

杭州順豐同城實業股份有限公司

HANGZHOU SF INTRA-CITY INDUSTRIAL CO.,LTD.

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

Stock Code : 9699



SF Intra-city

2022
INTERIM REPORT



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BOARD OF DIRECTORS

Executive Directors

Mr. Sun Haijin (*Chief Executive Officer*)
Mr. Tsang Hoi Lam
Mr. Chen Lin

Non-executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

Mr. Wong Hak Kun (*Chairman*)
Mr. Chan Kok Chung, Johnny
Mr. Li Qiuyu

REMUNERATION COMMITTEE

Mr. Chan Kok Chung, Johnny (*Chairman*)
Mr. Chan Fei
Mr. Wong Hak Kun

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. Tsang Hoi Lam
Ms. Liu Jia

AUTHORISED REPRESENTATIVES

Mr. Tsang Hoi Lam
Ms. Liu Jia

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

COMPANY'S WEBSITE

www.sf-cityrush.com

STOCK CODE

9699

BUSINESS REVIEW

Overview

We are the largest third-party on-demand delivery service platform in China^(Note 1), providing customers with high-quality, high-efficiency and multi-scenario third-party on-demand delivery services. We serve customer needs across various industries and product categories by (i) providing intra-city delivery service for merchants and consumers; and (ii) providing last-mile delivery service mainly for logistics companies. In the first half of 2022, despite the challenges from the macro environment and the impacts of the pandemic, we continued to develop new delivery scenarios and expand our business. In particular, intra-city delivery to consumers, non-food delivery scenarios^(Note 2), and continued expansion in lower-tier cities^(Note 3) became the main drivers for our business, while our diversified revenue structure strengthened our resilience. We maintained steady growth in our revenue, and our core business indicators continued to improve. Our revenue increased by 20.8% from RMB3,709.0 million for the six months ended June 30, 2021 to RMB4,481.1 million for the same period in 2022. Revenue from our intra-city delivery service increased from RMB2,267.3 million for the six months ended June 30, 2021 to RMB2,929.2 million for the six months ended June 30, 2022. Revenue from our last-mile delivery service increased from RMB1,436.9 million for the six months ended June 30, 2021 to RMB1,534.8 million for the six months ended June 30, 2022. The following table sets forth our revenue breakdown:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Intra-city on-demand delivery service	4,463,963	3,704,222
Intra-city delivery service	2,929,176	2,267,309
(1) To Merchants (<i>i.e. to B</i>)	2,156,370	1,752,318
(2) To Consumers (<i>i.e. to C</i>)	772,806	514,991
Last-mile delivery service	1,534,787	1,436,913
Others	17,128	4,789
Total	4,481,091	3,709,011

Furthermore, our gross profit/loss further improved in the first half of 2022, achieving a gross profit of RMB180.2 million, as compared to a gross loss of RMB16.6 million for the six months ended June 30, 2021. Our gross profit/loss margin also improved, with a gross profit margin of 4.0% for the six months ended June 30, 2022, as compared to a gross loss margin of 0.4% for the six months ended June 30, 2021. Our net loss and net loss margin for the six months ended June 30, 2022 was RMB143.9 million and 3.2%, respectively. Our net loss margin has continued to improve over the years. These were attributable to the enhanced economies of scale and network effect, differentiated services driving high-value orders, technology integration and scheduling to achieve optimal efficiency of our delivery network, and continuously refined management and operation to improve resource utilization efficiency and productivity.

^(Note 1) Such ranking is based on independent third-party order volume in China in 2021, according to iResearch. The calculation of order volume takes into account the number of orders sourced independently by the market players, excluding orders from related parties.

^(Note 2) "non-food delivery scenarios" refers to local consumption scenarios that are unrelated to food delivery scenarios, mainly comprising local retail, local e-commerce and local services.

^(Note 3) "lower-tier cities" refers to cities, counties and towns that are in the third-tier or below.

Intra-city Delivery

Revenue from our intra-city delivery service increased from RMB2,267.3 million for the six months ended June 30, 2021 to RMB2,929.2 million for the six months ended June 30, 2022. The steady growth in revenue was mainly attributable to: (i) the continuing increase in demand driven by enriched intra-city on-demand delivery and service scenarios and the increase in order volume driven by the expanding active merchant^(Note 4) base and active consumer^(Note 5) base, which have enabled us to maintain a reliable, comprehensive and high-quality service matrix; (ii) the acceleration of changes in the habits of consumers to “bring all you need to your side” driven by the pandemic and the new consumption era, which in turn generated more on-demand delivery needs; (iii) the strong performance of non-food delivery scenarios, achieving a revenue of RMB1,051.2 million, and a year-on-year increase of 32.4%, for the six months ended June 30, 2022; and (iv) further expansion of the geographical coverage in lower-tier cities and continuous enrichment of service matrix, driving the development in on-demand delivery services infrastructure in lower-tier cities, with a year-on-year revenue growth in lower-tier cities of 41.0% to RMB1,035.4 million for the six months ended June 30, 2022.

Intra-city Delivery to Merchants

We empower merchants with our open and inclusive on-demand delivery network as well as our professional and comprehensive solutions, which meet not only the customized delivery needs of key account customers, but also the demands of SME customers for value-for-money options. In the past 12 months ended June 30, 2022, our annual active merchants reached 299,000, representing a year-on-year growth of 31.2%, and we served over 2,900 brand customers cumulatively. Due to our high-quality, stable and customer-centric services, customer loyalty and retention rate have improved, as the retention rate for our Top 100 key account customers for the six months ended June 30, 2022 increased to approximately 90%. For the six months ended June 30, 2022, revenue from intra-city delivery to merchants was RMB 2,156.4 million, representing a year-on-year growth of 23.1%.

In the first half of 2022, the normalization of the pandemic further accelerated the development of online consumption habits and facilitated the creation of new intra-city on-demand service scenarios. Our multi-scenario service model and differentiated network capabilities are well-positioned to meet the diversified on-demand service needs of merchants from the non-food industry. For the six months ended June 30, 2022, the demand for high value-added service scenarios such as local e-commerce and local services remained high, with a year-on-year growth in revenue of 104.3% and 47.8% respectively.

We have continued to increase our coverage across product categories including supermarkets, flowers, cakes and desserts, fresh produce, seafood, pharmaceutical products, apparel and cosmetics, and 3C electronics as we have enhanced our delivery solutions for various industries, namely through: (i) retail industry solutions such as delivery within an hour (小時達), delivery within half a day (半日達), cold chain terminal delivery (冷鏈末端配送) and delivery from department stores to home (百貨到家配送); (ii) pharmaceutical industry solutions such as end-to-end delivery of Direct-to-Patient (DTP) high-value drugs (DTP 高價值藥品端到端配送) and delivery of decocted traditional Chinese medicine (中藥代煎接駁送); (iii) 3C industry solutions such as expedited delivery for newly launched products (新品首發極速達), “Online order, instant delivery to customers” (線上下單門店到C) and on-demand inter-store allocation of inventory (實時門店間庫存調撥), while launching online repair and return services with various mobile phone brands and second-hand platforms. In the first half of 2022, revenue generated from delivery services provided to the supermarkets, retail, pharmaceutical and 3C industries achieved a year-on-year growth of 71.3%.

^(Note 4) “active merchant(s)” refers to the number of unique merchant accounts that purchase a particular service at least once during the prescribed period.

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

Management Discussion and Analysis

We consolidated differentiated network capabilities and product delivery capabilities to meet the respective needs of non-standard delivery scenarios and long-tail services such as long-distance, heavy objects and multi-point deliveries. For instance, (i) we have optimized our capacities in terminal cold-chain and temperature-controlled delivery services in order to satisfy special delivery needs of merchants for medicine, alcohol, cold drinks and ice products, etc.; (ii) with respect to the on-demand mid-to-long-distance and the delivery of bulk items, we have built up our “Two wheels + Four wheels”^(Note 6) delivery capacity and our delivery products such as delivery within half a day and delivery from a single point to the whole city (一點發全城) in order to better meet the needs of supermarkets, fresh produce platforms, professional markets, and high-end equipment customers; and (iii) we have expanded the scope of on-demand delivery in cooperation with SF Holding Group and launched inter-city on-demand delivery services to improve delivery timeliness for cities within the same economic zone.

As an important part of the infrastructure for on-demand delivery services, we seize the opportunities of multi-channel traffic and actively promote the construction of ecosystems for major local lifestyle service platforms. In the first half of 2022, we vigorously developed our e-commerce live streaming business, actively participated in the formulation of on-demand delivery standards for e-commerce live streaming platforms, and promoted the co-construction of intra-city fine goods delivery within an hour (同城好物小時達) on live streaming platforms. At present, our comprehensive on-demand delivery solutions for e-commerce live streaming are serving merchants on several leading live streaming platforms.

We also strategically cooperate with SF Holding Group’s ecosystem participants to create integrated solutions for customers, namely “front-end warehousing + mid-end trunk + intra-city on-demand delivery”. Through resource synergy and capacity integration, these solutions broaden customer reach and increase customer loyalty for both parties. For the six months ended June 30, 2022, our service to Credit Customers^(Note 7) with SF Holding Group has led to a contribution of RMB86.7 million in our revenue, representing a year-on-year growth of 115.5%, which was mainly due to the combined effect of (i) changes in consumption habits resulting from the pandemic; (ii) our improved service capabilities which enabled us to deepen our cooperation with SF Holding Group to meet more customer needs; and (iii) the escalation of the COVID-19 pandemic and efforts to combat its spread resulting in new on-demand delivery needs.

During the pandemic, working alongside SF Holding Group, we cooperated with certain local governments and suppliers to sort and deliver daily necessities in the areas affected by pandemic, supporting the livelihood of residents. We also assist local governments in collecting nucleic acid testing specimen from various nucleic acid sampling points in communities, and in transporting and delivering the specimen for lab testing, thereby achieving batch delivery of specimen from multiple locations in a swift and timely manner.

^(Note 6) “Two wheels + Four wheels” refers to intra-city delivery achieved through combined efforts of “four wheels” vehicles and our riders on their “two wheels” motorcycles.

^(Note 7) “Credit Customers” refers to certain existing customers who have entered into Master Service Agreements with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products SF Holding Group and/or its associates offers.

Intra-city Delivery to Consumers

In the past 12 months ended June 30, 2022, our annual active consumer base continued to expand and reached 12.3 million, representing a year-on-year growth of 55.0%. The expansion in consumer base was mainly due to: (i) the increasing penetration of intra-city on-demand delivery service driven by increasing demand for timeliness and convenience by consumers in daily life and business scenarios; (ii) our consumers' recognition of and trust in our brand; and (iii) easy access to our services through various channels, continuously improving the reach, conversion and activation of individual users. For the six months ended June 30, 2022, the revenue from intra-city delivery consumers was RMB772.8 million, representing a year-on-year growth of 50.1%.

For individual consumers, we focus on creating industry-leading and professional on-demand delivery services. Leveraging differentiated network capabilities, we gradually extend our on-demand delivery services to provide diversified and high-quality on-demand services. Our "Deliver for Me, Fetch for Me, Purchase for Me, Solve for Me" services cover personal life and work scenarios such as daily errands, medical and healthcare, and business agency services. Consumers can select value-added services such as Shipment Protection Plus (保價), dedicated delivery, and delivery of documents for execution (會簽) when placing orders. During the pandemic, we provided various kinds of purchasing services and delivery solutions required in our consumers' daily lives, such as delivering medical supplies, providing delivery support to facilitate remote working in pandemic-affected areas, and ultimately doubling our revenue from the running errands business that covers "fetching, delivering, purchasing, solving and more" (取送買辦+) services. In addition, we have integrated providers of local lifestyle services such as laundry, moving house, accompany to medical appointments and mobile phone recycling into the SF City Rush Wechat Mini Program (順豐同城急送小程序), providing one-stop butler-like services under the SF Intra-city brand.

In the first half of 2022, we continued to optimize the quality of products and services for individual consumers. We hope to enable consumers to have better delivery experience through providing high-standard services, and standardized collection and delivery process. Meanwhile, considering that the majority of orders from consumers are mid-to-long-distance deliveries and non-standard service needs, we have built a team of "pioneer riders" exclusively for individual consumers to achieve better performance in order-pick-up rate^(Note 8), completion rate^(Note 9) and fulfillment-in-time rate^(Note 10). Even during peak times such as holidays, our fulfillment-in-time rate fluctuated by no more than 3.0%.

Last-mile Delivery

Our last-mile delivery service acts as an on-demand and flexible supplement to the delivery capabilities in all aspects of logistics service providers. We aim to address the mismatch between volume and delivery capacity and improve cost efficiency for logistics service providers while supporting the acceleration of all aspects of logistics and personalized customized services.

Revenue from our last-mile delivery service increased by 6.8% from RMB1,436.9 million for the six months ended June 30, 2021 to RMB1,534.8 million for the six months ended June 30, 2022. The disruption of express delivery in certain cities and/or areas due to the pandemic lockdown measures has put the last-mile business under pressure and caused a short-term slowdown in growth. However, we also saw the rapid recovery of business after improvement in the pandemic situation, accompanied by the deepening of cooperation scenarios with key customers and product innovation. Not only has last-mile delivery service enabled us to further expand our network and achieve network effect and economies of scale, it has also improved riders' income, strengthened riders' long-term loyalty, and reduced our fulfillment cost.

^(Note 8) "order-pick-up rate" refers to a ratio calculated by the number of orders picked up by riders as a percentage of total orders placed.

^(Note 9) "completion rate" refers to a ratio calculated by the number of orders fulfilled as a percentage of total orders placed.

^(Note 10) "fulfillment in-time rate" refers to a ratio calculated by the number of orders that are delivered to the right recipients in time over the total number of orders fulfilled.

Our Riders

Riders are our closest business partners. We are pleased to see that the number of active riders^(Note 11) on our platform continues to grow. The growing rider base has enabled us to further expand our existing businesses whilst exploring and undertaking new lines of businesses to strengthen economies of scale. At the same time, the expansion of business scale can generate higher income for riders and encourage more riders to choose to join our platform. Through providing riders with professional training and comprehensive support, we hope that riders can endorse our platform and become inspired to devote themselves to their work, and embrace positive values, thus helping them to become professional service providers.

We care about the realization of riders' personal values. Since 2022, we have adopted the core cultural concept of "Dream with Heart, Deliver with Integrity" (心有所夢·以誠築城) for riders, working across multiple dimensions including income, safety, growth and satisfaction, so that riders can feel the value, passion and warmth on our platform, and devote themselves to serve with full enthusiasm.

We are dedicated to the constant enhancement of riders' rights and protection, and the continual improvement of our services. We continue to protect riders' rights and enrich the incentives system. For example, we have created a series of "new joiners' benefits vouchers (新人權益券)" on top of the existing active benefits, so that new riders can get through the transitional period more smoothly, reducing the negative impacts of special circumstances on riders. We have also launched the "Riders' Honor Implementation Plan (騎手榮譽實施方案)", and established three honorary titles of "Service Ambassador (服務大使)", "Justice Ambassador (正義大使)" and "Special Contribution (特殊貢獻)", enabling our riders to feel honoured and respected, and encouraging more riders to contribute to the civic society together. Additionally, we have launched the "Riders' Home (騎手之家)" platform to encourage online sharing and communication within the community. We also help riders contact local delivery outlet station managers more conveniently and solve problems through the online "direct channel to local delivery outlet station managers (站長直通車)".

We also care deeply about the safety and health of riders amid local outbreaks of the pandemic. We have launched the "tackling urgent and special needs" (應急特需) portal on SF Intra-city Rider App (順豐同城騎手APP) to help riders solve special and urgent matters. In cities and regions where the COVID-19 pandemic was severe, we provided anti-pandemic supplies and subsidies for the riders. We have launched assistance policies programs such as "caring subsidy" (關愛金) to help them tide over difficulties.

Our rider pool is integrated through a comprehensive national scheduling network. The whole-city delivery capacity coordination and scheduling enables us to adapt to different business and customer needs and maintain stable performance quality. During the Reporting Period, the proportion of mid-to-long-distance (over 3km) orders increased, while the average delivery time and fulfillment-in-time rate remained at a high level, and our performance quality only fluctuated slightly during the peak times of festivals and holidays. The number of cities that commenced night-time (24 hours) delivery services increased to 777.

Our Technologies

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

(Note 11) "active rider(s)" refers to the number of unique rider(s) who fulfil at least one order during the prescribed period.

For merchants, as an independent and open platform, we have continued to strengthen our ability to connect their order sources from different channels, platforms and private domains and to perform intelligent distribution and planning, becoming the top service provider preferred by merchants under the norm of multi-channel traffic in future.

For riders, we systematically schedule riders in groups and prioritize orders according to their relevant business categories for different groups of riders, in order to ensure the stability and quality of order fulfillment and improving rider loyalty.

During the pandemic, we continued to optimize the online experience for our users. We have built a dispatching model that is more user-friendly and efficient to riders, providing more flexibility based on riders' delivery habits. In face of the changes during the pandemic, we have optimized functions such as making scheduling adjustments in restricted areas, sending health reminders and monitoring riders' health, and making online announcements on delivery policies to ensure the safety of our riders and users.

In order to further improve the terminal delivery capability and deploy the smart delivery network, we successfully launched our on-demand drone delivery service, providing a new service experience for intra-city on-demand delivery of goods.

Impact of COVID-19 on our business

The sporadic outbreak of COVID-19 in certain cities and areas of China and the related measures to prevent and combat the spread of the pandemic have affected our business in a number of ways. On the one hand, the number of intra-city delivery orders we receive has been affected by the pandemic, in particular in cities and regions which have experienced lock-downs or restrictions on movement. The improvement of the pandemic situation following the implementation of prevention and control measure has also led to a quick rebound in our order volume. On the other hand, the pandemic has accelerated the changes in consumer habits to "bring all you need to your side", which we believe will further increase market demand for intra-city on demand delivery services in the mid-to-long term. Furthermore, the pandemic has also created new delivery service scenarios for us, including our cooperation with the SF Holding Group in delivering nucleic acid specimen for certain government and enterprise customers.

Outlook

In the first half of 2022, in the face of the complex external environment and the challenges of the pandemic, we emphasized the long-term sustainable, high-quality and healthy development of our business, and successfully achieved further profit improvement while maintaining steady growth of our core business. Business development in some regions was affected to some extent by delivery constraints imposed by the pandemic. However, thanks to our riders and staff, who remained their posts and actively participated in the anti-pandemic and supply delivery work with other stakeholders, as well as through helping merchants and consumers solve the "last-mile" difficulties, we have become more committed to the long-term value of local services and on-demand services. Looking ahead, we will continue to broaden our range of service scenarios and industry solutions, optimize our business structure, and enhance our value by creating differentiated service capabilities, so as to ensure high-quality and stable consumer experience and empower merchants' business operations.

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

Management Discussion and Analysis

FINANCIAL REVIEW

The following table sets forth the comparative figures for the six months ended June 30, 2021 and 2022.

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended June 30	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4,481,091	3,709,011
Cost of revenue	(4,300,885)	(3,725,633)
Gross profit/(loss)	180,206	(16,622)
Selling and marketing expenses	(92,548)	(91,613)
Research and development expenses	(36,328)	(52,547)
Administrative expenses	(243,771)	(265,189)
Other income	34,790	14,903
Other (losses)/gains, net	(6,378)	5,837
Net impairment losses of financial assets	(1,651)	(2,772)
Operating loss	(165,680)	(408,003)
Finance income	22,954	8,121
Finance costs	(1,214)	(6,706)
Finance income, net	21,740	1,415
Loss before income tax	(143,940)	(406,588)
Income tax expenses	–	–
Loss and total comprehensive loss for the period	(143,940)	(406,588)
Loss and total comprehensive loss attributable to		
– Owners of the Company	(143,940)	(406,588)
Losses per share (expressed in RMB per share)		
– Basis and diluted losses per share (in RMB)	(0.15)	(0.61)



Key Balance Sheet Items

	As of June 30, 2022 RMB'000 (Unaudited)	As of December 31, 2021 RMB'000 (Audited)
Total non-current assets	653,088	375,555
Total current assets	3,357,339	3,833,360
Total assets	4,010,427	4,208,915
Total non-current liabilities	16,329	20,505
Total current liabilities	828,595	878,967
Total liabilities	844,924	899,472
Total equity	3,165,503	3,309,443
Total equity and liabilities	4,010,427	4,208,915
Net current assets	2,528,744	2,954,393

Revenue

The following table sets forth our revenue by line of business for the six months ended June 30, 2021 and 2022 respectively.

	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Intra-city on-demand delivery service	4,463,963	3,704,222
Intra-city delivery service	2,929,176	2,267,309
(1) To Merchants (<i>i.e. to B</i>)	2,156,370	1,752,318
(2) To Consumers (<i>i.e. to C</i>)	772,806	514,991
Last-mile delivery service	1,534,787	1,436,913
Others	17,128	4,789
Total	4,481,091	3,709,011

Revenue increased significantly by 20.8% to RMB4,481.1 million for the six months ended June 30, 2022, compared to RMB3,709.0 million for the six months ended June 30, 2021, mainly due to (i) our continuously enriched service scenarios and solutions; (ii) sustained increase in the numbers of active merchants and active consumers, leading to an increase in order volume; and (iii) our steady expansion in lower-tier cities.

Management Discussion and Analysis

Cost of Revenue

The following table sets forth our cost of revenue by category for the six months ended June 30, 2021 and 2022 respectively.

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Labour outsourcing costs	4,198,708	3,651,738
Amortization of intangible assets	30,707	18,097
Cost of material	28,038	22,148
Employee benefit expenses	18,153	18,265
Depreciation of right-of-use assets	2,586	1,401
Depreciation of property, plant and equipment	1,026	954
Others	21,667	13,030
Total	4,300,885	3,725,633

Cost of revenue increased by 15.4% to RMB4,300.9 million for the six months ended June 30, 2022, compared to RMB3,725.6 million for the six months ended June 30, 2021, mainly due to the expansion of our rider pool as a result of our business expansion and increase in order volume.

Gross Profit and Margin

As a result of the foregoing, our gross profit and margin for the six months ended June 30, 2022 was RMB180.2 million and 4.0% respectively, compared to the gross loss and margin of RMB16.6 million and 0.4% respectively for the six months ended June 30, 2021. The change from operating at a gross loss to a gross profit is mainly due to (i) increased operational efficiency through strong network effects and economies of scale; (ii) increased delivery efficiency through ongoing use of CLS; and (iii) improved resource efficacy and input-output ratio through continuously refined management and operation.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 1.0% to RMB92.5 million for the six months ended June 30, 2022, compared to RMB91.6 million for the six months ended June 30, 2021, mainly due to extended use of information technology platform and customer call service fees as a result of business growth.

Research and Development Expenses

Our research and development expenses decreased by 30.9% to RMB36.3 million for the six months ended June 30, 2022, compared to RMB52.5 million for the six months ended June 30, 2021, mainly due to increase in capitalised development costs.

Administrative Expenses

Our administrative expenses decreased by 8.1% to RMB243.8 million for the six months ended June 30, 2022, compared to RMB265.2 million for the six months ended June 30, 2021, mainly due to decreased share-based payments and decreased listing expenses partially offset by increase in salaries, bonuses and outsourcing expenses arising from enlarged management team and increased outsourced personnel to accommodate business growth.

Other Income

Our other income increased significantly by 133.4% to RMB34.8 million for the six months ended June 30, 2022, compared to RMB14.9 million for the six months ended June 30, 2021, mainly due to increased value-added tax deductions and grants from the local government.

Finance Income, Net

Our finance income, net changed from RMB1.4 million for the six months ended June 30, 2021 to RMB21.7 million for the six months ended June 30, 2022, mainly due to (i) increased finance income attributable to the substantial increase in capital through the Series B financing and our Global Offering in December 2021 and (ii) reduced finance costs because we have no borrowings during the Reporting Period.

Loss for the Period and Net Loss Margin

As a result of the foregoing, we had a loss of RMB143.9 million in the six months ended June 30, 2022, compared to a loss of RMB406.6 million in the six months ended June 30, 2021, primarily due to (i) increased gross profits arising from continued increase in operational efficiency, delivery efficiency and refined management; and (ii) decreased share-based payments. Our net loss margin decreased from 11.0% for the six months ended June 30, 2021 to 3.2% for the six months ended June 30, 2022.

Management Discussion and Analysis

Non-IFRS Measure: Adjusted Net Loss

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

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

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

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reconciliation of net loss to adjusted net loss (non-IFRS measure)		
Net loss for the period	(143,940)	(406,588)
Add:		
Share-based compensation expenses	–	67,799
Adjusted net loss (non-IFRS measure)	(143,940)	(338,789)

Liquidity and Financial Resources

Other than the funds raised through our Global Offering in December 2021, we have historically funded our cash requirements principally from capital contribution from shareholders/financing through borrowings from related parties. We had cash and cash equivalents of RMB1,741.7 million as of June 30, 2022, compared to the balance of RMB921.6 million as of June 30, 2021. The following table sets forth our cash flows for the six months indicated:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating cash flows before changes in working capital	(121,440)	(375,473)
Changes in working capital	(152,802)	(73,075)
Interest received	22,954	8,121
Net cash used in operating activities	(251,288)	(440,427)
Net cash used in investing activities	(535,511)	(432,838)
Net cash (used in)/generated from financing activities	(10,029)	1,531,351
Net (decrease)/increase in cash and cash equivalents	(796,828)	658,086
Cash and cash equivalents at the beginning of the period	2,538,226	263,468
Effects of exchange rate changes on cash and cash equivalents	321	–
Cash and cash equivalents at the end of the period	1,741,719	921,554

Net Cash Used in Operating Activities

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

For the six months ended June 30, 2022, net cash used in operating activities was RMB251.3 million, which was mainly attributable to our loss before income tax of approximately RMB143.9 million, as adjusted by: (i) non-cash and non-operating items, primarily comprising amortization and depreciation of assets and gains on financial assets at fair value through profit or loss of approximately RMB45.5 million; and (ii) changes in working capital of approximately RMB152.8 million.

Net Cash Used in Investing Activities

For the six months ended June 30, 2022, net cash used in investing activities was RMB535.5 million, which was mainly attributable to (i) our investment in financial assets; (ii) our addition of intangible assets; and (iii) our purchases of fixed assets.

Net Cash Used in Financing Activities

For the six months ended June 30, 2022, net cash used in financing activities was RMB10.0 million, which was mainly attributable to payments of lease liabilities.

Management Discussion and Analysis

Gearing Ratio

Our gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. As at June 30, 2022, given that the cash and cash equivalents exceed the aggregation of total borrowings and lease liabilities, gearing ratio is no longer calculated.

Financial Assets Measured at Fair Value through Profit or Loss

Our financial assets measured at fair value through profit or loss increased from RMB330.1 million as of December 31, 2021 to RMB753.8 million as of June 30, 2022, mainly due to our purchases of structured deposit products and investment in other financial assets.

Borrowings

As of June 30, 2022, we did not have any outstanding borrowings.

Capital Commitments

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

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Intangible assets	–	1,823

Capital Expenditure

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

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Intangible assets	53,109	35,762
Property, plant and equipment	3,117	6,497
Total	56,226	42,259



Lease Commitments and Arrangements

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

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
With 1 year	5,703	4,165
Between 1 to 2 year	5,678	39
Between 2 to 3 year	6,365	–
	17,746	4,204

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

As of June 30, 2022, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Pledge of Assets

As of June 30, 2022, we did not have any pledge of assets.

Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liabilities.

Future Plans for Material Investments and Capital Assets

As of June 30, 2022, we did not have other plans for material investments and capital assets.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, the Group has no disclosable material events after the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2022, we had 2,127 full-time employees.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer competitive remuneration packages for our employees, which generally include salary and bonuses. We also provide benefits, including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and other national statutory insurances, housing provident fund schemes to our employees.

Furthermore, we have labour unions that protect employees' rights, help fulfil economic objectives and encourage employee participation in management decisions.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining and promoting stringent corporate governance. The principle of the Group's corporate governance is to promote effective internal control measures, to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operation are conducted in accordance with applicable laws and regulations, to enhance the transparency of the Board, and to strengthen accountability to all shareholders. The Group's corporate governance practices are based on the principles and code provisions prescribed in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules.

The Group has complied with the code provisions contained in the CG Code during the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry with all the Directors of the Group, all the Directors confirmed that they have strictly complied with the Model Code during the Reporting Period.

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

Save as disclosed below, as at June 30, 2022, none of the Directors, Supervisors or the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO) or as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the requirements in the Model Code as set out in Appendix 10 to the Listing Rules.

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

Corporate Governance and Other Information

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Sharp Land, the beneficial owner of 20,000,000 Unlisted Foreign Shares of the Company, is wholly owned by Mr. Tsang Hoi Lam. As such, Mr. Tsang Hoi Lam is deemed to be interested in the Shares held by Sharp Land.
- (3) Shenzhen Tonglu Zhiyuan Investment Co., Ltd ("Tonglu Zhiyuan", 深圳市同路致遠投資有限公司) is the general partner of Ningbo Shunxiang and was owned by Mr. Sun Haijin as to 99%. Ningbo Shunxiang is beneficial owner of the Company, representing 11.89% of domestic shares.
- (4) Mr. Chen Lin is a limited partner of Ningbo Shunxiang and Yinghe Fengrui. Ningbo Shunxiang and Yinghe Fengrui are beneficial owners of the Company, representing 11.89% and 0.34% of domestic shares respectively.
- (5) Mr. Li Qiuyu is a limited partner of Yinghe Fengrui and Tianwo Kangzhong. Yinghe Fengrui and Tianwo Kangzhong are beneficial owners of the Company, representing 0.34% and 0.53% of domestic shares respectively.
- (6) Mr. Xu Zhijun is a limited partner of Yinghe Fengrui. Yinghe Fengrui is a beneficial owner of the Company, representing 0.34% of domestic shares.
- (7) Ms. Su Xiaohui is a limited partner of Ningbo Shunxiang. Ningbo Shunxiang is a beneficial owner of the Company, representing 11.89% of domestic shares.

Name of Director, Supervisor and chief executive	Associated Corporation	Nature of Interest	Number of shares interested ⁽¹⁾	Percentage of the issued share capital of the associated corporation ⁽²⁾
Chan Fei	SF Holding	Beneficial owner ⁽³⁾	488,000 (L)	0.01%
Li Qiuyu	SF Holding	Beneficial owner ⁽³⁾	272,000 (L)	0.01%
Xu Zhijun	SF Holding	Beneficial owner ⁽³⁾	272,000 (L)	0.01%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The information is disclosed based on the data available on the website of the Stock Exchange (www.hkexnews.hk).
- (3) Mr. Chan Fei, Mr. Li Qiuyu and Mr. Xu Zhijun has or is deemed to have interest in 488,000, 272,000 and 272,000 underlying shares of equity derivatives of S.F. Holding Co., Ltd. respectively.

Save as disclosed above, to the best knowledge of the Directors, as at June 30, 2022, no person (other than the Directors, Supervisors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

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

As at June 30, 2022, so far as is known to the Directors, the following persons (not being Directors, Supervisors or chief executives of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares of the Company
Wang Wei	Domestic Shares	Interest of controlled corporation and others ⁽²⁾	485,421,596 (L)	86.28%	52.00%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
Shenzhen Mingde Holding Development Co., Ltd.	Domestic Shares	Interest of controlled corporation and others ⁽²⁾	485,421,596 (L)	86.28%	52.00%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
S.F. Holding Co., Ltd.	Domestic Shares	Interest of controlled corporation and others ⁽²⁾	485,421,596 (L)	86.28%	52.00%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
Shenzhen S.F. Taisen Holding (Group) Co., Ltd.	Domestic Shares	Beneficial Owner	343,529,796 (L)	61.06%	36.80%
	Domestic Shares	Interest of controlled corporation ⁽³⁾	75,000,000 (L)	13.33%	8.03%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
SF Technology Co., Ltd	Domestic Shares	Interest through voting rights entrustment Arrangement ⁽³⁾	66,891,800 (L)	11.89%	7.17%
	Domestic Shares	Interest of controlled corporation ⁽³⁾	75,000,000 (L)	13.33%	8.03%
	Unlisted Foreign Shares		117,076,764 (L)	83.93%	12.54%
Beijing SF Intra-city Technology Co., Ltd.	Domestic Shares	Beneficial Owner	75,000,000 (L)	13.33%	8.03%
Ningbo Shunxiang Tongcheng Venture Capital Investment Partnership (Limited Partnership)	Domestic Shares	Beneficial Owner ⁽⁴⁾	66,891,800 (L)	11.89%	7.17%
Eric Li	H Shares	Interest of controlled corporation ⁽⁵⁾	52,033,583 (L)	22.49%	5.57%
Shining Star Fund, L.P.	H Shares	Beneficial Owner ⁽⁵⁾	37,500,000 (L)	16.21%	4.02%

Corporate Governance and Other Information

Name of Substantial Shareholder	Class of Shares	Nature of Interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in the total issued Shares of the Company
Duckling Fund, L.P.	H Shares	Beneficial Owner ⁽⁵⁾	14,533,583 (L)	6.28%	1.56%
Sharp Land Development Limited	Unlisted Foreign Shares	Beneficial Owner	20,000,000 (L)	14.34%	2.14%
Alibaba Group Holding Limited	H Shares	Interest of controlled corporation ⁽⁶⁾	51,844,000 (L)	22.41%	5.55%
Taobao Holding Limited	H Shares	Interest of controlled corporation ⁽⁶⁾	51,844,000 (L)	22.41%	5.55%
Taobao China Holding Limited (淘寶中國控股有限公司)	H Shares	Beneficial Owner ⁽⁶⁾	51,844,000 (L)	22.41%	5.55%
Legend Capital Co., Ltd. (君聯資本管理股份有限公司)	H Shares	Interest of controlled corporation ⁽⁷⁾	11,793,004 (L)	5.10%	1.26%
Idea Flow Limited	H Shares	Beneficial Owner ⁽⁷⁾	11,793,004 (L)	5.10%	1.26%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares and "S" denotes the person's short position in the Shares.
- (2) Ningbo Shunxiang has entrusted its voting rights with respect to its shareholding of 66,891,800 shares in the Company to SF Taisen. SF Taisen is wholly owned by SF Holding. SF Holding is a non-wholly owned subsidiary of Mingde Holding, which in turn was held by Mr. Wang Wei as to approximately 99.90%. As such, each of Mr. Wang Wei, Mingde Holding and SF Holding are deemed to be interested in the Shares which SF Taisen is deemed to be interested in.
- (3) SF Holding Limited is the beneficial owner of 117,076,764 Unlisted Foreign Shares of the Company and is a wholly-owned subsidiary of SF Taisen. Intra-city Tech is indirectly majority owned by SF Technology, a wholly-owned subsidiary of SF Taisen. Ningbo Shunxiang is deemed to be acting in concert with SF Taisen by virtue of the Voting Power Entrustment Agreement whereby SF Taisen is entrusted by Ningbo Shunxiang to exercise the voting rights attached to the entire 66,891,800 shares held by Ningbo Shunxiang. As such, SF Taisen is deemed to be interested in the Shares held by SF Holding Limited, Intra-city Tech and Ningbo Shunxiang; and SF Technology is deemed to be interested in the Shares held by Intra-city Tech.
- (4) The general partner of Ningbo Shunxiang was Shenzhen Tonglu Zhiyuan Investment Co., Ltd. ("Tonglu Zhiyuan", 深圳市同路致遠投資有限公司) which was owned by Mr. Sun Haijin, our executive Director and chief executive officer, and Ms. Liu Jia, secretary of our Board and one of our Joint Company Secretaries as to 99% and 1%, respectively.
- (5) Shining Star and Duckling Fund each is indirectly controlled by Mr. Eric Li. As such, Mr. Eric Li will be deemed to be interested in the Shares held by Shining Star and Duckling Fund.
- (6) Taobao China Holding Limited (淘寶中國控股有限公司) is a Cornerstone Investor of our Company. Taobao China Holding Limited is a direct wholly-owned subsidiary of Taobao Holding Limited, which is in turn a direct wholly-owned subsidiary of Alibaba Group Holding Limited. As such, Alibaba Group Holding Limited and Taobao Holding Limited were deemed to be interested in the H Shares held by Taobao China Holding Limited.
- (7) Idea Flow Limited is indirectly wholly owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司). As such, Legend Capital Co., Ltd. (through its interest in a controlled corporation or controlled corporations, as the case may be) is deemed to be interested in the H Shares held by Idea Flow Limited.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL INFORMATION

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

The Audit Committee, together with PricewaterhouseCoopers, the auditor of the Company, has reviewed the Group's unaudited Interim Financial Information for the Reporting Period. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

SUFFICIENCY OF PUBLIC FLOAT

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

CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Since January 2022, Mr. Sun Haijin has been appointed as the director of SF Intra-city Holding Limited and SF Intra-city (Hong Kong) Limited, each a subsidiary of the Company respectively incorporated in January 2022 in Hong Kong.

Mr. Han Liu was appointed as a non-executive Director and Ms. Huang Jing was appointed as an independent non-executive Director at the annual general meeting of the Company held on June 6, 2022 with effect from June 21, 2022. For further details, please refer to the announcement of the Company dated May 16, 2022 and the circular of the Company dated May 16, 2022.

Since July 2022, Mr. Chan Kok Chung, Johnny has been appointed as deputy chairman of the Listing Committee of the Hong Kong Stock Exchange.

Since July 2022, Ms. Huang Jing, an independent non-executive Director, has resigned as an independent non-executive director of Zhongbai Holdings Group Co., Ltd. (中百控股集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000759).

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As at the date of this report, the Group entered into a discloseable transaction and continuing connected transactions in respect of a financial services framework agreement and a connected transaction in respect of its tenancy agreement with the connected persons (as defined in the Listing Rules) of the Company. The Company also proposed to revise the original annual caps for the continuing connected transactions in respect of the intra-city delivery services under the Intra-city On-demand Delivery Service Cooperation Framework Agreement. These above mentioned transactions (save for the tenancy agreement) are subject to Shareholders' approval to be obtained at the extraordinary general meeting to be held in September 2022. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. For details please refer to the Company's announcements published on June 28, 2022, June 30, 2022 and August 18, 2022, and the Company's circulars published on July 20, 2022 and September 13, 2022.

The Company entered into certain transactions with "related parties" as defined under applicable accounting standards during the financial year ended December 31, 2021 (with reference to the 2021 Annual Report and disclosed in Note 35 (Related party transactions) of the consolidated financial statements therein) and the six months ended June 30, 2022 (disclosed in Note 27 (Related party transactions) of the interim financial information of this interim report). Save for the related party transactions involving payment of compensation to certain directors of the Group disclosed in the consolidated financial statements in the 2021 Annual Report and this interim report which constitute continuing connected transactions fully exempt from the connected transaction requirements under Rule 14A.76(1) or Rule 14A.95 of the Listing Rules, the transactions disclosed in the section headed "Connected Transactions" of the Report of the Board in the 2021 Annual Report and the fully exempt connected transactions or continuing connected transactions under Rule 14A.76 of the Listing Rules disclosed in the consolidated financial statements in the 2021 Annual Report and this interim report, no other related parties transactions disclosed in the consolidated financial statements in the 2021 Annual Report and this interim report constitutes a connected transaction as defined under Chapter 14A of the Listing Rules. In respect of the related party transactions which constituted connected transactions or continuing connected transactions, the Company has complied with the requirements under Chapter 14A of the Listing Rules.

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

INTERIM DIVIDEND

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2022.

USE OF PROCEEDS FROM THE LISTING

Our H Shares were listed on the main board of Stock Exchange on December 14, 2021. The net proceeds from the Global Offering were approximately HKD2,051.5 million after deducting underwriting commissions and offering expenses paid or payable as of June 30, 2022. We intend to use the proceeds from the Global Offering according to the purposes and proportions disclosed in the Prospectus. See the table below for details:

Purpose	Net proceeds from the Listing available (HK\$ million)	Utilized net proceeds up to June 30, 2022 (HK\$ million)	Unused net proceeds up to June 30, 2022 (HK\$ million)	Expected timeline for fully utilizing unutilized net proceeds
Research and development and technology infrastructure	718.0	121.2	596.8	by the end of 2023
Expand the Company's service coverage	410.3	346.1	64.2	by the end of 2022
Funding the potential strategic acquisition of and investment in upstream and downstream businesses along the industry value chain	410.3	-	410.3	by the end of 2024
Marketing and branding	307.7	49.5	258.2	by the end of 2023
Working capital and general corporate use	205.2	173.1	32.1	by the end of 2022
Total	2,051.5	689.9	1,361.6	

Since the Listing Date and as at the date of June 30, 2022, the Group had utilized HK\$689.9 million of the proceeds from the Global Offering. The Group will gradually utilize the proceeds from the Global Offering in accordance with the intended purposes as mentioned above. We have placed the unutilised proceeds from the Global Offering not immediately used in short-term deposits with licensed commercial banks or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable PRC laws and regulations).

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the interim financial information set out on pages 26 to 64, which comprises the interim condensed consolidated statement of financial position of Hangzhou SF Intra-city Industrial Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Other Matter

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at December 31, 2021. The comparative information for the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows, and related explanatory notes, for the period ended June 30, 2021 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, August 30, 2022

Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	5	4,481,091	3,709,011
Cost of revenue	8	(4,300,885)	(3,725,633)
Gross profit/(loss)		180,206	(16,622)
Selling and marketing expenses	8	(92,548)	(91,613)
Research and development expenses	8	(36,328)	(52,547)
Administrative expenses	8	(243,771)	(265,189)
Other income	6	34,790	14,903
Other (losses)/gains, net	7	(6,378)	5,837
Net impairment losses of financial assets	11	(1,651)	(2,772)
Operating loss		(165,680)	(408,003)
Finance income	10	22,954	8,121
Finance costs	10	(1,214)	(6,706)
Finance income, net	10	21,740	1,415
Loss before income tax		(143,940)	(406,588)
Income tax expenses	12	–	–
Loss and total comprehensive loss for the period		(143,940)	(406,588)
Loss and total comprehensive loss attributable to			
– Owners of the Company		(143,940)	(406,588)
Losses per share (expressed in RMB per share)			
– Basis and diluted losses per share (in RMB)	13	(0.15)	(0.61)

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

Interim Condensed Consolidated Statement of Financial Position

		As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	14	13,979	16,715
Intangible assets	15	192,832	173,939
Right-of-use assets	16	35,223	37,811
Financial assets at fair value through other comprehensive income	3.2	64,134	3,000
Financial assets at fair value through profit or loss	3.2	202,235	–
Deferred income tax assets		144,090	144,090
Other non-current assets		595	–
Total non-current assets		653,088	375,555
Current assets			
Inventories		10,623	4,202
Trade receivables	17	883,626	764,299
Other receivables and prepayments	18	169,825	196,549
Financial assets at fair value through profit or loss	3.2	551,546	330,084
Cash and cash equivalents	19	1,741,719	2,538,226
Total current assets		3,357,339	3,833,360
Total assets		4,010,427	4,208,915
EQUITY			
Equity attributable to owners of the Company			
Share capital		933,458	933,458
Share premium		4,161,560	4,161,560
Other reserves	20	831,060	831,060
Accumulated losses		(2,760,575)	(2,616,635)
Total equity		3,165,503	3,309,443

Interim Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	25	16,329	20,505
Total non-current liabilities		16,329	20,505
Current liabilities			
Trade payables	22	452,219	488,025
Other payables and accruals	23	318,891	339,795
Contract liabilities	24	38,370	34,494
Lease liabilities	25	19,115	16,653
Total current liabilities		828,595	878,967
Total liabilities		844,924	899,472
Total equity and liabilities		4,010,427	4,208,915

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

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited				
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000 (Note 20)	Accumulated losses RMB'000	Total equity RMB'000
Balance at January 1, 2022	933,458	4,161,560	831,060	(2,616,635)	3,309,443
Comprehensive loss					
Loss for the period	–	–	–	(143,940)	(143,940)
Total comprehensive loss for the period	–	–	–	(143,940)	(143,940)
Balance at June 30, 2022	933,458	4,161,560	831,060	(2,760,575)	3,165,503

	Note	Unaudited					Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for employee share scheme RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
Balance at January 1, 2021		586,629	896,989	(4,426)	604,056	(1,717,784)	365,464
Comprehensive loss							
Loss for the period		–	–	–	–	(406,588)	(406,588)
Total comprehensive loss for the period		–	–	–	–	(406,588)	(406,588)
Transactions with owners in their capacity as owners							
Capital injections from shareholders		215,648	1,695,723	(80,000)	–	–	1,831,371
Prepaid exercise price of restricted share scheme	21	–	–	–	80,000	–	80,000
Share-based compensation expenses	21	–	–	–	67,799	–	67,799
Total transactions with owners in their capacity as owners		215,648	1,695,723	(80,000)	147,799	–	1,979,170
Balance at June 30, 2021		802,277	2,592,712	(84,426)	751,855	(2,124,372)	1,938,046

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

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash used in operations	(274,242)	(448,548)
Interest received	22,954	8,121
Net cash used in operating activities	(251,288)	(440,427)
Cash flows from investing activities		
Proceeds from disposals of financial assets at fair value through profit or loss	1,034,138	–
Proceeds from disposals of property, plant and equipment	391	171
Payments for acquisition of financial assets at fair value through profit or loss	(1,451,000)	–
Payments for acquisition of financial assets at fair value through other comprehensive income	(61,134)	–
Addition of intangible assets	(54,305)	(28,168)
Purchases of property, plant and equipment	(3,601)	(5,910)
Loans advanced to related parties	–	(400,000)
Interests received from loans advanced to related parties	–	1,069
Net cash used in investing activities	(535,511)	(432,838)
Cash flows from financing activities		
Capital injections from shareholders	–	1,831,371
Prepaid proceeds of exercise price of restricted share scheme	–	80,000
Proceeds of borrowings from financial institution	–	41,920
Repayments of borrowings from financial institution	–	(409,000)
Payments of lease liabilities	(10,029)	(7,323)
Interest paid on borrowings	–	(5,617)
Net cash (used in)/generated from financing activities	(10,029)	1,531,351
Net (decrease)/increase in cash and cash equivalents	(796,828)	658,086
Effects of exchange rate changes on cash and cash equivalents	321	–
Cash and cash equivalents at beginning of the period	2,538,226	263,468
Cash and cash equivalents at end of the period	1,741,719	921,554

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

1 General information and basis of preparation

1.1 General information

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

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

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

The Company completed its listing on the main board of the Stock Exchange of Hong Kong Limited (“the Listing”) on December 14, 2021.

The interim financial information comprises the interim condensed consolidated statement of financial position as at June 30, 2022, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”).

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

1.2 Basis of preparation

The Interim Financial Information has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The interim report does not include all the notes of the type normally included in annual financial statements. Accordingly, the Interim Financial Information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board, as set out in the 2021 annual report of the Company dated March 30, 2022 (the “2021 Financial Statements”).

2 Significant accounting policies

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the 2021 Financial Statements, except for the estimation of income tax and the adoption of new and amended standards as set out below.

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

2.1 New and amended standards adopted by the Group

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

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

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

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

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for periods commencing on or after January 1, 2022 and have not been early adopted by the Group. These standards or amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the directors and senior management of the Group.

3.1 Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2021 Financial Statements.

There have been no changes in the risk management policies during the six months ended June 30, 2022.

3.2 Fair value estimation

The Group made judgements and estimates in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the year. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers of financial assets of the Group that are measured at fair value on a recurring basis between levels 1, 2 and 3 during the six months ended June 30, 2022.

3 Financial risk management (Continued)

3.2 Fair value estimation (Continued)

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

3.2.1.1 Fair value hierarchy

As at June 30, 2022, the Group had no level 1 and level 2 financial instruments. The following table presents the Group's level 3 financial instruments as of June 30, 2022.

	Level 3 RMB'000 (Unaudited)
Financial assets at fair value through profit or loss	
Structured deposit products	551,546
Fund investment (Note)	201,113
Others	1,122
	753,781
Financial assets at fair value through other comprehensive income	
Equity investments in unlisted entities	64,134

Note: As at June 30, 2022, the Group invested in fund, the investment scope of which is fixed income products.

As at December 31, 2021, the Group had no level 1 and level 2 financial instruments. The following table presents the Group's level 3 financial instruments as of December 31, 2021.

	Level 3 RMB'000 (Audited)
Financial assets at fair value through profit or loss	
Structured deposit products	330,084
Financial assets at fair value through other comprehensive income	
Equity investments in unlisted entities	3,000

3 Financial risk management (Continued)

3.2 Fair value estimation (Continued)

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

3.2.1.2 Valuation techniques used to determine fair values

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs		Relationship of unobservable inputs to fair value
	As of June 30, 2022	As of December 31, 2021			As of June 30, 2022	As of December 31, 2021	
	RMB'000 (Unaudited)	RMB'000 (Audited)					
Financial assets at fair value through profit or loss	753,781	330,084	Discounted cash flow	Expected rate of return	0.5%-3.5%	2.6%-3.4%	The higher the expected rate of return, the higher the fair value.
Financial assets at fair value through other comprehensive income	64,134	3,000	Market approach	Discount for lack of marketability; market multiples	20%; 0.6x-4.1x	20%; 0.6x	The higher the discount for lack of marketability, the lower the fair value. The higher the market multiples, the higher the fair value.

During the reporting period, fair value changes arose from the financial assets measured at fair value classified within Level 3 as listed in the table above were immaterial. The directors of the Company consider that any reasonable changes in the significant unobservable inputs would not result in a significant change in the Group's results. Accordingly, no sensitivity analysis is presented.

3 Financial risk management (Continued)

3.2 Fair value estimation (Continued)

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

3.2.1.3 Reconciliation of Level 3 fair value measurements

	Financial assets at fair value through profit or loss RMB'000 (Unaudited)	Financial assets at fair value through other comprehensive income RMB'000 (Unaudited)
As of January 1, 2022	330,084	3,000
Additions	1,452,122	61,134
Changes in fair value	1,575	–
Disposals	(1,030,000)	–
As of June 30, 2022	753,781	64,134
As of January 1, 2021	–	3,000
Additions	–	–
Changes in fair value	–	–
As of June 30, 2021	–	3,000

3.2.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's financial assets and liabilities which are measured at amortised cost, including cash and cash equivalents, trade receivable, other receivables (excluding prepayments), trade payables and other payables (excluding non-financial liabilities) approximated their fair values due to their short maturities.

4 Critical accounting estimates and judgements

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

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the 2021 Financial Statements.

5 Segment information and Revenue

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

As a result of this evaluation, the CODM considers that the Group's operations are operated and managed as two segments, which are intra-city on-demand delivery service business and other business including online group catering platform and delivery services, for the six months ended June 30, 2022.

The revenues from external customers reported to CODM are measured as segment revenues, which are the revenues derived from customers of each segment. Assets, liabilities, profit and loss of the Company, share based payment, professional service fee and fund investment of the Group are not allocated to segments as management considers they are not directly correlated with the underlying performance of the Group's operating segments.

Notes to the Interim Financial Information

5 Segment information and Revenue (Continued)

(a) Description of segments and principal activities

Six months ended June 30, 2022 (Unaudited)

	Intra-city on-demand delivery service business	Other business	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	4,463,963	17,128	–	4,481,091
Cost of revenue	(4,283,351)	(17,534)	–	(4,300,885)
Gross profit/(loss)	180,612	(406)	–	180,206
Selling and marketing expenses	(71,180)	(10,711)	(10,657)	(92,548)
Research and development expenses	(34,532)	(1,796)	–	(36,328)
Administrative expenses	(218,264)	(16,744)	(8,763)	(243,771)
Other income	25,522	100	9,168	34,790
Other losses, net	(62)	(115)	(6,201)	(6,378)
Net impairment losses of financial assets	(1,622)	(29)	–	(1,651)
Segment loss	(119,526)	(29,701)	(16,453)	(165,680)
Finance income				22,954
Finance cost				(1,214)
Finance income, net				21,740
Loss before income tax				(143,940)
Other segment information				
Amortization of intangible assets	25,263	8,953	–	34,216
Depreciation of right-of-use assets	8,959	730	–	9,689
Depreciation of property, plant, and equipment	4,198	410	–	4,608
Additions of non-current assets except for financial instruments and deferred income tax assets	33,532	30,405	269	64,206



5 Segment information and Revenue (Continued)

(a) Description of segments and principal activities (Continued)

Six months ended June 30, 2021 (Unaudited)

	Intra-city on-demand delivery service business	Other business	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3,704,222	4,789	–	3,709,011
Cost of revenue	(3,711,073)	(14,560)	–	(3,725,633)
Gross loss	(6,851)	(9,771)	–	(16,622)
Selling and marketing expenses	(58,006)	(32,781)	(826)	(91,613)
Research and development expenses	(31,970)	(20,577)	–	(52,547)
Administrative expenses	(162,550)	(19,132)	(83,507)	(265,189)
Other income	13,451	16	1,436	14,903
Other (losses)/gains, net	(533)	4	6,366	5,837
Net impairment losses of financial assets	(2,720)	(52)	–	(2,772)
Segment loss	(249,179)	(82,293)	(76,531)	(408,003)
Finance income				8,121
Finance cost				(6,706)
Finance income, net				1,415
Loss before income tax				(406,588)
Other segment information				
Amortization of intangible assets	16,523	3,877	–	20,400
Depreciation of right-of-use assets	7,139	786	–	7,925
Depreciation of property, plant, and equipment	2,659	199	–	2,858
Additions of non-current assets except for financial instruments and deferred income tax assets	44,670	9,856	–	54,526

Notes to the Interim Financial Information

5 Segment information and Revenue (Continued)

(a) Description of segments and principal activities (Continued)

	Intra-city on-demand delivery service business	Other business	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)				
As at June 30, 2022				
Assets				
Segment assets	1,264,552	133,221	2,468,564	3,866,337
Deferred income tax assets				144,090
Total Assets				4,010,427
Liabilities				
Segment liabilities	788,360	52,404	4,160	844,924
Total Liabilities				844,924
(Audited)				
As at December 31, 2021				
Assets				
Segment assets	1,099,402	121,955	2,843,468	4,064,825
Deferred income tax assets				144,090
Total Assets				4,208,915
Liabilities				
Segment liabilities	777,827	55,529	66,116	899,472
Total Liabilities				899,472

5 Segment information and Revenue (Continued)

(b) Revenue by business line and nature

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At a point in time		
– Intra-city on-demand delivery service	4,463,963	3,704,222
– Others	17,128	4,789
Revenue from contracts with customers	4,481,091	3,709,011

(c) Unsatisfied performance obligations

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

(d) Geographical information

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

(e) Information about major customers

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Subsidiaries of SF Holding	1,542,768	1,415,781

Notes to the Interim Financial Information

6 Other income

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Tax preference (i)	24,361	12,250
Government grants (ii)	5,979	985
Gains on financial assets at fair value through profit or loss	4,138	–
Interest income from loans to related parties	–	1,436
Others	312	232
	34,790	14,903

- (i) The tax preference mainly generated from preferential tax policies which stated that since April 1, 2019, taxpayers in daily-life service industry were allowed to enjoy an additional 10% of input value added tax amount to deduct from value-added tax payable.
- (ii) The government grants mainly included those grants from the local government in recognition of the contribution of the Group to local economy's development.

7 Other (losses)/gains, net

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value changes on financial assets at fair value through profit or loss (Note 3.2)	1,575	–
Net gains/(losses) on disposal of property, plant and equipment	212	(11)
Exchange (losses)/gains	(7,782)	6,367
Others	(383)	(519)
	(6,378)	5,837

Notes to the Interim Financial Information

8 Expenses by nature

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Labour outsourcing costs	4,247,540	3,711,126
Employee benefit expenses (Note 9)	251,464	265,370
Amortization of intangible assets (Note 15)	34,216	20,400
Costs of materials	28,788	23,120
Information service expenses	26,973	19,846
Office and rental expenses	15,106	11,703
Marketing and promotion expenses	14,203	30,172
Call center service expenses	12,199	8,093
Depreciation of right-of-use assets (Note 16)	9,689	7,925
Professional service expenses	8,321	6,685
Depreciation of property, plant and equipment (Note 14)	4,608	2,858
Travelling expenses	3,965	3,837
Other taxes and surcharges	1,368	3,411
Insurance expenses	387	218
Listing expenses	–	8,977
Others	14,705	11,241
	4,673,532	4,134,982

Notes to the Interim Financial Information

9 Employee benefit expenses

Employee benefit expenses are analysed as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages, salaries and bonuses	242,056	188,642
Pension costs – defined contribution plans	17,960	15,764
Other employee benefits	18,955	16,750
Share-based compensation expenses (Note 21)	–	67,799
	278,971	288,955
Less: capitalised in intangible assets	(27,507)	(23,585)
	251,464	265,370

10 Finance income, net

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income:		
Interest income on deposits in financial institutions	22,954	8,121
Finance costs:		
Interest expenses on borrowings	–	(5,617)
Interest expenses on leasing liabilities	(1,214)	(1,089)
	(1,214)	(6,706)
Finance income, net:	21,740	1,415

11 Net impairment losses of financial assets

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Provision of impairment allowance for:		
Trade receivables (Note 17)	1,707	2,698
Other receivables (Note 18)	(56)	74
	1,651	2,772

12 Income tax expenses

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

(a) PRC corporate income tax ("CIT")

CIT was made on the taxable income of the entities within the Group incorporated in the PRC and was calculated in accordance with the relevant tax rules and regulations of the PRC after considering the available tax refunds and allowances. The general CIT rate is 25% for the six months ended June 30, 2022 and 2021.

The Company's subsidiaries, Beijing Shunda Tongxing Technology Co., Ltd and Shanghai Fengzan Technology Co., Ltd are subject to "high and new technology enterprises" and, accordingly, were eligible for a preferential income tax rate of 15% for the six months ended June 30, 2022.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the six months ended June 30, 2022.

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

13 Losses per share

(a) Basic losses per share

Basic losses per share is calculated by dividing the loss for the periods attributable to ordinary shareholders by the weighted average number of outstanding shares in issue during the six months ended June 30, 2022 and 2021.

	Six months ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Loss attributable to equity owners of the Company (RMB'000)	(143,940)	(406,588)
Weighted average number of shares in issue	933,457,707	663,876,620
Basic losses per share (in RMB)	(0.15)	(0.61)

(b) Diluted losses per share

For the six months ended June 30, 2022, the Company had no category of dilutive potential ordinary shares, thus, diluted losses per share was no longer calculated.

For the six months ended June 30, 2021, the Company had one category of dilutive potential ordinary shares: restricted share granted to employees under Pre-IPO Restricted Share Scheme. The Group incurred losses for the six months ended June 30, 2021. As the potential ordinary shares would be anti-dilutive, they were not included in the calculation of dilutive losses per share. Accordingly, dilutive losses per share for six months ended June 30, 2021, was the same as the basic losses per share for the period.

Notes to the Interim Financial Information

14 Property, plant and equipment

	Motor vehicles	Computers and electronic equipment	Machinery and equipment	Office equipment and other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Audited)					
At December 31, 2021					
Cost	548	18,883	767	11,461	31,659
Accumulated depreciation	(449)	(9,523)	(177)	(4,795)	(14,944)
Net book amount	99	9,360	590	6,666	16,715
(Unaudited)					
Six months ended June 30, 2022					
Opening net book amount	99	9,360	590	6,666	16,715
Additions	148	1,864	99	1,006	3,117
Disposals	–	(184)	(2)	(1,059)	(1,245)
Depreciation	(58)	(2,271)	(39)	(2,240)	(4,608)
Closing net book amount	189	8,769	648	4,373	13,979
(Unaudited)					
At June 30, 2022					
Cost	696	20,563	864	11,408	33,531
Accumulated depreciation	(507)	(11,794)	(216)	(7,035)	(19,552)
Net book amount	189	8,769	648	4,373	13,979

Notes to the Interim Financial Information

14 Property, plant and equipment (Continued)

	Motor vehicles	Computers and electronic equipment	Machinery and equipment	Office equipment and other equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Audited)					
At December 31, 2020					
Cost	548	11,345	660	6,162	18,715
Accumulated depreciation	(115)	(5,389)	(111)	(1,794)	(7,409)
Net book amount	433	5,956	549	4,368	11,306
(Unaudited)					
Six months ended June 30, 2021					
Opening net book amount	433	5,956	549	4,368	11,306
Additions	–	2,957	–	3,540	6,497
Disposals	–	(162)	–	–	(162)
Depreciation	(177)	(1,706)	(32)	(943)	(2,858)
Closing net book amount	256	7,045	517	6,965	14,783
(Unaudited)					
At June 30, 2021					
Cost	548	14,140	660	9,702	25,050
Accumulated depreciation	(292)	(7,095)	(143)	(2,737)	(10,267)
Net book amount	256	7,045	517	6,965	14,783

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Administrative expenses	3,176	1,632
Cost of revenue	1,026	954
Selling and marketing expenses	222	91
Research and development expenses	184	181
	4,608	2,858

Notes to the Interim Financial Information

15 Intangible assets

	Software			Total RMB'000
	Developed internally	Acquired	Development costs in progress	
	RMB'000	RMB'000	RMB'000	
(Audited)				
At December 31, 2021:				
Cost	236,221	44,808	2,345	283,374
Accumulated amortization	(94,526)	(14,909)	–	(109,435)
Net book amount	141,695	29,899	2,345	173,939
(Unaudited)				
Six months ended June 30, 2022:				
Opening net book amount	141,695	29,899	2,345	173,939
Additions	–	3,129	49,980	53,109
Transfer	30,070	–	(30,070)	–
Amortization	(28,261)	(5,955)	–	(34,216)
Net book amount	143,504	27,073	22,255	192,832
(Unaudited)				
At June 30, 2022:				
Cost	266,291	47,937	22,255	336,483
Accumulated amortization	(122,787)	(20,864)	–	(143,651)
Net book amount	143,504	27,073	22,255	192,832

Notes to the Interim Financial Information

15 Intangible assets (Continued)

	Software			Total RMB'000
	Developed internally	Acquired	Development costs in progress	
	RMB'000	RMB'000	RMB'000	
(Audited)				
At December 31, 2020:				
Cost	131,338	28,701	37,308	197,347
Accumulated amortization	(56,552)	(4,998)	–	(61,550)
Net book amount	74,786	23,703	37,308	135,797
(Unaudited)				
Six months ended June 30, 2021:				
Opening net book amount	74,786	23,703	37,308	135,797
Additions	–	10,602	25,160	35,762
Transfer	4,306	–	(4,306)	–
Amortization	(16,408)	(3,992)	–	(20,400)
Net book amount	62,684	30,313	58,162	151,159
(Unaudited)				
At June 30, 2021:				
Cost	135,644	39,303	58,162	233,109
Accumulated amortization	(72,960)	(8,990)	–	(81,950)
Net book amount	62,684	30,313	58,162	151,159

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

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of revenue	30,707	18,097
Administrative expenses	3,509	2,303
	34,216	20,400

16 Right-of-use assets

	Properties
	RMB'000
(Audited)	
At December 31, 2021	
Cost	65,194
Accumulated depreciation	(27,383)
Net book amount	37,811
(Unaudited)	
Six months ended June, 2022	
Opening net book amount	37,811
Additions	7,385
Disposals	(284)
Depreciation	(9,689)
Closing net book amount	35,223
(Unaudited)	
At June 30, 2022	
Cost	72,295
Accumulated depreciation	(37,072)
Net book amount	35,223

Notes to the Interim Financial Information

16 Right-of-use assets (Continued)

Properties

RMB'000

(Audited)	
At December 31, 2020	
Cost	47,401
Accumulated depreciation	(11,370)
Net book amount	36,031
(Unaudited)	
Six months ended June, 2021	
Opening net book amount	36,031
Additions	12,267
Disposals	(142)
Depreciation	(7,925)
Closing net book amount	40,231
(Unaudited)	
At June 30, 2021	
Cost	59,526
Accumulated depreciation	(19,295)
Net book amount	40,231

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Administrative expenses	5,529	3,603
Cost of revenue	2,586	1,401
Research and development expenses	1,574	2,921
	9,689	7,925



Notes to the Interim Financial Information

17 Trade receivables

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Trade receivables		
– third parties	465,625	397,727
– related parties (Note 27(d))	420,736	369,167
	886,361	766,894
Impairment loss allowance	(2,735)	(2,595)
	883,626	764,299

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

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Within 30 days	788,318	588,513
30 to 180 days	98,043	178,381
	886,361	766,894

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

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
At the beginning of the period	(2,595)	(1,997)
Provision of impairment allowance (Note 11)	(1,707)	(2,698)
Written off as uncollectible	1,567	1,944
At the end of the period	(2,735)	(2,751)

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

18 Other receivables and prepayments

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Other receivables		
– Value-added tax recoverable	58,640	79,071
– Payments on behalf of platform users	44,161	43,448
– Amounts due from related parties (Note 27(d))	39,511	42,961
– Deposits paid	9,389	7,391
– Prepaid social insurance premium	1,927	2,103
– Advances to employees	712	933
– Others	2,234	2,690
	156,574	178,597
Prepayments to suppliers	13,723	18,480
– Less: impairment loss allowance	(472)	(528)
	169,825	196,549

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

	Six months ended June 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
At the beginning of the period	(528)	(112)
Provision of impairment allowance (Note 11)	56	(74)
At the end of the period	(472)	(186)

19 Cash and cash equivalents

	As at June 30, 2022	As at December 31, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash at banks (i)	1,718,580	2,512,288
Cash held in other financial institutions (ii)	23,139	25,938
	1,741,719	2,538,226

- (i) As at June 30, 2022, cash at banks included term deposits of RMB800 million, which with maturities within 90 days. The expected rate of return of the term deposits was 2.75% per annum for the six months ended June 30, 2022.
- (ii) As at June 30, 2022 and December 31, 2021, the Group had certain amounts of cash held in accounts managed by other financial institutions, which are third party payment platforms, in the amount of RMB23.1 million and RMB25.9 million, respectively, and which have been classified as cash and cash equivalents on the condensed consolidated statement of financial position.

Cash and cash equivalents were denominated in the following currencies:

	As at June 30, 2022	As at December 31, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
RMB	1,734,275	818,153
HKD	7,444	1,720,073
	1,741,719	2,538,226

20 Other reserves

	As at June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	831,060	604,056
Prepaid exercise price of restricted share scheme (Note 21)	–	80,000
Share-based compensation expenses (Note 21)	–	67,799
At the end of the period	831,060	751,855

21 Share-based payments

Pre-IPO Restricted Share Scheme

In September 2019 and January 2020, the Board of Directors of the Company approved the establishment of share incentive plans to grant restricted shares to the Group's employees ("Pre-IPO Restricted Share Scheme") for the purpose of attracting and retaining the best available personnel, and to provide additional incentive to employees and directors to promote the success of the Group's business. Accordingly, in December 2019, the relevant grantee became the limited partner of a newly established limited liability partnership, namely Ningbo Shunxiang Tongcheng Venture capital Investment Partnership (Limited Partnership) (the "Ningbo Shunxiang", 寧波順享同成創業投資合夥企業(有限合夥)), which became the shareholder of the Company with registered 90,000,000 shares. Ningbo Shunxiang transferred 20,000,000 shares of the Company to Sharp Land Development Limited in January 2020. As at December 31, 2020, Ningbo Shunxiang and Sharp Land Development Limited were the shareholders of the Company with 70,000,000 registered shares and 20,000,000 registered shares. On April 20, 2020, Ningbo Shunxiang had injected RMB10 million as paid-in capital. In June, 2021, Ningbo Shunxiang and Sharp Land Development Limited had injected RMB60 millions and RMB20 millions respectively as paid-in capital to the Company.

Pursuant to the Pre-IPO Restricted Share Scheme, the Group has discretion to invite any employee of the Group to participate in the above limited liability partnerships by subscribing for their partnership interest. The participating employees are entitled to all the economic benefits generated by the above limited liability partnerships with the requisition service period. As the Pre-IPO Restricted Share Scheme is designed by the Group for its benefit and the Group has discretion in determining the participating employees, the restricted shares of the Company held by Ningbo Shunxiang and Sharp Land Development Limited are controlled by the Group.

Certain employees obtained the partnership units, as limited partners, of aforesaid partnership at a price lower than their fair value. Such transactions were considered as equity-settled share-based payment to employees.

The restricted shares of the Company held by the above limited liability partnerships for the purpose of the Pre-IPO Restricted Share Scheme with the consideration paid but not vested are recorded as "shares held for employee share scheme" under the equity of the Group. Prepaid exercise price of restricted shares, for which the Group has no refund obligation, was recorded as "other reserve" under the equity of the Group.

For the Pre-IPO Restricted Share Scheme granted in September 2019, 20% of the restricted shares had been vested in the first year after the grant date. All the remaining restricted shares were vested upon the date of the Listing, December 14, 2021. Upon the vesting of restricted shares, the related amount recorded in "shares held for employee share scheme" was offset against the "prepared exercise price of restricted share scheme" recorded in other reserve.

Notes to the Interim Financial Information

21 Share-based payments (Continued)

The fair value of the shares granted to employees on the grant date, September 29, 2019 and January 22, 2020, as determined by a professional valuation firm was RMB163,690,800 and RMB333,638,100 respectively. The significant inputs into the income approach using discount cash flow model were listed as below:

	As at January 22, 2020	As at September 29, 2019
Weighted average cost of capital	17.6%	17.7%
Discount for lack of marketability ("DLOM")	20%	23%
Discount for lack of control ("DLOC")	20%	18%

The share-based compensation expenses recognised during the periods were summarised in the following table:

	Six months ended June 30, 2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Share-based compensation expenses for employees	–	67,799

22 Trade payables

	As at June 30, 2022	As at December 31, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables to third parties	430,505	469,128
Trade payables to related parties (Note 27(d))	21,714	18,897
	452,219	488,025

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

	As at June 30, 2022	As at December 31, 2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	446,114	480,707
3 months to 1 year	6,105	7,318
	452,219	488,025

Notes to the Interim Financial Information

23 Other payables and accruals

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Salaries, wage and accrued bonus	145,343	154,817
Deposits received	124,754	105,569
Amounts due to related parties (Note 27(d))	20,213	20,429
Temporary receipts	12,667	14,190
Other tax payable	10,291	10,717
Payables for assets purchases	2,334	2,728
Accrued professional service expenses and listing expenses	–	23,977
Others	3,289	7,368
	318,891	339,795

24 Contract liabilities

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Contract liabilities – Intra-city on-demand delivery service		
– Third parties	37,788	34,230
– Related parties (Note 27 (d))	582	264
Total current contract liabilities	38,370	34,494



Notes to the Interim Financial Information

25 Lease liabilities

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Minimum lease payments due		
– Within 1 year	20,184	17,800
– Between 1 and 2 years	13,519	14,220
– Between 2 and 5 years	2,048	5,733
– Later than 5 years	1,395	1,602
	37,146	39,355
Less: future finance charges	(1,702)	(2,197)
Present value of lease liabilities	35,444	37,158
At the end of the period/year		
– Within 1 year	19,115	16,653
– Between 1 and 2 years	13,249	13,748
– Between 2 and 5 years	1,786	5,288
– Later than 5 years	1,294	1,469
	35,444	37,158

The Group leases various properties to operate its businesses and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. No extension options are included in such property leases across the Group.

26 Dividends

No dividend has been paid or declared by the Group during the periods ended June 30, 2022 and 2021.

27 Related party transactions

(a) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Members of key management and their close family members of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties/companies were related parties that had transactions with the Group during the six months ended June 30, 2022 and 2021, and/or balances with the Group as of June 30, 2022 and December 31, 2021.

Name of related parties	Relationship with the Group
SF Taisen Holdings Group Co., Ltd	Parent company
SF Holding	Intermediate holding company
Mingde Holding	Ultimate holding company
Subsidiaries of SF Holding	Controlled by SF Holding
Subsidiaries of Mingde Holding	Controlled by Mingde Holding
Tianjin Wulianshuntong Supply Chain Management Co., Ltd.	Joint venture of SF Holding
Shenzhen Shenghai Information Service Co., Ltd.	Joint venture of SF Holding
Beijing Shunhetongxin Technology Co., Ltd.	Joint venture of SF Holding
Shenzhen Shun Jie Feng Da Express Co., Ltd.	Associated company of SF Holding

(b) Key management compensation

Key management includes directors and supervisors and the senior management of the Group.

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages, salaries and bonuses	4,588	4,540
Director's fees	394	–
Pension costs – defined contribution plans	104	99
Other employee benefits	109	107
Share-based compensation expenses	–	47,013
	5,195	51,759

27 Related party transactions (Continued)

(c) Significant transactions with related parties

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Intra-city on-demand delivery business and other business revenue		
– Subsidiaries of SF Holding	1,542,768	1,415,781
– Others	1,615	123
	1,544,383	1,415,904
Comprehensive services and material purchasing fee (Note)		
– Subsidiaries of SF Holding	48,307	43,688
– Others	–	329
	48,307	44,017
Rental expense		
– Subsidiaries of SF Holding	3,327	3,047

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

27 Related party transactions (Continued)

(c) Significant transactions with related parties (Continued)

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense		
– Subsidiaries of SF Holding	–	5,617
Outsourcing services and labor safety supplies purchasing fee		
– Subsidiaries of SF Holding	729	18,076
– Others	351	101
	1,080	18,177
Interest income of deposits		
– Subsidiaries of SF Holding	–	5,602
Borrowings		
– Subsidiaries of SF Holding	–	41,920
Repayments of borrowings		
– Subsidiaries of SF Holding	–	(409,000)
Loans advanced to related parties		
– Subsidiaries of SF Holding	–	400,000

Transactions with related companies are determined based on terms mutually agreed between the relevant parties.

27 Related party transactions (Continued)

(d) Balances with related parties

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Trade receivables from related parties		
– Subsidiaries of SF Holding	418,988	367,388
– Others	1,748	1,779
	420,736	369,167
Prepayments to related parties		
– Subsidiaries of SF Holding	345	261
Trade payables to related parties (i)		
– Subsidiaries of SF Holding	21,652	18,750
– Others	62	147
	21,714	18,897
Lease liabilities to related parties		
– Subsidiaries of SF Holding	2,937	3,743
– Subsidiaries of Mingde Holding	2,858	3,439
	5,795	7,182
Contract liabilities from related parties		
– Subsidiaries of SF Holding	582	264
Other receivables and prepayments (ii)		
– Subsidiaries of SF Holding	38,426	42,384
– Others	1,085	577
	39,511	42,961
Other payables and accruals (iii)		
– Subsidiaries of SF Holding	20,213	20,249
– Others	–	180
	20,213	20,429

- (i) Trade payables to related parties are granted with a credit period of 30 days.
- (ii) The Company entered into the Fund Collection Service Framework Agreement with SF Holding on November 19, 2021, pursuant to which SF Holding and/or its subsidiaries will provide fund collection service to the Group. According to the agreement, SF Holding and/or its subsidiaries do not charge any commission fee for the transactions. As at June 30, 2022 and December 31, 2021, the balances were unsecured, interest-free, and collectible on demand.
- (iii) As at June 30, 2022 and December 31, 2021, the balances were unsecured, interest-free, and repayable on demand.

Notes to the Interim Financial Information

28 Commitments

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

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
With 1 year	5,703	4,165
Between 1 to 2 year	5,678	39
Between 2 to 3 year	6,365	–
	17,746	4,204

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

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Intangible assets	–	1,823

29 Contingency

As at June 30, 2022, the Group did not have any material contingent liabilities.

30 Subsequent events

There were no material subsequent events during the period from June 30, 2022 to the approval date of these condensed consolidated financial statements by the Board on August 30, 2022.

31 Comparative figures

Certain comparative figures have been reclassified to conform the current period's presentation.

"2021 Annual Report"	the annual report of the Company for the year ended December 31, 2021 dated March 30, 2022
"active consumer(s)"	refers to the number of unique consumer accounts that purchase a particular service at least once during the prescribed period
"active merchant(s)"	refers to the number of unique merchant accounts that purchase a particular service at least once during the prescribed period
"active rider(s)"	refers to the number of unique rider(s) who fulfil at least one order during the prescribed period
"Audit Committee"	the audit committee of our Company
"Board" or "Board of Directors"	the Board of Directors of our Company
"China" or "PRC"	the People's Republic of China, but for reference in this interim report and our business coverage only, except where the context requires, references in this interim report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"CLS"	City Logistics System. This system utilizes big data analytics and AI technologies, featuring core functions including business forecast and planning, integrated order recommendation and dispatching and real-time operation monitoring
"Company", "our Company" or "SF Intra-city"	Hangzhou SF Intra-city Industrial Co., Ltd. (杭州順豐同城實業股份有限公司), a joint stock company with limited liability established under the laws of the PRC on June 21, 2019
"completion rate"	a ratio calculated by the number of orders fulfilled as a percentage of total orders placed
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wang Wei, Mingde Holding, SF Holding, SF Taisen, SF Holding Limited, SF Technology, Intra-city Tech and Ningbo Shunxiang, as the case may be
"Credit Customers"	certain existing customers who have entered into Master Service Agreements with SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products SF Holding Group and/or its associates offers
"Directors"	the directors of our Company
"Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
"Duckling Fund"	Duckling Fund, L.P., a limited partnership incorporated in Cayman Islands, one of our Shareholders
"fulfillment in-time rate"	a ratio calculated by the number of orders that are delivered to the right recipients in time over the total number of orders fulfilled
"Global Offering"	the offer of Shares for subscription as described in the Prospectus

Definitions

“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Stock Exchange
“Idea Flow Limited”	a limited company incorporated in Hong Kong, one of our Shareholders
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“intra-city on-demand delivery”	on-demand delivery within a particular city region
“Intra-city On-demand Delivery Service Cooperation Framework Agreement”	the framework agreement entered into between the Company and SF Holding on November 19, 2021, pursuant to which the Group will provide intra-city on-demand delivery services to SF Holding and/or its associates
“Intra-city Tech”	Beijing SF Intra-city Technology Co., Ltd. (北京順豐同城科技有限公司), a limited company incorporated in the PRC, one of our Controlling Shareholders
“Listing”	listing of our H Shares on the Main Board of the Stock Exchange
“Listing Date”	December 14, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“lower-tier cities”	refers to cities, counties and towns that are in the third-tier or below
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from, and operated in parallel with, GEM of the Stock Exchange
“Master Service Agreements”	refers to master service agreements entered into between the Credit Customers and SF Holding and/or its associates in respect of a variety of delivery and logistics solution service products the SF Holding Group and/or its associates offers
“Mingde Holding”	Shenzhen Mingde Holding Development Co., Ltd. (深圳明德控股發展有限公司), a company incorporated in the PRC, one of our Controlling Shareholders
“Model Code”	Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules

“Ningbo Shunxiang”	Ningbo Shunxiang Tongcheng Venture Capital Investment Partnership (Limited Partnership) (寧波順享同成創業投資合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Controlling Shareholders
“non-food delivery scenarios”	refers to local consumption scenarios that are unrelated to food delivery scenarios, mainly comprising local retail, local e-commerce and local services
“order-pick-up rate”	a ratio calculated by the number of orders picked up by riders as a percentage of total orders placed
“Pre-IPO Restricted Share Scheme”	the share incentive plans established to grant restricted shares to the Group’s employees
“Prospectus”	the prospectus of the Company dated November 30, 2021, being issued in connection with the Hong Kong Public Offering
“Province”	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
“Reporting Period”	the period commencing from January 1, 2022 and ending on June 30, 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SF Holding”	S.F. Holding Co., Ltd. (順豐控股股份有限公司), a joint stock company established in the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002352.SZ), one of our Controlling Shareholders
“SF Holding Group”	SF Holding and its subsidiaries
“SF Holding Limited”	SF Holding Limited, a limited company incorporated in Hong Kong, one of our Controlling Shareholders
“SF Taisen”	Shenzhen S.F. Taisen Holding (Group) Co., Ltd. (深圳順豐泰森控股(集團)有限公司), a limited company established in the PRC, one of our Controlling Shareholders
“SF Technology”	SF Technology Co., Ltd. (順豐科技有限公司), a limited company established in the PRC, one of our Controlling Shareholders
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Share(s), Unlisted Foreign Share(s) and H Share(s)
“Shareholders(s)”	holder(s) of our Share(s)

Definitions

“Sharp Land”	Sharp Land Development Limited, a limited company established in Hong Kong, one of our Shareholders
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Shining Star”	Shining Star Fund, L.P., a partnership incorporated in Cayman Islands, one of our Shareholders
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	the supervisory committee of our Company
“third-party on-demand delivery service”	an on-demand delivery service that fulfills orders acquired from non-related parties or parties unaffiliated with centralized marketplaces
“Tianwo Kangzhong”	Ningbo Meishan Free Trade Port Zone Tianwo Kangzhong Enterprise Management Partnership (Limited Partnership) (寧波梅山保稅港區天沃康眾企業管理合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Shareholders
“Two wheels + Four wheels”	intra-city delivery achieved through combined efforts of “four wheels” vehicles and our riders on their “two wheels” motorcycles
“Unlisted Foreign Share(s)”	unlisted ordinary share(s) of RMB1.00 each in the share capital of our Company held by SF Holding Limited, Sharp Land and Duckling Fund (as to 2,424,170 Shares)
“Voting Power Entrustment Agreement”	the voting power entrustment agreement entered into between Ningbo Shunxiang and SF Taisen, pursuant to which Ningbo Shunxiang entrusted SF Taisen to exercise the voting rights attached to the entire 66,891,800 Shares held by Ningbo Shunxiang
“Yinghe Fengrui”	Ningbo Yinghe Fengrui Venture Capital Investment Partnership (Limited Partnership) (寧波盈和豐瑞創業投資合夥企業(有限合夥)), a partnership incorporated in the PRC, one of our Shareholders

杭州順豐同城實業股份有限公司
HANGZHOU SF INTRA-CITY INDUSTRIAL CO.,LTD.