transportation Co., Ltd. (上海銳免運輸有限公司)	–	732	682	–
Jurong Dingchu Storage and Transportation Co., Ltd. (句容鼎矗儲運有限公司)	5,452	5,452	13,504	13,504
Huaian Yuchu Storage and Transportation Co., Ltd. (淮安宇矗儲運有限公司)	802	802	802	802
Wuhu Yuchu Storage Service Co., Ltd. (蕪湖宇矗倉儲服務有限公司)	–	–	217	433
Shanghai Leili Transportation Co., Ltd. (上海雷勵運輸有限公司)				
– Gross	40,000	40,000	40,000	40,000
– Provision	(40,000)	(40,000)	(40,000)	(40,000)
	<u>6,254</u>	<u>6,986</u>	<u>15,205</u>	<u>14,739</u>

Note:

The non-trade related balance due from Changshan Zhongka Logistics Industrial Park Investment Co., Ltd. (常山眾卡物流產業園投資有限公司) as at 30 April 2021 has been subsequently settled in August 2021 upon the Group's acquisition of Changshan Zhongka.

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Due to related parties:				
Non-trade related				
Ningbo Qinghong	32,848	–	–	–
Trade related				
Shanghai Ruitu Transportation Co., Ltd. (上海銳兔運輸有限公司)	22,051	2,660	1,842	94
Huaian Yuchu Storage and Transportation Co., Ltd. (淮安宇矗儲運有限公司)	2,933	906	733	3,124
Shenzhen Zhiwei Tongchuang Industrial Co., Ltd. (深圳智威同創實業有限公司)	2,314	14,373	12,994	15
Shanghai Chengfeng Intelligent Technology Co., Ltd. (上海丞風智能科技有限公司)	3,500	1,092	41	–
Wuhu Yuchu Storage Service Co., Ltd. (蕪湖宇矗倉儲服務有限公司)	–	–	401	–
Hunan IOT Juchuang Information Technology Co., Ltd. (湖南物聯聚創信息科技有限公司)	9,288	6,124	1,000	–
	40,086	25,155	17,011	3,233

(c) Compensation of key management personnel of the Group:

	Year ended 31 December			Four months ended	
	2018	2019	2020	2020	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, allowances and benefits in kind	23,300	39,923	37,978	10,349	13,263
Share-based payment expenses	34,663	133,288	6,419	4,825	12,652
Pension scheme contributions	1,166	1,308	150	125	511
Total	59,129	174,519	44,547	15,299	26,426

Further details of directors' emoluments are included in note 11 to the Historical Financial Information.

The related party transactions above do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2018*Financial assets*

	Financial assets at amortised cost <i>RMB'000</i>
Trade receivables	80,433
Financial assets included in other receivables and other assets	178,033
Financial assets included in other non-current assets	47,608
Restricted cash	46,849
Cash and cash equivalents	135,474
	<hr/>
	488,397
	<hr/> <hr/>

Financial liabilities

	Financial liabilities at fair value through profit or loss <i>RMB'000</i>	Financial liabilities at amortised cost <i>RMB'000</i>	Total <i>RMB'000</i>
Trade and bills payables	–	962,036	962,036
Lease liabilities	–	1,000,747	1,000,747
Interest-bearing borrowings	–	461,897	461,897
Financial liabilities included in other payables and accruals	–	898,616	898,616
Convertible redeemable preferred shares	4,332,128	–	4,332,128
Convertible loans	474,951	–	474,951
Other non-current liabilities	384,665	–	384,665
	<hr/>	<hr/>	<hr/>
	5,191,744	3,323,296	8,515,040
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2019*Financial assets*

	Financial assets at amortised cost <i>RMB'000</i>
Trade receivables	52,167
Financial assets included in other receivables and other assets	131,549
Financial assets included in other non-current assets	96,965
Restricted cash	45,726
Cash and cash equivalents	376,015
	<hr/>
	702,422
	<hr/> <hr/>

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	990,828	990,828
Lease liabilities	–	887,332	887,332
Interest-bearing borrowings	–	183,286	183,286
Financial liabilities included in other payables and accruals	–	715,203	715,203
Convertible redeemable preferred shares	4,754,379	–	4,754,379
Convertible loans	692,362	–	692,362
Other non-current liabilities	487,862	–	487,862
	<u>5,934,603</u>	<u>2,776,649</u>	<u>8,711,252</u>

As at 31 December 2020

Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables	48,550
Financial assets included in other receivables and other assets	145,995
Financial assets included in other non-current assets	66,583
Restricted cash	86,261
Cash and cash equivalents	498,740
	<u>846,129</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	744,310	744,310
Lease liabilities	–	902,074	902,074
Interest-bearing borrowings	–	655,966	655,966
Financial liabilities included in other payables and accruals	–	718,874	718,874
Convertible redeemable preferred shares	4,806,414	–	4,806,414
Convertible loans	1,040,970	–	1,040,970
Other non-current liabilities	418,260	–	418,260
	<u>6,265,644</u>	<u>3,021,224</u>	<u>9,286,868</u>

As at 30 April 2021

Financial assets

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	–	40,743	40,743
Financial assets included in other receivables and other assets	–	185,931	185,931
Financial assets included in other non-current assets	–	89,046	89,046
Restricted cash	–	83,167	83,167
Cash and cash equivalents	–	1,125,969	1,125,969
Financial assets at fair value through profit or loss	194,016	–	194,016
	<u>194,016</u>	<u>1,524,856</u>	<u>1,718,872</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade and bills payables	–	524,572	524,572
Lease liabilities	–	1,066,310	1,066,310
Interest-bearing borrowings	–	786,758	786,758
Financial liabilities included in other payables and accruals	–	933,879	933,879
Convertible redeemable preferred shares	9,290,695	–	9,290,695
Other non-current liabilities	370,775	–	370,775
	<u>9,661,470</u>	<u>3,311,519</u>	<u>12,972,989</u>

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	Carrying amounts				Fair values			
	2018	2019	2020	30 April 2021	2018	2019	2020	30 April 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Financial assets at fair value through profit or loss	–	–	–	194,016	–	–	–	194,016
Financial liabilities								
Convertible redeemable preferred shares	4,332,128	4,754,379	4,806,414	9,290,695	4,332,128	4,754,379	4,806,414	9,290,695
Convertible loans	474,951	692,362	1,040,970	–	474,951	692,362	1,040,970	–
Other non-current liabilities	384,665	487,862	418,260	370,775	384,665	487,862	418,260	370,775
Interest-bearing borrowings	461,897	183,286	655,966	786,758	458,164	182,965	634,989	742,668

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade receivables, financial assets included in other receivables and other assets, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the long-term interest-bearing borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the long-term interest-bearing borrowings as at the end of the reporting period was assessed to be insignificant.

The Group with the assistance of an external appraiser, measures financial instruments such as convertible loans and convertible redeemable preferred shares at each balance sheet date. Fair value related disclosures for financial instruments measured at fair value are disclosed in note 30 and 31 to the Historical Financial Information.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2018:

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Convertible loans	–	–	474,951	474,951
Convertible redeemable preferred shares	–	–	4,332,128	4,332,128
Other non-current liabilities	–	–	384,665	384,665
Interest-bearing borrowings	–	458,164	–	458,164

As at 31 December 2019:

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Convertible loans	–	–	692,362	692,362
Convertible redeemable preferred shares	–	–	4,754,379	4,754,379
Other non-current liabilities	–	–	487,862	487,862
Interest-bearing borrowings	–	182,965	–	182,965
	<u>–</u>	<u>182,965</u>	<u>–</u>	<u>182,965</u>

As at 31 December 2020:

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Convertible loans	–	–	1,040,970	1,040,970
Convertible redeemable preferred shares	–	–	4,806,414	4,806,414
Other non-current liabilities	–	–	418,260	418,260
Interest-bearing borrowings	–	634,989	–	634,989
	<u>–</u>	<u>634,989</u>	<u>–</u>	<u>634,989</u>

As at 30 April 2021:

Assets measured at fair value:

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	–	194,016	–	194,016
	<u>–</u>	<u>194,016</u>	<u>–</u>	<u>194,016</u>

Liabilities measured at fair value:

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Convertible redeemable preferred shares	–	–	9,290,695	9,290,695
Other non-current liabilities	–	–	370,775	370,775
Interest-bearing borrowings	–	742,668	–	742,668

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and restricted cash. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade and bills payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing these risks and they are summarised below.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its interest-bearing borrowings and long-term interest-bearing borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
Year ended 31 December 2018		
If interest rate increases	100	(2,913)
If interest rate decreases	(100)	2,913
Year ended 31 December 2019		
If interest rate increases	100	(4,322)
If interest rate decreases	(100)	4,322
Year ended 31 December 2020		
If interest rate increases	100	(2,786)
If interest rate decreases	(100)	2,786
Four months ended 30 April 2021		
If interest rate increases	100	(2,046)
If interest rate decreases	(100)	2,046

Foreign currency risk

The Group have transactional currency exposures. Such exposures arise from financing activities under currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the RMB and USD, HKD and USD exchange rate, with all other variables held constant, of the Group's loss/profit before tax and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000
Year ended 31 December 2018		
If RMB weakens against USD	1	(4,347)
If RMB strengthens against USD	(1)	4,347
Year ended 31 December 2019		
If RMB weakens against USD	1	(3,935)
If RMB strengthens against USD	(1)	3,935
Year ended 31 December 2020		
If RMB weakens against USD	1	(2,642)
If RMB strengthens against USD	(1)	2,642
Four months ended 30 April 2021		
If RMB weakens against USD	1	(3,545)
If RMB strengthens against USD	(1)	3,545
Four months ended 30 April 2021		
If HKD weakens against USD	1	(5)
If HKD strengthens against USD	(1)	5

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure year-end staging as at the end of each of the Relevant Periods

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

31 December 2018

	12 months ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Trade receivables*	–	–	–		110,791	110,791
Financial assets included in other receivables and other assets						
– Normal**	178,033	–	–		–	178,033
– Doubtful**	–	–	44,967		–	44,967
Other non-current assets						
– Normal**	47,608	–	–		–	47,608
Restricted cash						
– Not yet past due	46,849	–	–		–	46,849
Cash and cash equivalents						
– Not yet past due	135,474	–	–		–	135,474
Total	<u>407,964</u>	<u>–</u>	<u>44,967</u>		<u>110,791</u>	<u>563,722</u>

31 December 2019

	12 months ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000			
Trade receivables*	–	–	–		77,175	77,175
Financial assets included in other receivables and other assets						
– Normal**	131,549	–	–		–	131,549
– Doubtful**	–	–	43,597		–	43,597
Other non-current assets						
– Normal**	96,965	–	–		–	96,965
Restricted cash						
– Not yet past due	45,726	–	–		–	45,726
Cash and cash equivalents						
– Not yet past due	376,015	–	–		–	376,015
Total	<u>650,255</u>	<u>–</u>	<u>43,597</u>		<u>77,175</u>	<u>771,027</u>

31 December 2020

	12 months ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Stage 3 RMB'000		
Trade receivables*	–	–	–	–	74,560	74,560
Financial assets included in other receivables and other assets						
– Normal**	145,995	–	–	–	–	145,995
– Doubtful**	–	–	45,198	–	–	45,198
Other non-current assets						
– Normal**	66,583	–	–	–	–	66,583
Restricted cash						
– Not yet past due	86,261	–	–	–	–	86,261
Cash and cash equivalents						
– Not yet past due	498,740	–	–	–	–	498,740
Total	<u>797,579</u>	<u>–</u>	<u>45,198</u>	<u>–</u>	<u>74,560</u>	<u>917,337</u>

30 April 2021

	12 months ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Stage 3 RMB'000		
Trade receivables*	–	–	–	–	77,253	77,253
Financial assets included in other receivables and other assets						
– Normal**	185,931	–	–	–	–	185,931
– Doubtful**	–	–	47,202	–	–	47,202
Other non-current assets						
– Normal**	89,046	–	–	–	–	89,046
Restricted cash						
– Not yet past due	83,167	–	–	–	–	83,167
Cash and cash equivalents						
– Not yet past due	1,125,969	–	–	–	–	1,125,969
Total	<u>1,484,113</u>	<u>–</u>	<u>47,202</u>	<u>–</u>	<u>77,253</u>	<u>1,608,568</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

** The credit quality of the financial assets included in other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	On demand <i>RMB'000</i>	Within 1 year <i>RMB'000</i>	1 to 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2018				
Trade and bills payables	–	962,036	–	962,036
Lease liabilities	–	472,132	626,921	1,099,053
Financial liabilities included in other payables and accruals	–	898,616	–	898,616
Interest-bearing borrowings	–	418,724	53,195	471,919
Convertible loans	–	474,951	–	474,951
Convertible redeemable preferred shares	–	–	4,332,128	4,332,128
Other non-current liabilities	–	–	384,665	384,665
Total	–	3,226,459	5,396,909	8,623,368
31 December 2019				
Trade and bills payables	–	990,828	–	990,828
Lease liabilities	–	437,999	526,232	964,231
Financial liabilities included in other payables and accruals	–	715,203	–	715,203
Interest-bearing borrowings	–	179,514	5,962	185,476
Convertible loans	–	174,692	517,670	692,362
Convertible redeemable preferred shares	–	4,754,379	–	4,754,379
Other non-current liabilities	6,616	–	481,246	487,862
Total	6,616	7,252,615	1,531,110	8,790,341

	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2020					
Trade and bills payables	–	744,310	–	–	744,310
Lease liabilities	–	445,359	541,296	3,312	989,967
Financial liabilities included in other payables and accruals	–	718,874	–	–	718,874
Interest-bearing borrowings	–	397,892	308,939	–	706,831
Convertible loans	–	–	1,040,970	–	1,040,970
Convertible redeemable preferred shares	–	–	4,806,414	–	4,806,414
Other non-current liabilities	7,949	–	410,311	–	418,260
Total	7,949	2,306,435	7,107,930	3,312	9,425,626
30 April 2021					
Trade and bills payables	–	524,572	–	–	524,572
Lease liabilities	–	506,107	660,636	7,973	1,174,716
Financial liabilities included in other payables and accruals	–	933,879	–	–	933,879
Interest-bearing borrowings	–	512,775	326,797	–	839,572
Convertible redeemable preferred shares	–	–	9,290,695	–	9,290,695
Other non-current liabilities	10,182	–	370,775	–	380,957
Total	10,182	2,477,333	10,648,903	7,973	13,144,391

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at
	2018	2019	2020	30 April
	RMB'000	RMB'000	RMB'000	2021
				RMB'000
Total assets	2,582,028	2,613,143	3,710,788	5,262,920
Total liabilities	9,013,737	9,209,191	9,699,363	13,316,311
Asset-liability ratio (Note)	349.1%	352.4%	261.4%	253.0%

Note: Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

43. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB616,943,000, RMB396,648,000, RMB497,451,000, and RMB389,883,000 respectively, in respect of lease arrangements for sorting and distribution centers.

(b) Changes in liabilities arising from financing activities

	Convertible loans	Interest- bearing borrowings	Convertible redeemable preferred shares	Other payables and accruals	Other non- current liabilities	Lease liabilities
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018	–	168,294	3,652,715	910,513	–	858,005
Changes from financing cash flows	378,755	(210,247)	–	32,246	432,217	(498,569)
Changes from other investing cash flows	–	(55,122)	–	437,372	–	–
Changes from operating cash flows	–	–	–	(30,513)	–	–
Fair value changes	61,645	–	483,624	–	(90,925)	–
Termination of lease contract	–	–	–	–	–	(31,756)
Exchange realignment	34,551	–	195,789	–	–	–
Acquisition of a subsidiary	–	558,972	–	–	43,373	–
Additions of lease liabilities (note 17)	–	–	–	–	–	616,943
Interest expense (note 17)	–	–	–	–	–	56,124
At 31 December 2018	474,951	461,897	4,332,128	1,349,618	384,665	1,000,747

	Convertible loans	Interest- bearing borrowings	Long-term convertible redeemable preferred shares	Other payables and accruals	Other non- current liabilities	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2019	474,951	461,897	4,332,128	1,349,618	384,665	1,000,747
Changes from financing cash flows	295,059	(125,594)	–	(58,986)	68,000	(548,194)
Changes from other investing cash flows	–	(153,017)	–	(66,187)	–	–
Changes from operating cash flows	–	–	–	(62,359)	–	–
Additions of lease liabilities (note 17)	–	–	–	–	–	396,648
Convert to convertible redeemable preferred shares	(305,852)	–	305,852	–	–	–
Fair value changes	210,948	–	27,606	–	44,544	–
Termination of lease contract	–	–	–	–	–	(17,418)
Exchange realignment	17,256	–	74,170	–	5,276	–
Interest expense (note 17)	–	–	–	–	–	55,549
Issue upon exercise of warrants	–	–	14,623	–	(14,623)	–
At 31 December 2019	<u>692,362</u>	<u>183,286</u>	<u>4,754,379</u>	<u>1,162,086</u>	<u>487,862</u>	<u>887,332</u>

	Convertible loans	Interest- bearing borrowings	Long-term convertible redeemable preferred shares	Other payables and accruals	Other non- current liabilities	Lease liabilities
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2020	692,362	183,286	4,754,379	1,162,086	487,862	887,332
Changes from financing cash flows	713,281	292,265	(324,172)	253	(81,300)	(529,455)
Changes from other investing cash flows	–	180,415	–	(19,862)	–	–
Changes from operating cash flows	–	–	–	(52,476)	–	–
Additions of lease liabilities (note 17)	–	–	–	–	–	497,451
Fair value changes	192,417	–	200,183	893	20,951	–
Termination of lease contract	–	–	–	–	–	(7,096)
Exchange realignment	(76,369)	–	(304,697)	–	(9,253)	–
Convert to convertible redeemable preferred shares	(480,721)	–	480,721	–	–	–
Interest expense (note 17)	–	–	–	–	–	53,842
At 31 December 2020	<u>1,040,970</u>	<u>655,966</u>	<u>4,806,414</u>	<u>1,090,894</u>	<u>418,260</u>	<u>902,074</u>

	Convertible loans <i>RMB'000</i>	Interest- bearing borrowings <i>RMB'000</i>	Long-term convertible redeemable preferred shares <i>RMB'000</i>	Other payables and accruals <i>RMB'000</i>	Other non- current liabilities <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>
At 1 January 2021	1,040,970	655,966	4,806,414	1,090,894	418,260	902,074
Changes from financing cash flows	–	28,411	1,169,132	24,265	–	(209,526)
Changes from other investing cash flows	–	82,381	–	132,844	–	–
Changes from operating cash flows	–	20,000	–	(9,945)	–	–
Additions of lease liabilities (note 17)	–	–	–	–	–	389,883
Fair value changes	5,302	–	2,174,450	608	218,307	–
Termination of lease contract	–	–	–	–	–	(36,565)
Exchange realignment	(4,743)	–	(62,084)	(48)	(615)	–
Exercise of warrants	–	–	–	(1,453)	–	–
Reclassification from financial liabilities	–	–	–	–	(103,923)	–
Convert to convertible redeemable preferred shares	(1,041,529)	–	1,202,783	–	(161,254)	–
Interest expense (note 17)	–	–	–	–	–	20,444
At 30 April 2021	–	786,758	9,290,695	1,237,165	370,775	1,066,310

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December			Four months ended 30 April	
	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within operating activities	128,028	84,844	91,041	27,081	36,275
Within financing activities	498,569	548,194	529,455	150,040	209,526
	626,597	633,038	620,496	177,121	245,801

44. EVENTS AFTER THE RELEVANT PERIODS

In July 2021, the Group entered into a share purchase agreement to acquire 90% interest in Changshan Zhongka Logistics Industrial Park Investment Co.,Ltd. The purchase consideration for the acquisition is RMB65,700,000. The Group engaged an independent appraiser to assist with the identification and determination of fair values to be assigned to the assets and liabilities of the acquired company. However, the valuation was in progress by the date of the Accountants' Report.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 30 April 2021.

III SUPPLEMENTARY PRE-ACQUISITION FINANCIAL INFORMATION OF CHANGSHAN GIANT TRUCK SUPPLY CHAIN MANAGEMENT CO., LTD. (THE “TARGET COMPANY”) AND ITS SUBSIDIARIES (TOGETHER, THE “TARGET GROUP”)

Pre-acquisition financial information of the Target Group for the period from 1 January 2018 to 30 September 2018 (the “Pre-acquisition Period”) has been prepared in accordance with the accounting policies as set out below. This information is referred hereafter as “Financial Information of the Target Group”.

1. FINANCIAL INFORMATION OF THE TARGET GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Nine months ended 30 September 2018 <i>RMB'000</i>
Revenue	2.2	2,774,166
Cost of revenue		<u>(2,646,194)</u>
Gross profit		127,972
Other income and gains/(losses), net	2.3	25,322
General and administrative expenses		<u>(64,028)</u>
Operating profit		89,266
Finance costs	2.4	<u>(28,392)</u>
PROFIT BEFORE TAX	2.5	60,874
Income tax expense	2.6	<u>(17,463)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>43,411</u></u>
Attributable to:		
Owners of the parent		43,575
Non-controlling interests		<u>(164)</u>
		<u><u>43,411</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30 September 2018 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	2.8	244,926
Prepayments for property, plant and equipment		26,222
Other intangible assets	2.9	3,378
Deferred tax assets	2.10	36,653
Restricted cash	2.13	6,090
		<hr/>
Total non-current assets		317,269
CURRENT ASSETS		
Inventories		705
Trade receivables	2.11	1,179,950
Prepayments		35,090
Other receivables and other assets	2.12	155,910
Restricted cash	2.13	31,300
Cash and cash equivalents	2.13	53,476
		<hr/>
Total current assets		1,456,431
CURRENT LIABILITIES		
Trade payables	2.14	638,739
Other payables and accruals	2.15	376,946
Interest-bearing borrowings	2.16	499,896
Tax payable		43,040
		<hr/>
Total current liabilities		1,558,621
NET CURRENT LIABILITIES		<hr/> (102,190)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 215,079
NON-CURRENT LIABILITIES		
Interest-bearing borrowings	2.16	59,076
		<hr/>
Total non-current liabilities		59,076
Net assets		<hr/> <hr/> 156,003
EQUITY		
Equity attributable to owners of the parent		
Share capital	2.17	63,460
Reserves		86,403
		<hr/>
Non-controlling interests		149,863
		<hr/> 6,140
Total equity		<hr/> <hr/> 156,003

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2018

	Attributable to shareholders of the Target Group				Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 2.17)	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Retained earnings* RMB'000			
At 31 December 2017	45,460	334	6,598	35,896	88,288	2,868	91,156
Profit for the period	-	-	-	43,575	43,575	(164)	43,411
Capital contribution by shareholders	18,000	-	-	-	18,000	3,800	21,800
Capital reduction of non-controlling shareholder of a subsidiary	-	-	-	-	-	(500)	(500)
Dispose of a subsidiary	-	-	-	-	-	136	136
At 30 September 2018	<u>63,460</u>	<u>334</u>	<u>6,598</u>	<u>79,471</u>	<u>149,863</u>	<u>6,140</u>	<u>156,003</u>

* These reserve accounts comprise the consolidated reserves of RMB86,403,000 in the consolidated statement of financial position as at 30 September 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	Nine months ended 30 September 2018 <i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		60,874
Adjustments for:		
Impairment losses on other receivables		5,600
Finance costs	2.4	28,392
Interest income	2.3	(8,802)
Gain on disposal of a subsidiary		(140)
Amortisation of other intangible assets	2.9	116
Depreciation of property, plant and equipment	2.8	<u>175,773</u>
		261,813

	<i>Notes</i>	Nine months ended 30 September 2018 <i>RMB'000</i>
Increase in inventories		(700)
Increase in trade receivables		(4,042)
Increase in other receivables and other assets		(48,542)
Decrease in trade payables		(113,951)
Decrease in restricted cash		(3,500)
Increase in other payables and accruals		215,296
		<hr/>
Cash generated from operations		306,374
Income tax paid		(35,968)
		<hr/>
Net cash flows from operating activities		270,406
		<hr/> <hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		8,802
Purchase of items of property, plant and equipment		(212,569)
Purchase of other intangible assets		(2,445)
Advances of loans to related parties		(325,900)
Repayment from related parties		300,900
Disposal of a subsidiary		(5)
		<hr/>
Net cash flows used in investing activities		(231,217)
		<hr/> <hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid		(28,602)
New interest-bearing borrowings		360,079
Repayments of interest-bearing borrowings		(413,993)
New loans from a related party		13,960
Repayment to a related party		(18,700)
Decrease in restricted cash		1,770
Payment of divestment of a non-controlling shareholder		(500)
Capital injection from shareholders		21,800
		<hr/>
Net cash flows used in financing activities		(64,186)
		<hr/> <hr/>

	<i>Notes</i>	Nine months ended 30 September 2018 <i>RMB'000</i>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(24,997)
Cash and cash equivalents at beginning of period		<u>78,473</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u><u>53,476</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances		90,866
Restricted cash		<u>(37,390)</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows		<u><u>53,476</u></u>

2. NOTES TO THE FINANCIAL INFORMATION OF THE TARGET GROUP

2.1 Principal Accounting Policies

The Financial Information of the Target Group has been prepared in accordance with the accounting policies set out in Section II, note 3 to the Historical Financial Information.

2.2 Revenue

An analysis of the revenue is as follows:

	Nine months ended 30 September 2018 <i>RMB'000</i>
<i>Revenue from contracts with customers:</i>	
Transportation	2,688,197
Value-added services	<u>85,969</u>
Total	<u><u>2,774,166</u></u>

(i) Disaggregated revenue information

	Nine months ended 30 September 2018 <i>RMB'000</i>
Timing of revenue recognition	
Over time:	
Transportation	2,688,197
At a point in time:	
Value-added services	85,969
	<hr/>
Total revenue from contract with customers	<u><u>2,774,166</u></u>

(ii) Performance obligations

Information about the Target Group's performance obligations is summarised below:

Transportation service

The performance obligations for transportation services are satisfied over time when the goods are shipped from one location to another. Performance obligations are generally short-term in nature with transit days being a week or less for each shipment. Payment in advance is normally required.

Value-added services

The performance obligations for value-added services are satisfied upon delivery of the related consumables or upon completion of the services. Payment in advance is normally required.

2.3 Other Income and gains/(losses), net

An analysis of other income and gains/(losses), net is as follows:

	Nine months ended 30 September 2018 <i>RMB'000</i>
Other income and gains/(losses), net	
Impairment losses on other receivables	(5,600)
Interest income	8,802
Government grants*	23,223
Others	(1,103)
	<hr/>
	<u><u>25,322</u></u>

* Government grants mainly represent refund of tax awarded by the local governments to support the Target Group's operation. There are no unfulfilled condition or contingences relating to these grants.

2.4 Finance Costs

	Nine months ended 30 September 2018 <i>RMB'000</i>
Interest on bank loans and other loans	28,392
	<u>28,392</u>

2.5 Profit Before Tax

The Target Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	Nine months ended 30 September 2018 <i>RMB'000</i>
Cost of revenue*		<u>2,471,956</u>
Depreciation of property, plant and equipment	2.8	175,773
Amortisation of intangible assets	2.9	116
Government grants		(23,223)
Auditors' remuneration		437
Employee benefit expenses (including directors' and supervisors' remuneration):		
Wages, salaries and allowances		45,087
Pension scheme contributions		2,240
Lease expenses		2,364
Interest income		(8,802)

* The amount of cost of revenue excludes those included in depreciation of property, plant and equipment.

2.6 Income Tax Expense

All of the Target Group's subsidiaries registered in the PRC, except for certain subsidiaries which enjoy a tax rate of 5%, are subject to EIT at a rate of 25%.

	Nine months ended 30 September 2018 <i>RMB'000</i>
Current income tax	32,473
Deferred income tax	<u>(15,010)</u>
Tax charge for the period	<u>17,463</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rate is as follows:

	Nine months ended 30 September 2018 <i>RMB'000</i>
Profit before tax	60,874
Tax at the statutory tax rate of 25%	15,219
Lower tax rates enacted by local authorities	(965)
Tax losses utilised from previous periods	(580)
Tax losses not recognised	428
Expenses not deductible for tax	3,361
	<hr/>
Tax charge for the period at the Target Group's effective rate	<hr/> 17,463 <hr/>

2.7 Dividend

No dividend has been paid or declared by the Target Company and its subsidiaries during the Pre-acquisition Period.

2.8 Property, Plant and Equipment

	Electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Operating equipment <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Total <i>RMB'000</i>
30 September 2018						
At 1 January 2018:						
Cost	281	567,770	1,568	7	1,762	571,388
Accumulated depreciation and impairment	(25)	(202,189)	(217)	(3)	(283)	(202,717)
Net carrying amount	256	365,581	1,351	4	1,479	368,671
At 1 January 2018, net of accumulated depreciation						
Additions	145	58,074	377	–	446	59,042
Disposals	–	(929)	–	–	–	(929)
Disposal of a subsidiary	–	(6,055)	(30)	–	–	(6,085)
Depreciation provided during the period	(84)	(174,238)	(246)	–	(1,205)	(175,773)
At 30 September 2018, net of accumulated depreciation	317	242,433	1,452	4	720	244,926
At 30 September 2018:						
Cost	426	624,915	1,945	7	2,208	629,501
Accumulated depreciation	(109)	(382,482)	(493)	(3)	(1,488)	(384,575)
Net carrying amount	317	242,433	1,452	4	720	244,926

2.9 Other Intangible Asset

	Software <i>RMB'000</i>
30 September 2018	
At 1 January 2018:	
Cost	1,049
Accumulated amortisation	—
Net carrying amount	1,049
At 1 January 2018, net of accumulated amortisation	
Additions	2,445
Amortisation during the period	(116)
At 30 September 2018, net of accumulated amortisation	3,378
At 30 September 2018:	
Cost	3,494
Accumulated amortisation	(116)
Net carrying amount	3,378

2.10 Deferred Tax Assets

	As at 30 September 2018 <i>RMB'000</i>
Provision and accruals	5,930
Accounting depreciation in excess of tax depreciation allowance	30,723
	36,653

2.11 Trade Receivables

As at
30 September 2018
RMB'000

Accounts receivables	1,179,950
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The Target Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Included in the Target Group's trade receivables are amounts due from related parties of RMB1,142,397,000 as at 30 September 2018.

An ageing analysis of the Target Group's trade receivables, based on the transaction date and net of loss allowance, as at the 30 September 2018 is as follows:

As at
30 September 2018
RMB'000

Within 1 year	1,179,226
1 to 2 year	724
	1,179,950
Total	1,179,950

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Target Group's trade receivables using a provision matrix:

As at 30 September 2018

	Past due		Total
	Within 1 year	1 to 2 year	
Expected credit loss rate (%)	–	–	–
Gross carrying amount (RMB'000)	1,179,226	724	1,179,950
Expected credit loss (RMB'000)	–	–	–

2.12 Other Receivables and Other Assets

	Note	As at 30 September 2018 RMB'000
Deposits and other receivables	(a)	115,169
Loans to third parties	(b)	20,742
Other current assets		599
Loans to related parties		25,000
Impairment		<u>(5,600)</u>
Total		<u><u>155,910</u></u>

(a) Deposits and other receivables mainly represent deposits to suppliers, and were non-interest-bearing and trade in nature. The general expected timing of settlement for deposits and other receivables ranges from 1 year to 3 years.

(b) Loans to third parties included in other receivables and other assets were non-trade in nature, interest-bearing and repayable on demand.

The Target Group has applied the general approach prescribed by HKFRS 9, by measuring loss allowance at an amount equal to a 12-month ECLs for deposits and other receivables in stage 1 and lifetime ECLs in stage 2 and stage 3. To measure the ECLs, deposits and other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

Set out below is the information about the credit risk exposure on the Target Group's prepayments and other receivables, using a provision matrix:

As at 30 September 2018

	Expected credit loss rate	Gross carrying amount	Impairment
		<i>RMB'000</i>	<i>RMB'000</i>
Deposits and other receivables:	4.9%	<u>115,169</u>	<u>5,600</u>

2.13 Cash and Cash Equivalents and Restricted Cash

	As at 30 September 2018
	<i>RMB'000</i>
Cash and bank balances	90,866
Less:	
Short-term	
Restricted for bank loans	(27,800)
Restricted for letter of guarantee	(3,500)
Long-term	
Restricted for bank loans	(6,090)
	<u>53,476</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

2.14 Trade Payables

	As at 30 September 2018
	<i>RMB'000</i>
Trade payables	<u>638,739</u>

An ageing analysis of the trade payables as at the end of the Pre-acquisition Period, based on the invoice date, is as follows:

	As at 30 September 2018 <i>RMB'000</i>
Within 3 months	517,632
3 to 6 months	37,709
6 to 12 months	83,398
	<hr/>
	638,739 <hr/> <hr/>

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

2.15 Other Payables and Accruals

	As at 30 September 2018 <i>RMB'000</i>
Deposits from suppliers	160,661
Other payables	79,353
Staff payroll and welfare payables	21,673
Loans from third parties	5,000
Interest payables	375
Other tax payable	88,625
Dividend payables	21,259
	<hr/>
	376,946 <hr/> <hr/>

2.16 Interest-Bearing Borrowings

		As at 30 September 2018		
	<i>Note</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Current				
Bank secured	<i>(a)</i>	5	2019	70,000
Other borrowings – secured	<i>(b)</i>	9 – 11	2019	247,547
Current portion of long term				
– bank loans – secured	<i>(a)</i>	7	2019	22,206
– other borrowings – secured	<i>(b)</i>	7 – 13	2019	160,143
				<u>499,896</u>
Non-current				
Bank secured	<i>(a)</i>	7	2020-2021	526
Other borrowings – secured	<i>(b)</i>	7 – 13	2020-2021	58,550
				<u>59,076</u>
				<u><u>558,972</u></u>

(a) Certain of the Target Group's bank loans are secured by:

- (i) The pledge of certain of the Target Group's trade receivables with a net carrying amount of approximately RMB92,168,000 as of 30 September 2018.
- (ii) The pledge of the Target Group's time deposits amounting to RMB27,810,000 as of 30 September 2018.
- (iii) Mortgages over certain of the Target Group's motor vehicles with a net carrying amount of approximately RMB75,017,000 as of 30 September 2018.
- (iv) The Target Group's related party Mr. Zhu Jianhui has guaranteed certain of the Target Group's bank loans up to RMB10,000,000 as of 30 September 2018.

(b) Certain of the Target Group's other borrowings are secured by:

- (i) The pledge of certain of the Target Group's accounts receivable with a net carrying amount of approximately RMB259,779,000 as at 30 September 2018.
- (ii) Mortgages over certain of the Target Group's motor vehicles with a net carrying amount of approximately RMB110,154,000 as at 30 September 2018.

	As at 30 September 2018 <i>RMB'000</i>
Analysed into:	
Bank loans repayable:	
Within one year	92,206
In the second year	526
	<hr/>
	92,732
Other borrowings repayable:	
Within one year	407,691
In the second year	55,001
In the third year	3,548
	<hr/>
	466,240
	<hr/>
	558,972
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2.17 Share Capital

	As at 30 September 2018 <i>RMB'000</i>
Share capital	63,460
	<hr/> <hr/>

2.18 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

- (a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Target Group had the following material transactions with related parties during the Pre-acquisition Period.

		Nine months ended 30 September 2018
		<i>RMB'000</i>
	<i>Notes</i>	
Services received from:		
Shanghai Ruitu Transportation Co., Ltd. (上海銳 兔運輸有限公司)		8,897
Shanghai Leili Transportation Co., Ltd (上海雷勵 運輸有限公司)		922
		<u>9,819</u>
Services provided to:		
Shanghai ANE and its subsidiaries		<u>2,630,194</u>
Borrowing provided to:		
Shanghai ANE and its subsidiaries	<i>(i)</i>	295,900
Mr. Zhu Jianhui	<i>(ii)</i>	20,000
Mr. Qin Xinghua	<i>(iii)</i>	10,000
		<u>325,900</u>
Borrowing from:		
Changshan Lufu Investment Partnership (Limited Partnership) (常山陸孚投資合夥企業(有限合夥))	<i>(iv)</i>	<u>13,960</u>
Interest income:		
Shanghai ANE and its subsidiaries		<u>8,087</u>

Notes:

- (i) The interest rate of borrowings to Shanghai ANE and its subsidiaries in 2018 is 12%, and the maturity date is 27 November 2018.
- (ii) The interest rate of borrowings to Mr. Zhu Jianhui in 2018 is 0%, and the maturity date is 25 December 2018.
- (iii) The interest rate of borrowings to Mr. Qin Xinghua in 2018 is 0%, and the maturity date is 25 December 2018.

(iv) The interest rate of borrowings from Changshan Lufu Investment Partnership (Limited Partnership) in 2018 is 10%, and the maturity date is 24 December 2018.

(b) Other transactions with related parties:

Mr. Zhu Jianhui has guaranteed certain of the Target Group's bank loans up to RMB10,000,000 as at 30 September 2018.

(c) Outstanding balances with related parties:

	As at 30 September 2018 RMB'000
Due from related parties:	
Trade related	
Shanghai ANE and its subsidiaries	1,142,397
Shanghai Leili Transportation Co., Ltd. (上海雷勵運輸有限公司)	4,053
	<u>1,146,450</u>
Non-trade related	
Mr. Qin Xinghua	5,000
Mr. Zhu Jianhui	20,000
	<u>25,000</u>
	<u>1,171,450</u>
Due to related parties:	
Trade related	
Shanghai ANE and its subsidiaries	7,919
Shanghai Ruitu Transportation Co., Ltd. (上海銳兔運輸有限公司)	5,391
	<u>13,310</u>
Non-trade related	
Changshan Lufu Investment Partnership (Limited Partnership) (常山陸孚投資合夥企業(有限合夥))	9,960
	<u>23,270</u>

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this document.

(A) UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the parent as of 30 April 2021 as if the Global Offering had taken place on 30 April 2021.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the parent has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 April 2021 or at any future date. It is prepared based on our consolidated net tangible liabilities as of 30 April 2021 as set out in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible liabilities attributable to owners of the parent as at 30 April 2021 (RMB'000) (Note 1)	Estimated net proceeds from the Global Offering (RMB'000) (Note 2)	Estimated impact to the consolidated net tangible liabilities upon the conversion of convertible redeemable preferred shares (RMB'000) (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets as at 30 April 2021 (RMB'000)	Unaudited pro forma adjusted consolidated net tangible assets per Share as at 30 April 2021 (RMB) (HK\$) (Note 4) (Note 5)	
Based on an Offer Price of HK\$13.88 per Share	(8,301,947)	835,230	9,290,695	1,823,978	1.57	1.90
Based on an Offer Price of HK\$16.88 per Share	(8,301,947)	1,025,422	9,290,695	2,014,170	1.73	2.09

Notes:

- (1) The consolidated net tangible liabilities of the Group attributable to owners of the parent as at 30 April 2021 was equal to the consolidated net liabilities attributable to owners of the parent as at 30 April 2021 of RMB8,157,927,000 after deducting goodwill and intangible assets of RMB144,020,000 as at 30 April 2021 set out in the Accountants' Report in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$13.88 per Share or HK\$16.88 per Share, after deduction of the underwriting fees and other related expenses payable by our Group and does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of RMB0.8276 to HK\$1.0.
- (3) Upon the Listing and the completion of the Global Offering, all the preferred shares will be automatically converted into Ordinary Shares. The convertible redeemable preferred shares will then be transferred from liabilities to equity. Accordingly, for the purpose of the unaudited pro forma financial information, the unaudited pro forma adjusted net tangible assets attributable to owners of the parent will be increased by RMB9,290,695,000, as at 30 April 2021.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per share is arrived at after adjustments referred to notes 2 and 3 above and on the basis that 1,162,605,486 shares are in issue, assuming that the conversion of preferred shares into Ordinary Shares and the Global Offering had been completed on 30 April 2021. However, this does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (5) The unaudited pro forma adjusted consolidated net tangible assets per Share are converted into Hong Kong dollars at an exchange rate of RMB0.8276 to HK\$1.00.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 April 2021.
- (7) The events after the relevant period as disclosed in Note 44 to the Accountants' Report included in Appendix I to this prospectus would have no impact on the unaudited pro forma adjusted consolidated net tangible assets as of 30 April 2021.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of ANE (Cayman) Inc.

We have completed our assurance engagement to report on the compilation of pro forma financial information of ANE (Cayman) Inc. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 April 2021, and related notes as set out on pages II-1 and II-2 of the prospectus dated 30 October 2021 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II(A) to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 April 2021 as if the transaction had taken place at 30 April 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 April 2021, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Global Offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young*Certified Public Accountants*

Hong Kong

30 October 2021

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association of the Company was conditionally adopted on October 6, 2021 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is available on display at the address specified in Appendix V in the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display”.

2. ARTICLES OF ASSOCIATION

The Articles of Association of the Company were conditionally adopted on October 6, 2021 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US\$50,000 divided into 2,500,000,000 shares of US\$0.00002 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Act and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Act and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Act and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so

contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or
 - (B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of

its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may also by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed.

The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairperson of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so

that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

2.6 Special resolution majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and

powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

The board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Act.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Act or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

2.10 Auditors

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.11 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

- (a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, but failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;
- (b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and
- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any

accompanying documents be required to be recirculated. Where new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.12 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.13 Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.14 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.15 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.16 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument

appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.17 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of

the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.18 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

2.19 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairperson which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.20 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.21 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Act, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.22 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION**1. Introduction**

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2. Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 31 July 2014 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3. Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);
- (d) writing-off the preliminary expenses of the company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and
- (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company

redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4. Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5. Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6. Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7. Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8. Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9. Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10. Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11. Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12. Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13. Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette.

Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15. Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16. Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17. Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18. Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19. Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of the Company;
or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20. Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21. General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available on display as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation**

Our Company, ANE (Cayman) Inc., was incorporated as an exempted company with limited liability in the Cayman Islands on July 31, 2014. Our registered office address is at PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. Accordingly, our Company's corporate structure and Memorandum and Articles are subject to the relevant laws of the Cayman Islands. A summary of our Memorandum and Articles is set out in the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Islands Companies Law".

Our principal place of business in Hong Kong is at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on February 19, 2021 with the Registrar of Companies in Hong Kong. Ms. Lo Ka Man and Ms. Ho Siu Pik (何小碧) have been appointed as the authorised representatives of our Company for the acceptance of service of process and any notices required to be served on the Company in Hong Kong. The address for service of process or notice is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

As at the date of this Prospectus, our Company's head office is located at 8th Floor, Block B, E Linke World North District, 999 Huaxu Road, Xujing Town, Qingpu District, Shanghai, PRC.

2. Changes in the share capital of our Company

Our Company was incorporated on July 31, 2014 with an authorised share capital of US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Prospectus:

- (a) On January 17, 2020, our Company allotted and issued shares 7,324,895 Class 1 ordinary shares to Giant Truck Holding Limited;
- (b) On March 10, 2020, our Company allotted and issued shares 39,156,228 Series G preferred shares to Topaz Gem Investment Holdings Limited and repurchased 25,769,875 Series F+ preferred shares from Osterly D Limited;
- (c) On February 2, 2021, our Company allotted and issued 12,613,778 Series F preferred shares to Perfect Marina Limited;
- (d) On February 11, 2021, our Company allotted and issued shares in the following manner:
 - (1) 140,815 Class 1 ordinary shares to Fanatic C Limited;

- (2) 70,408 Class 1 ordinary shares to CDF ANE Limited;
 - (3) 90,014,526 Series H preferred shares to Advance Step Holdings Limited;
 - (4) 10,000,000 Class 3 ordinary shares to ANE-WYJ Holding Limited;
 - (5) 21,516,790 Class 3 ordinary shares to ANE-QXH Holding Limited;
 - (6) 20,687,116 Class 3 ordinary shares to Great Vision L.P.;
 - (7) 64,916,065 Class 1 ordinary shares to Real Brighten Trading Limited;
 - (8) 2,599,428 Series I preferred shares to Miracle Bay Holding Limited;
 - (9) 2,599,428 Series I preferred shares to Eternal Light Holding Limited; and
 - (10) 51,988,563 Series I preferred shares to CAE Logistics Investment Limited.
- (e) On February 11, 2021, our Company re-designated our shares such that our authorised share capital was US\$50,000 divided into: (i) 1,589,305,993 Class 1 ordinary shares; (ii) 24,950,465 Class 2 ordinary shares; (iii) 56,000,000 Class 3 ordinary shares; (iv) 76,466,665 Series A preferred shares; (v) 140,577,855 Series C preferred shares; (vi) 103,115,630 Senior Convertible Preferred Shares; (vii) 123,959,595 Series D preferred shares; (viii) 14,332,075 Series D-1 preferred shares; (ix) 96,429,355 Series E preferred shares; (x) 17,000,000 Series F preferred shares; (xi) 64,424,688 Series G preferred shares; (xii) 99,858,266 Series H preferred shares, and (xiii) 93,579,413 Series I preferred shares.
- (f) On February 25, 2021, our Company allotted and issued shares in the following manner:
- (1) 1,915,368 Class 3 ordinary shares to Great Vision L.P.;
 - (2) 5,198,856 Series I preferred shares to Hongkong Jingang Trade Holding Co., Limited; and
 - (3) 31,193,138 Series I preferred shares to Shanghai Yunmao Investment Centre (Limited Partnership).
- (g) On the Listing Date, each of the Class 1, Class 2 and Class 3 ordinary shares and the Preferred Shares will be converted into one Share of our Company by way of re-designation and re-classification.

Save as disclosed above there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this Prospectus.

3. Changes in the share capital of our subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the Accountants' Report as set out in Appendix I.

There has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this Prospectus.

4. Resolutions of the Shareholders of our Company dated October 6, 2021

Written resolutions of our Shareholders were passed on October 6, 2021, pursuant to which, among others:

- (a) conditional on (i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as stated in this Prospectus and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the Offer Price having been determined; and (iii) the obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional (including if relevant, as a result of the waiver of any condition(s) thereunder) and such obligations not having been terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements;
 - (i) the Global Offering (including the Over-allotment Option) was approved, and the proposed allotment and issue of the Offer Shares under the Global Offering were approved, and the Directors were authorised to determine the Offer Price for, and to allot and issue the Offer Shares;
 - (ii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering, rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time or, pursuant to the exercise of any options which may be granted under the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meeting, shall not

exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering, excluding any Shares to be issued pursuant to the exercise of the Over-allotment Option;

- (iii) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase, on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering, excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option; and
 - (iv) the general unconditional mandate as mentioned in paragraph (iii) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iii) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering, excluding any Shares to be issued pursuant to the exercise of the Over-allotment Option; and
- (b) our Company conditionally approved and adopted the Memorandum and the Articles with effect from Listing.

Each of the general mandates referred to in sub-paragraphs (a)(ii), (a)(iii), and (a)(iv) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; and
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

5. Repurchase of our own securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Prospectus concerning the repurchase of our own securities.

Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on October 6, 2021, the Repurchase Mandate was given to our Directors authorising them to exercise all the powers of our Company to repurchase Shares on the Hong Kong Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Hong Kong Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares to be issued pursuant to the exercise of the Over-allotment Option), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles and the applicable laws of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. As a matter of laws of the Cayman Islands, any purchases by our Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the purchase or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the purchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorised by the Articles of Association and subject to the Cayman Companies Act.

Trading restrictions

A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

Status of repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase our Directors resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under the laws of the Cayman Islands.

Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

Core connected persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell their securities to the company.

Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this Prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this Prospectus. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

General

The exercise in full of the Repurchase Mandate, on the basis of 1,162,605,486 Shares in issue immediately following the completion of the Global Offering (but not taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), could accordingly result in 116,260,548 Shares being repurchased by our Company during the period prior to the earliest occurrence of (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of Hong Kong to be held; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of the Shareholders in general meeting (the “**Relevant Period**”).

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder’s proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be granted other than in exceptional circumstances.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this Prospectus and are or may be material:

- (1) the convertible note purchase agreement dated January 16, 2020 entered into among our Company, ANE Fast (Cayman) Inc., ANE Fast Holding Limited, ANE Fast Logistics (Hong Kong) Limited, Shanghai ANE Juchuang Supply Chain Management Co., Ltd. (上海安能聚創供應鏈管理有限公司), Shanghai Anrui Supply Chain Management Co., Ltd. (上海安銳供應鏈管理有限公司), Changshan Giant Truck Supply Chain Management Co., Ltd. (常山眾卡運力供應鏈管理有限公司), Giant Truck Holding Limited, Qin Xinghua (秦興華), Wang Yongjun (王擁軍), Zhu Jianhui (祝建輝), ANE-XH Holding Limited, ANE-SCS Holding Limited, Top Logistic (ANE-Invest) Holding Limited, Top Logistic (Yelan-Invest) Holding Limited, Ningbo Meishan Bonded Area Qinghong Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區青虹股權投資合夥企業(有限合夥)), Beijing Anju Enterprise Management Center (Limited Partnership) (北京安聚企業管理中心(有限合夥)), and Advance Step Holdings Limited, in relation to the purchase of convertible note issued by the Company for an aggregate consideration of US\$125,000,000;
- (2) the Series I preferred share purchase agreement dated February 8, 2021 entered into among our Company, ANE Fast (Cayman) Inc., ANE Fast Holding Limited, ANE Fast Logistics (Hong Kong) Limited, Shanghai ANE Juchuang Supply Chain Management Co., Ltd. (上海安能聚創供應鏈管理有限公司), Shanghai Anrui Supply Chain Management Co., Ltd. (上海安銳供應鏈管理有限公司), Changshan Giant Truck Supply Chain Management Co., Ltd. (常山眾卡運力供應鏈管理有限公司), Giant Truck Holding Limited, Qin Xinghua (秦興華), Wang Yongjun (王擁軍), Zhu Jianhui (祝建輝), ANE-XH Holding Limited, ANE-QXH Holding Limited, ANE-SCS Holding Limited, ANE-WYJ Holding Limited, Great Vision L.P., Top Logistic (ANE-Invest) Holding Limited, Top Logistic (Yelan-Invest) Holding Limited, Ningbo Meishan Bonded Area Qinghong Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區青虹股權投資合夥企業(有限合夥)), Beijing Anju Enterprise Management Center (Limited Partnership) (北京安聚企業管理中心(有限合夥)), CAE Logistics Investment Limited, Miracle Bay Holding Limited and Eternal Light Holding Limited, in relation to the sale and purchase of Series I Preferred Shares for an aggregate consideration of US\$110,000,000;
- (3) the Series I preferred share purchase agreement dated February 10, 2021 entered into among our Company, ANE Fast (Cayman) Inc., ANE Fast Holding Limited, ANE Fast Logistics (Hong Kong) Limited, Shanghai ANE Juchuang Supply Chain Management Co., Ltd. (上海安能聚創供應鏈管理有限公司), Shanghai Anrui Supply Chain Management Co., Ltd. (上海安銳供應鏈管理有限公司), Changshan Giant Truck Supply Chain Management Co., Ltd. (常山眾卡運力供應鏈管理有限公司), Giant Truck Holding Limited, Qin Xinghua (秦興華), Wang Yongjun (王擁軍), Zhu

Jianhui (祝建輝), ANE-XH Holding Limited, ANE-QXH Holding Limited, ANE-SCS Holding Limited, ANE-WYJ Holding Limited, Great Vision L.P., Top Logistic (ANE-Invest) Holding Limited, Top Logistic (Yelan-Invest) Holding Limited, Ningbo Meishan Bonded Area Qinghong Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區青虹股權投資合夥企業(有限合夥)), Beijing Anju Enterprise Management Center (Limited Partnership) (北京安聚企業管理中心(有限合夥)) and Shanghai Yunmao Investment Center (Limited Partnership) (上海韻貿投資中心(有限合夥)), in relation to the sale and purchase of Series I Preferred Shares for an aggregate consideration of US\$60,000,000;

- (4) the Series I preferred share purchase agreement dated February 22, 2021 entered into among our Company, ANE Fast (Cayman) Inc., ANE Fast Holding Limited, ANE Fast Logistics (Hong Kong) Limited, Shanghai ANE Juchuang Supply Chain Management Co., Ltd. (上海安能聚創供應鏈管理有限公司), Shanghai Anrui Supply Chain Management Co., Ltd. (上海安銳供應鏈管理有限公司), Changshan Giant Truck Supply Chain Management Co., Ltd. (常山眾卡運力供應鏈管理有限公司), Giant Truck Holding Limited, Qin Xinghua (秦興華), Wang Yongjun (王擁軍), Zhu Jianhui (祝建輝), ANE-XH Holding Limited, ANE-QXH Holding Limited, ANE-SCS Holding Limited, ANE-WYJ Holding Limited, Great Vision L.P., Top Logistic (ANE-Invest) Holding Limited, Top Logistic (Yelan-Invest) Holding Limited, Ningbo Meishan Bonded Area Qinghong Equity Investment Partnership (Limited Partnership) (寧波梅山保稅港區青虹股權投資合夥企業(有限合夥)), Beijing Anju Enterprise Management Center (Limited Partnership) (北京安聚企業管理中心(有限合夥)) and Hongkong Jingang Trade Holding Co., Limited, in relation to the sale and purchase of Series I Preferred Shares for an aggregate consideration of US\$10,000,000;
- (5) the seventeenth amended and restated shareholders agreement dated February 25, 2021 entered into among our Company, ANE Fast (Cayman) Inc., ANE Fast Holding Limited, ANE Fast Logistics (Hong Kong) Limited, Shanghai ANE Juchuang Supply Chain Management Co., Ltd. (上海安能聚創供應鏈管理有限公司), Shanghai Anrui Supply Chain Management Co., Ltd. (上海安銳供應鏈管理有限公司), Changshan Giant Truck Supply Chain Management Co., Ltd. (常山眾卡運力供應鏈管理有限公司), ANE-Haiyer Holding Limited, Qin Xinghua (秦興華), Wang Yongjun (王擁軍), Zhu Jianhui (祝建輝), ANE-XH Holding Limited, ANE-QXH Holding Limited, ANE-SCS Holding Limited, ANE-WYJ Holding Limited, Top Logistic (ANE-Invest) Holding Limited, Top Logistic (Yelan-Invest) Holding Limited, Giant Truck Holding Limited, Topaz Gem Investment Holdings Limited, Max Choice Ventures Limited, Mulan Holdings Limited, NWS-HG Logistics Technology Limited (former name as Ultimate Route Holding Limited), Miracle Bay Holding Limited, Eternal Light Holding Limited, Kuanjie (Cayman) Investment Center LP, MBD 2015, L.P., MBD 2015 Offshore, L.P., Feimalv Holding Limited, Fabulous Album Company Limited, Glorious Regality Holding Limited, Hidden Treasury Holding Limited, Timeless Domain Holding Limited, Orchid Forest Express Inc., Fanatic C Limited, CDF ANE Limited, Perfect Marina Limited, Mass Priority Limited, Advance Step Holdings Limited, Vigorous Plus Limited, Great Vision L.P., Real Brighten Trading Limited, CAE Logistics Investment Limited, Shanghai

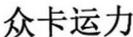
Yunmao Investment Center (Limited Partnership) (上海韻貿投資中心(有限合夥)) and Hongkong Jingang Trade Holding Co., Limited, pursuant to which, shareholder rights were agreed among the parties;

- (6) the equity transfer agreement dated July 13, 2021, entered into among Changshan Giant Truck Supply Chain Management Co., Ltd.* (常山眾卡運力供應鏈管理有限公司), Quzhou Juguan Supply Chain Management Partnership (Limited Partnership)* (衢州市聚冠供應鏈管理合夥企業(有限合夥)), and Changshan Zhongka Logistics Industrial Park Investment Co., Ltd.* (常山眾卡物流產業園投資有限公司), pursuant to which Quzhou Juguan Supply Chain Management Partnership (Limited Partnership)* (衢州市聚冠供應鏈管理合夥企業(有限合夥)) agreed to transfer and Changshan Giant Truck Supply Chain Management Co., Ltd.* (常山眾卡運力供應鏈管理有限公司) agreed to purchase 90% equity interest in Changshan Zhongka Logistics Industrial Park Investment Co., Ltd.* (常山眾卡物流產業園投資有限公司), for a total consideration of RMB65,700,000;
- (7) the cornerstone investment agreement dated October 27, 2021 entered into among the Company, Harvest International Premium Value (Secondary Market) Fund SPC acting on behalf of Harvest Prosperity SP, J.P. MORGAN SECURITIES (FAR EAST) LIMITED, J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED, J.P. MORGAN SECURITIES PLC, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED and CITIGROUP GLOBAL MARKETS ASIA LIMITED, pursuant to which Harvest International Premium Value (Secondary Market) Fund SPC acting on behalf of Harvest Prosperity SP agreed to subscribe for Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 12,500,000, details of which are included in the section headed “Cornerstone Investor” in this Prospectus; and
- (8) the Hong Kong Underwriting Agreement.

2. Intellectual property rights

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be material to our Group’s business:

No.	Trademark
1.	
2.	
3.	
4.	
5.	
6.	 众卡擎天柱

* for identification purpose only

As of the Latest Practicable Date, our Group had 52 trademark registrations in the PRC, where our operations are primarily based, and has made applications to register the following trademarks in Hong Kong, which we consider to be material to our Group's business:

No.	Trademark	Applicant	Place of application	Class	Application Date (dd/mm/yyyy)
1.	安能ane	Shanghai ANE	Hong Kong	39	29/07/2020
2.	安能ane	Shanghai ANE	Hong Kong	16, 39	29/03/2021

(b) Copyrights

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our Group's business:

Software (軟件)

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
1.	ANE Logistics BI project system – basic data platform	V1.0	2017SR381779	19/07/2017
2.	ANE Tianlong economic air mail management system	V2.2	2017SR381785	19/07/2017
3.	ANE open platform	V1.0.0.01	2017SR382659	19/07/2017
4.	ANE Express GIS system	V1.0.0.01	2017SR382654	19/07/2017
5.	ANE Yitian smart dispatch arrangement system	V2.0	2017SR381794	19/07/2017
6.	ANE 360 Zhilong management system	V1.0	2017SR382667	19/07/2017
7.	ANE smart pricing system	V1.0	2017SR381290	19/07/2017
8.	ANE business system – SMS sending platform	V3.0	2017SR381414	19/07/2017
9.	ANE system	V1.8.0	2020SR1222244	15/10/2020
10.	ANE settlement platform system	V1.0	2020SR1231189	19/10/2020
11.	ANE Juchuang Compass System – network ecosystem management system	V2.0	2020SR1231437	19/10/2020
12.	ANE routing efficiency system	V4.7.7	2020SR1231099	19/10/2020
13.	Express GIS geographic location management system	V4.2.3	2020SR1231452	19/10/2020

No.	Copyright	Version	Registration number	Registration date (dd/mm/yyyy)
14.	ANE service point PDA handheld terminal scanning system	V1.0.2.3	2020SR1239484	22/10/2020
15.	ANE Logistics mini-programme software	V2.3.1	2020SR1241738	23/10/2020
16.	Service point financial platform	V1.0.3	2020SR1241618	23/10/2020
17.	Basic data management system	V1.0	2020SR1241740	23/10/2020
18.	ANE Juchuang Compass System – closed-loop operation	V2.0	2020SR1258842	23/11/2020
19.	ANE Juchuang Compass System – closed-loop operation – freight volume report system	V2.0	2020SR1259064	23/11/2020
20.	ANE Yitian PDA handheld terminal scanning system	V1.0.7.0	2020SR1261452	27/11/2020
21.	ANE Logistics official website system	V5.9	2020SR1261403	27/11/2020
22.	ANE Logistics distribution APP software	V0.0.1	2020SR1261358	22/10/2020
23.	ANE operation management support system	V1.0	2020SR1261986	22/01/2020
24.	ANE Express electronic waybill system	V1.0	2020SR1262223	01/12/2020

(c) *Domain names*

As of the Latest Practicable Date, we owned the following domain names which we consider to be material to our Group's business:

No.	Domain Name	Registered owner	Expiry date (dd/mm/yyyy)
1.	ane56.com	Shanghai ANE	02/04/2025
2.	ane56.net.cn	Shanghai ANE	16/07/2024
3.	giantruck.com	Giantruck	21/09/2025

Save as aforesaid, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS**1. Particulars of Directors' service contracts and appointment letters***Executive Directors*

Each of our executive Directors has entered into a service contract with our Company on October 27, 2021. Pursuant to their respective service contracts, they agreed to act as executive Directors for an initial term of three years commencing from the date of this Prospectus. Either party has the right to give not less than three months' written notice to terminate the agreement. Details of our Company's remuneration policy is described in section headed "Directors and Senior Management – Remuneration of Directors and Senior Management".

No annual director's fees are payable to the executive Directors under the current arrangement. The appointment of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

Non-executive Directors and Independent non-executive Directors

Each of our non-executive Directors and independent non-executive Directors has entered into an appointment letter with our Company on October 27, 2021. The initial term of their appointment shall be three years from the date of this Prospectus, and may be terminated by either party giving to the other not less than one month's prior notice in writing. Under these appointment letters, each of the independent non-executive Directors will receive a fixed Directors' fee while non-executive Directors are not entitled to any remuneration. The appointments of the non-executive Directors and independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

2. Remuneration of Directors

- (1) Remuneration and benefits in kind of approximately RMB23.7 million, RMB134.1 million, RMB9.9 million and RMB5.6 million in aggregate were paid and granted by our Group to our Directors in respect of the years ended December 31, 2018, 2019 and 2020 and for the four months ended April 30, 2021.
- (2) Under the arrangements currently in force, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ending December 31, 2021, is expected to be approximately RMB118.6 million in aggregate (excluding any discretionary bonus).
- (3) None of our Directors has or is proposed to have a service contract with our Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of interests

Interests and short positions of our Directors in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), the interests and/or short positions (as applicable) of our Directors and chief executives in the shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which he is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to our Company and the Stock Exchange, will be as follows:

(a) *Interest in Shares of our Company*

Name of Director	Title	Nature of interest	Number and class of securities	Approximate percentage of shareholding of each class of shares in our Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) ⁽¹⁾
Mr. Wang ⁽²⁾	Executive Director	Interest in a controlled corporation and interest of party acting in concert	432,492,804	37.20%
Mr. Qin ⁽²⁾	Executive Director	Interest in a controlled corporation and interest of party acting in concert	323,812,616	27.85%
Mr. Zhu ⁽²⁾	Executive Director	Interest in a controlled corporation and interest of party acting in concert	323,812,616	27.85%

Notes:

- (1) The table above is calculated on the basis that a total of 1,162,605,486 Shares will be in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).
- (2) For details, please refer to the notes in the section headed “Substantial Shareholders.”

Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following the completion of the Global Offering, having or be deemed or taken to have beneficial interests or short positions in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, please see the section headed “Substantial Shareholders.”

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of the nominal of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital.

4. Disclaimers

- (1) Saved as disclosed in “ – C. Further Information about Our Directors – 1. Particulars of Directors’ service contracts and appointment letters” in this Appendix above there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of our Group;
- (2) Save as disclosed in the section headed “History, Development and Corporate Structure – Major Acquisitions, Disposals and Mergers” in this Prospectus, none of the Directors or the experts named in the section headed “– E. Other Information – 4. Consents of experts” below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (3) No commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of our Company within the two years ended on the date of this Prospectus;

- (4) None of the Directors is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group taken as a whole;
- (5) Save as disclosed in the section headed “Substantial Shareholders” in this Prospectus and without taking account of any Shares which may be taken up under the Global Offering and allotted, so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or (not being a member of the Group), be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (6) Save as disclosed in “– C. Further Information about Our Directors – 3. Disclosure of interests” in this Appendix above, none of the Directors or chief executive of our Company has any interests or short positions in the Shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange once the Shares are listed thereon.

D. EQUITY INCENTIVE PLANS

On May 29, 2015 and December 1, 2015, our Company adopted the 2015 equity incentive plan (the “**2015 Equity Incentive Plan**”) and the 2016 equity incentive plan (the “**2016 Equity Incentive Plan**”), respectively. The 2015 Equity Incentive Plan and 2016 Equity Incentive Plan were further amended and approved on January 30, 2019 and December 30, 2020 in preparation of the Listing to diversify the forms of awards to be granted under such plans. On February 7, 2021, our Company further adopted the 2021 equity incentive plan (the “**2021 Equity Incentive Plan**”), and together with the 2015 Equity Incentive Plan and the 2016 Equity Incentive Plan, the “**Equity Incentive Plans**”).

The terms of the Equity Incentive Plans are not subject to provisions of Chapter 17 of the Listing Rules as it only involves the grant of RSUs and does not involve the grant options by our Company. The following is a summary of the principal terms of the Equity Incentive Plans.

Summary of Terms

1. *Purposes of the Equity Incentive Plans*

The purposes of the Equity Incentive Plans are to attract and retain personnel for positions of substantial responsibility, provide additional incentive to employees, Directors and consultants, and promote the success of the Group's business.

2. *Eligible Participants*

Any employee of our Group of manager level or above, or any senior management or officer as approved by the Administrator (as defined below) shall be eligible to participate in the Equity Incentive Plans ("**Participants**").

3. *Grant of Awards*

The Equity Incentive Plans provide for the grant of incentive share options, non-statutory share option (together with incentive share options, "**Options**"), restricted shares awards and restricted share units awards ("**RSUs**") (collectively, the "**Awards**").

The Board or a committee of Directors or of other individuals duly appointed by the Board or the remuneration committee of the Company ("**Committee**" or "**Administrator**") is authorised to grant Awards to the Participants.

4. *Exercise of Options*

Except as otherwise provided in the Equity Incentive Plans or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable.

5. *Settlement of RSUs*

RSUs that will be settled upon vesting, subject to the terms of the applicable Award agreement, either by delivery to the holder of the number of Shares that equals the number of RSUs that then become vested or by the payment to the holder of cash equal to the then fair market value of that number of Shares.

6. *Term*

The Equity Incentive Plans shall automatically terminate on the earlier of: (i) the tenth anniversary of the effective date of the Equity Incentive Plans; or (ii) its suspension or termination by the Board.

7. *Maximum Numbers of Shares subject to Equity Incentive Plans*

The total number of Shares which may be issued or transferred under the Equity Incentive Plans is 119,035,339 ordinary shares, comprising (i) 49,215,150 Class 1 ordinary shares under the 2015 Equity Incentive Plan; (ii) 15,700,915 Class 1 ordinary shares under the 2016 Equity Incentive Plan; and (iii) 54,119,274 Class 3 ordinary shares under the 2021 Equity Incentive Plan.

8. *Vesting*

The Awards granted to the Participant shall be vested over a three-year period, on the first, second and third anniversary of the effective date of grant, unless specified otherwise. The Committee at its sole discretion can set additional vesting requirements which may include, but not limited to, criteria based on the Participant's duration of employment, the result of Participant's performance assessment or any other criteria selected by the Committee. At any time after grant of an Award, the Committee may by its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Award vests.

The Committee shall determine conditions or terms, if any, that must be satisfied before all or part of a vested Option may be exercised or a vested RSU may be settled.

9. *Amendment and Termination of the Equity Incentive Plans*

The Board may at any time amend, alter, suspend or terminate the Equity Incentive Plans and shall obtain shareholders' approval of any amendment or termination to the extent necessary and desirable to comply with applicable laws. No amendment, alteration, suspension or termination of the Equity Incentive Plans will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company.

10. *Administration of the Equity Incentive Plans*

The Equity Incentive Plans shall be subject to the administration of the Committee. Subject to any specific designation in the Equity Incentive Plans, the Committee has the exclusive power, authority and sole discretion, among others:

- (i) to select the Participants to whom Awards may be granted hereunder;
- (ii) to determine the number of Shares to be covered by each Award granted hereunder;

- (iii) to determine the terms and conditions, not inconsistent with the terms of the Equity Incentive Plans, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, any adjustment to the exercise price after the grant date, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Board or the Committee will determine;
- (iv) to construe and interpret the terms of the Equity Incentive Plans and Awards granted pursuant to the Equity Incentive Plans;
- (v) to prescribe, amend and rescind rules and regulations relating to the Equity Incentive Plans;
- (vi) to authorise any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Board or the Committee;
- (vii) to modify or amend each Award, including adjustments to the terms of Awards granted under the Equity Incentive Plans and to allow a Participant to defer the receipt of the payment of cash or delivery of Shares that otherwise would be due to such Participant under an Award; and
- (viii) to make all other determinations deemed necessary or advisable for administering the Equity Incentive Plans.

11. Granting of Awards

The Committee may, from time to time, select for Participants those to whom an Award shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Equity Incentive Plans.

Each Award shall be evidenced by an Award agreement between our Company and the Participant. The Award agreement shall include such additional provisions as may be specified by the Committee.

12. RSUs granted under the Equity Incentive Plans

As at the Latest Practicable Date, an aggregate of 108,578,280 RSUs in respect of 108,578,280 shares have been granted to 324 Participants (including three Directors and one member of the senior management of our Company), representing approximately 9.34% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Based on the vesting schedule of the Awards,

approximately 60,757,787 shares have been vested as of the Latest Practicable Date, representing approximately 5.23% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Save as disclosed herein, no Awards have been granted to any directors, senior management and other employees of our Group or their affiliates or eligible persons pursuant to the Equity Incentive Plans. 11,423,442 Shares, representing approximately 0.98% of the issued share capital of our Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised) have been reserved and are currently held by the Trustee for further grant or vesting of the Awards under the Equity Incentive Plans.

Below is a list of grantees of the RSUs under the Equity Incentive Plans as of the Latest Practicable Date:

Name of Grantee	Number of shares underlying the RSUs granted	Date of Grant	Vesting Period (subject to other conditions under the Equity Incentive Plan)	Approximate percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾
Directors				
Mr. Wang	22,200,000	July 2015 – April 2021	11,000,000 shares have vested; 1,200,000 shares will be vested as to 1/3 each in February 2022, 2023 and 2024; and 10,000,000 shares will be vested as to 1/3 each in April 2022, 2023 and 2024	1.91%
Mr. Qin	34,802,484	July 2015 – April 2021	11,000,000 shares have vested; 1,200,000 shares will be vested as to 1/3 each in February 2022, 2023 and 2024; and 22,602,484 shares will be vested as to 1/3 each in April 2022, 2023 and 2024	2.99%
Mr. Zhu	8,000,000	July 2015 – February 2021	7,000,000 shares have vested; and 1,000,000 shares will be vested as to 1/3 each in February 2022, 2023 and 2024	0.69%

Name of Grantee	Number of shares underlying the RSUs granted	Date of Grant	Vesting Period (subject to other conditions under the Equity Incentive Plan)	Approximate percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾
Senior Management				
Mr. Lin	1,997,191	February 2021	450,979 shares have vested; 450,978 shares will be vested in February 2022; and 128,851 shares will be vested in February 2023; 483,191 shares will be vested on the Listing Day; and 483,192 shares will be vested on the first anniversary of the Listing Date	0.17%
Other employees and Participants	41,578,605	July 2015 – February 2021	31,306,808 shares have vested; and the remainder will be vested as to 192,088 shares in July 2022 and 192,089 shares in 2023, and as to 3,295,873 shares each in February 2022 and 2023 and 3,295,874 shares in 2024	3.58%
Total	108,578,280			9.34%

Note:

- (1) Calculated on the basis of 1,162,605,486 Shares in issue immediately following completion of the Global Offering and assuming that the Over-allotment Option is not exercised.

E. OTHER INFORMATION**1. Estate duty**

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

So far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US\$500,000 for acting as a sponsor for the Listing.

4. Consents of experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this Prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included:

Name	Qualification
J.P. Morgan Securities (Far East) Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporation finance) regulated activities as defined under the SFO
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on future contracts) and Type 6 (advising on corporation finance) regulated activities as defined under the SFO
Jingtian & Gongcheng	Qualified PRC Lawyers
Maples and Calder (Hong Kong) LLP	Cayman Islands attorneys-at-law
Ernst & Young	Certified Public Accountants & Registered Public Interest Entity Auditor
Shanghai iResearch Co., Ltd.	Industry consultant

As of the Latest Practicable Date, none of the experts named above has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for securities, in any member of our Group.

5. Binding effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Bilingual Document

The English language and Chinese language versions of this Prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Preliminary expenses

Our Company did not incur any material preliminary expenses.

8. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of shares registered with our Hong Kong register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, of the value of the shares being sold or transferred. Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of shares in our Company.

(c) People's Republic of China

We may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. In that case, distributions to our Shareholders may be subject to PRC withholding tax and gains from dispositions of our Shares may be subject to PRC tax. See the sub-section headed "Risk Factors – Risks Relating to Doing Business in China – Dividends payable to our foreign investors and gains on the sale of our Shares or ordinary shares by our foreign investors may become subject to PRC tax".

(d) Consultation with professional advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of our Company, our Directors or the other parties involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to our Shares.

9. Other Disclaimers

- (a) Save as disclosed in the section headed “History, Development and Corporate Structure” in this Prospectus, within the two years immediately preceding the date of this Prospectus:
 - (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted, have been paid or are payable in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries by our Company for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in or debentures of our Company or any of our subsidiaries.
- (b) We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus;
- (c) There are no founder, management or deferred shares in our Company or any of our subsidiaries; and
- (d) Save as disclosed in “– D. Equity Incentive Plans ” in this Appendix above, no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (e) Our Group does not have any outstanding debentures nor any convertible debt securities.

- (f) Our Directors confirm that:
 - (i) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (ii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Prospectus.
- (g) The principal register of members of our Company will be maintained in the Cayman Islands by our Principal Share Registrar and Transfer Office. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar.
- (h) All necessary arrangements have been made to enable the securities to be admitted into CCASS for clearing and settlement.
- (i) No company within our Group is presently listed on any stock exchange or traded on any trading system.

ANE (Cayman) Inc.
安能物流集團有限公司